



BUKIT SEMBAWANG ESTATES LIMITED

(Company Registration Number: 196700177M)

(Incorporated in Singapore on 27 June 1967)

Financial Statement and Dividend Announcement for the Third Quarter and Nine Months ended 31 December 2010

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

1(a) An income statement (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 third quarter and nine months ended 31 December 2010

	Note	Third quarter			Nine months		
		01.10.2010 to 31.12.2010 \$'000	01.10.2009 to 31.12.2009 \$'000	Change %	01.04.2010 to 31.12.2010 \$'000	01.04.2009 to 31.12.2009 \$'000	Change %
Revenue		296,693	17,901	1,557.4	423,383	44,960	841.7
Cost of sales		(174,638)	(10,912)	1,500.4	(243,706)	(26,758)	810.8
Gross profit	1	<u>122,055</u>	<u>6,989</u>	1,646.4	<u>179,677</u>	<u>18,202</u>	887.1
Other income	2	505	1,611	(68.7)	1,669	2,565	(34.9)
Administrative expenses		(1,270)	(866)	46.7	(2,461)	(1,960)	25.6
Other operating expenses	3	(1,315)	(1,014)	29.7	(3,057)	(1,595)	91.7
Profit from operations		<u>119,975</u>	<u>6,720</u>	1,685.3	<u>175,828</u>	<u>17,212</u>	921.5
Finance income	4	61	77	(20.8)	189	141	34.0
Finance expense		(1,476)	(2,365)	(37.6)	(3,527)	(3,684)	(4.3)
Net finance costs		<u>(1,415)</u>	<u>(2,288)</u>	(38.2)	<u>(3,338)</u>	<u>(3,543)</u>	(5.8)
Profit before income tax ¹		<u>118,560</u>	<u>4,432</u>	2,575.1	<u>172,490</u>	<u>13,669</u>	1,161.9
Income tax expense	5	(19,006)	(1,435)	1,224.5	(29,458)	(2,600)	1,033.0
Profit for the period attributable to equity holders of the Company		<u>99,554</u>	<u>2,997</u>	3,221.8	<u>143,032</u>	<u>11,069</u>	1,192.2
Other comprehensive income							
Change in fair value of available-for-sale financial assets	6	3,669	8,976	(59.1)	7,677	19,174	(60.0)
Change in fair value of available-for-sale financial assets transferred to profit or loss		-	-	N.A.	(386)	-	N.A.
Effective portion of changes in fair value of cash flow hedges	7	113	-	N.A.	(4,800)	-	N.A.
Other comprehensive income for the period, net of income tax		<u>3,782</u>	<u>8,976</u>	(57.9)	<u>2,491</u>	<u>19,174</u>	(87.0)
Total comprehensive income for the period		<u>103,336</u>	<u>11,973</u>	763.1	<u>145,523</u>	<u>30,243</u>	381.2
Earnings per share ²							
Basic earnings per share (cents)		40.72	1.26		58.74	4.80	
Diluted earnings per share (cents)		39.53	1.21		57.02	4.62	

¹ Profit before income tax includes the following:

	Third quarter			Nine months		
	01.10.2010 to 31.12.2010 \$'000	01.10.2009 to 31.12.2009 \$'000	Change %	01.04.2010 to 31.12.2010 \$'000	01.04.2009 to 31.12.2009 \$'000	Change %
Investment income	472	440	7.3	1,175	1,251	(6.1)
Interest income	61	77	(20.8)	189	141	34.0
Interest expense	(1,476)	(2,365)	(37.6)	(3,527)	(3,684)	(4.3)
Depreciation and amortisation	(60)	(150)	(60.0)	(169)	(272)	(37.9)
Gain on disposal of available-for-sale financial assets	-	-	N.A.	452	-	N.A.

² The basic and diluted earnings per share are computed based on profit for the period attributable to equity holders of the Company and the weighted average number of ordinary shares as set out on page 11.

