



BUKIT SEMBAWANG ESTATES LIMITED

(Company Registration Number: 196700177M)

(Incorporated in Singapore on 27 June 1967)

Financial