Notes to the Group's Consolidated Statement of Comprehensive Income:

Note 1 – Gross profit

The higher gross profit for the nine months ended 31 December 2010 as compared to the prior corresponding period is mainly due to more units of Paterson Suites sold during the quarter ended 31 December 2010, Temporary Occupation Permit (TOP) obtained for Parc Mondrian and Paterson Suites, as well as higher profit recognition on more development projects based on the percentage of completion method.

Note 2 – Other income

The decrease in other income for the nine months ended 31 December 2010 as compared to the prior corresponding period is mainly due to the capitalisation of rental income from properties pending development in the current period.

Note 3 – Other operating expenses

Other operating expenses relate mainly to property tax and other development costs on certain development projects which are pending development. The absence of a write-back of development costs pursuant to a reduction in property tax of a property pending development resulted in higher other operating expenses for the nine months ended 31 December 2010 as compared to the prior corresponding period.

Note 4 – Finance income

The increase in finance income is due to higher interest income earned from fixed deposit placements resulting from higher progress billings during the nine months ended 31 December 2010 as compared to the prior corresponding period.

Note 5 – Income tax expense

The increase in income tax expense is mainly due to an increase in profit for the nine months ended 31 December 2010 as compared to the prior corresponding period.

Note 6 – Change in fair value of available-for-sale financial assets

The change in fair value of available-for-sale financial assets relates to the net change in market values of the Group's investments in equity securities between the commencement and end of each reporting period. The decrease in the change in fair value for the nine months ended 31 December 2010 as compared to the prior corresponding period is caused by market movements in the prices of the Group's equity securities during the respective periods.

Note 7 – Effective portion of changes in fair value of cash flow hedges

The effective portion of changes in fair value of cash flow hedges relates to the mark-to-market loss on interest rate swaps that the Group entered into during the prior financial year ended 31 March 2010 to hedge its exposure to interest rate risks relating to future cash flows on the interest payments attributable to the bank loans.

Borrowing costs capitalised in development properties

Borrowing costs capitalised in development properties amounted to \$13.9 million for the nine months ended 31 December 2010 as compared to \$14.0 million for the corresponding period ended 31 December 2009.

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

	Note	Group		Company	
		31.12.2010 \$'000	31.03.2010 \$'000	31.12.2010 \$'000	31.03.2010 \$'000
Non-current assets					
Investment property		4,887	4,911	-	-
Property, plant and equipment		173	198	-	-
Investments in subsidiaries		-	-	80,294	80,294
Available-for-sale financial assets	1	47,553	39,790	47,553	39,790
Deferred tax assets		1,197	1,394	-	-
		<u>53,810</u>	<u>46,293</u>	<u>127,847</u>	<u>120,084</u>
Current assets					
Development properties		1,233,752	1,342,200	-	-
Trade and other receivables	2	192,164	3,481	1,419,139	1,414,719
Cash and cash equivalents	3	203,315	105,196	2,930	12,466
		<u>1,629,231</u>	<u>1,450,877</u>	<u>1,422,069</u>	<u>1,427,185</u>
Total assets		<u>1,683,041</u>	<u>1,497,170</u>	<u>1,549,916</u>	<u>1,547,269</u>
Equity attributable to shareholders of the Company					
Share capital	4	599,157	587,057	599,157	587,057
Reserves	5	317,799	181,970	240,867	246,734
Total equity		<u>916,956</u>	<u>769,027</u>	<u>840,024</u>	<u>833,791</u>
Non-current liabilities					
Interest-bearing bank loans		562,816	697,318	562,816	570,505
Derivative financial liabilities	6	1,074	-	1,074	-
Deferred tax liabilities		5,495	1,795	14	14
		<u>569,385</u>	<u>699,113</u>	<u>563,904</u>	<u>570,519</u>
Current liabilities					
Trade and other payables		31,436	27,764	141,476	142,166
Interest-bearing bank loans		135,179	-	-	-
Derivative financial liabilities	6	4,501	775	4,500	775
Current tax payable	7	25,584	491	12	18
		<u>196,700</u>	<u>29,030</u>	<u>145,988</u>	<u>142,959</u>
Total liabilities		<u>766,085</u>	<u>728,143</u>	<u>709,892</u>	<u>713,478</u>
Total equity and liabilities		<u>1,683,041</u>	<u>1,497,170</u>	<u>1,549,916</u>	<u>1,547,269</u>

Notes to the Balance Sheet of the Group:

Note 1 – Available-for-sale financial assets

The increase is due to the increase in fair value of the Group's investments in equity securities.

Note 2 – Trade and other receivables

The increase is mainly due to higher progress billing receivables on the development projects, including receivables resulting from more units of Paterson Suites sold.

Note 3 – Cash and cash equivalents

Please refer to Section 1(c) for cash flows for the period.

Note 4 – Share capital

The increase in share capital is due to the conversion of warrants pursuant to the Company's rights issue in April 2009. Please refer to section 1(d)(i) for statement of changes in equity for the period.

Note 5 – Reserves

Please refer to Section 1(d)(i) for statement of changes in equity for the period.

Note 6 – Derivative financial liabilities

This represents the fair value of interest rate swaps. The increase is attributable to mark-to-market loss recognised on interest rate swaps for the period.

Note 7 – Current tax payable

TOP was obtained for Paterson Suites and Parc Mondrian development projects during the current year, and accordingly, an increase in current tax payable is recognised.

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

	31.12.2010 \$'000	31.03.2010 \$'000
<u>Unsecured</u>		
- Amount repayable in one year or less, or on demand	-	-
- Amount repayable after one year	-	-
<u>Secured</u>		
- Amount repayable in one year or less, or on demand	135,179	-
- Amount repayable after one year	562,816	697,318

Details of any collateral

The secured borrowings are collateralised by:

- mortgages on certain development properties of the Group including certain assignment of rights and interest;
- charge over the project accounts of the Group; and
- guarantee by the Company and certain of its subsidiaries.

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

	Third quarter		Nine months	
	01.10.2010 to 31.12.2010 \$'000	01.10.2009 to 31.12.2009 \$'000	01.04.2010 to 31.12.2010 \$'000	01.04.2009 to 31.12.2009 \$'000
Operating activities				
Profit before income tax	118,560	4,432	172,490	13,669
Adjustments for:				
Depreciation of investment property	42	40	122	119
Depreciation of property, plant and equipment	18	110	47	153
Gain on disposal of available-for-sale financial assets	-	-	(452)	-
Dividend income from available-for-sale financial assets	(472)	(440)	(1,175)	(1,251)
Interest income	(61)	(77)	(189)	(141)
Interest expense	1,476	2,365	3,527	3,684
Operating profit before working capital changes	119,563	6,430	174,370	16,233
Changes in working capital:				
Development properties	108,252	(6,053)	122,313	18,598
Trade and other receivables	(176,978)	1,681	(189,460)	5,400
Trade and other payables	4,742	1,663	4,265	5,398
Cash generated from operations	55,579	3,721	111,488	45,629
Interest received	43	117	176	135
Income tax paid	(111)	(1,557)	(414)	(4,594)
Cash flows from operating activities	55,471	2,281	111,250	41,170
Investing activities				
Dividends received	714	532	1,449	1,276
Proceeds from disposal of available-for-sale financial assets	-	-	442	-
Purchase of available-for-sale financial assets	-	(190)	-	(435)
Capital expenditure on investment property	(98)	-	(98)	-
Purchase of property, plant and equipment	(22)	-	(22)	(2)
Cash flows from investing activities	594	342	1,771	839
Financing activities				
Proceeds from rights issue, net of issue expenses	-	-	-	245,875
Proceeds from conversion of warrants	1,906	801	12,100	52,837
Proceeds from bank loans	-	-	7,800	28,500
Repayment of bank loans	-	(11,750)	(10,000)	(181,208)
Dividends paid	-	-	(9,694)	(4,768)
Interest paid (including amounts capitalised in development properties)	(5,952)	(14,537)	(15,108)	(31,206)
Cash flows from financing activities	(4,046)	(25,486)	(14,902)	110,030
Net increase in cash and cash equivalents	52,019	(22,863)	98,119	152,039
Cash and cash equivalents at beginning of period	151,296	195,126	105,196	20,224
Cash and cash equivalents at end of period	203,315	172,263	203,315	172,263

- 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 of shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Dividend reserve \$'000	Total \$'000
At 1 April 2009	286,832	60,714	19,244	-	35,539	4,316	406,645
Total comprehensive income for the period							
Profit for the period	-	-	-	-	11,069	-	11,069
Other comprehensive income							
Change in fair value of available-for-sale financial assets	-	-	19,174	-	-	-	19,174
Total comprehensive income for the period	-	-	19,174	-	11,069	-	30,243
Transactions with owners, recorded directly in equity							
Shares issued pursuant to rights issue, net of issue expenses	245,875	-	-	-	-	-	245,875
Shares issued pursuant to warrants conversion	52,837	-	-	-	-	-	52,837
Dividends to equity holders: - final dividends for the previous year, paid	-	-	-	-	(452)	(4,316)	(4,768)
Total transactions with owners	298,712	-	-	-	(452)	(4,316)	293,944
At 31 December 2009	585,544	60,714	38,418	-	46,156	-	730,832

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Dividend reserve \$'000	Total \$'000
At 1 April 2010	587,057	60,714	33,974	(775)	78,466	9,591	769,027
Total comprehensive income for the period							
Profit for the period	-	-	-	-	143,032	-	143,032
Other comprehensive income							
Change in fair value of available-for-sale financial assets	-	-	7,677	-	-	-	7,677
Change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	(386)	-	-	-	(386)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(4,800)	-	-	(4,800)
Total comprehensive income for the period	-	-	7,291	(4,800)	143,032	-	145,523
Other movements							
Transfer of gain on disposal of available-for- sale financial assets from accumulated profits to capital reserve	-	90	-	-	(90)	-	-
Transactions with owners, recorded directly in equity							
Shares issued pursuant to warrants conversion	12,100	-	-	-	-	-	12,100
Dividends to equity holders: - final dividends for the previous year, paid	-	-	-	-	(103)	(9,591)	(9,694)
Total transactions with owners	12,100	-	-	-	(103)	(9,591)	2,406
At 31 December 2010	599,157	60,804	41,265	(5,575)	221,305	-	916,956

Company	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Dividend reserve \$'000	Total \$'000
At 1 April 2009	286,832	61,906	19,154	-	150,717	4,316	522,925
Total comprehensive income for the period							
Profit for the period	-	-	-	-	1,133	-	1,133
Other comprehensive income							
Change in fair value of available-for-sale financial assets	-	-	19,174	-	-	-	19,174
Total comprehensive income for the period	-	-	19,174	-	1,133	-	20,307
Transactions with owners, recorded directly in equity							
Shares issued pursuant to rights issue, net of issue expenses	245,875	-	-	-	-	-	245,875
Shares issued pursuant to warrants conversion	52,837	-	-	-	-	-	52,837
Dividends to equity holders: - final dividends for the previous year, paid	-	-	-	-	(452)	(4,316)	(4,768)
Total transactions with owners	298,712	-	-	-	(452)	(4,316)	293,944
At 31 December 2009	585,544	61,906	38,328	-	151,398	-	837,176

Company	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Dividend reserve \$'000	Total \$'000
At 1 April 2010	587,057	61,908	33,884	(775)	142,126	9,591	833,791
Total comprehensive income for the period							
Profit for the period	-	-	-	-	1,246	-	1,246
Other comprehensive income							
Change in fair value of available-for-sale financial assets	-	-	7,677	-	-	-	7,677
Change in fair value of available-for-sale financial assets transferred to profit or loss	-	-	(296)	-	-	-	(296)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(4,800)	-	-	(4,800)
Total comprehensive income for the period	-	-	7,381	(4,800)	1,246	-	3,827
Transactions with owners, recorded directly in equity							
Shares issued pursuant to warrants conversion	12,100	-	-	-	-	-	12,100
Dividends to equity holders: - final dividends for the previous year, paid	-	-	-	-	(103)	(9,591)	(9,694)
Total transactions with owners	12,100	-	-	-	(103)	(9,591)	2,406
At 31 December 2010	599,157	61,908	41,265	(5,575)	143,269	-	840,024

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles 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.**

During the 3 months ended 31 December 2010, the Company issued 829,556 new ordinary shares from the exercise of 829,556 warrants at an issue price of \$2.30 per share arising from the warrants issue on 8 April 2009.

The number of outstanding warrants as at 31 December 2010 is 14,250,686 (2009: 20,187,023) and they will expire at 5.00 p.m. on 7 April 2011. Each warrant carries the right to subscribe in cash for one new ordinary share in the Company. 14,250,686 (2009: 20,187,023) new ordinary shares are issuable if the warrants are fully exercised.

- 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.**

The Company had 244,708,055 issued and fully paid up ordinary shares as at 31 December 2010 (2009: 238,771,718).

The Company had no treasury shares as at 31 December 2010 and 31 December 2009.

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

Not applicable.

- 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 a matter)**

Not applicable.

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

Except as disclosed in Note 5 below, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's and the Company's most recently audited financial statements for the year ended 31 March 2010.

- 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 and the Company have adopted various new and revised Financial Reporting Standards ("FRSs") and Interpretations of FRSs ("INT FRSs") which took effect for the financial year beginning on 1 April 2010. The adoption of these new and revised FRSs and INT FRSs did not have any significant impact on the Group's and the Company's financial position or results.

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

The basic and diluted earnings per share for the current year is computed based on net profit attributable to shareholders and the weighted average number of ordinary shares set out below. The weighted average number of ordinary shares has been adjusted to take into account the rights issue and warrants exercised during the period and the effect of the warrants outstanding at the end of the period.

	Third quarter		Nine months	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Basic earnings per share (cents)	40.72	1.26	58.74	4.80
Diluted earnings per share (cents)	39.53	1.21	57.02	4.62

	Third quarter		Nine months	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Weighted average number of shares for calculation of:				
- Basic earnings per share	244,491,200	238,665,850	243,513,360	230,716,978
- Diluted earnings per share	251,826,996	247,472,934	250,846,253	239,524,061

7 **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:**

- (a) current financial period reported on; and
 (b) immediately preceding financial year.

	Group		Company	
	31.12.2010	31.03.2010	31.12.2010	31.03.2010
Net asset value per ordinary share	\$3.75	\$3.21	\$3.43	\$3.48

Net asset value per share is calculated based on 244,708,055 and 239,436,550 ordinary shares as at the end of the current period and the immediately preceding financial year respectively.

- 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 Group's revenue for the nine months ended 31 December 2010 was \$423.4 million as compared to \$45.0 million in the prior corresponding period. Accordingly, the net profit before tax increased by 1,161.9% from \$13.7 million in the prior corresponding period to \$172.5 million for the nine months ended 31 December 2010.

The increase was mainly due to more units of Paterson Suites sold, TOP obtained for Parc Mondrian and Paterson Suites, and higher profit recognition on Verdure, The Vermont on Cairnhill and Luxus Hills Phases 1, 2 and 3, for the nine months ended 31 December 2010 as compared to profit recognised on only three development projects, namely Parc Mondrian, Paterson Suites and Luxus Hills Phase 1, in the prior corresponding period.

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

Not applicable.

- 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.**

Private residential property prices rose by 17.6% in 2010 and the total number of new residential properties sales hit 16,290 units.

The Singapore government introduced new policy measures in January 2011 to cool down the residential property market. These measures will dampen the speculative demand.

- 11 **Dividend**

- (a) **Current financial period reported on**

None.

- (b) **Corresponding period of the immediately 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.**

No dividend has been declared or recommended for the nine months ended 31 December 2010.

13 **Negative Assurance on Third Quarter Financial Results**

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the third quarter financial results ended 31 December 2010 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**TAN GUAT NGOH
COMPANY SECRETARY
10 FEBRUARY 2011**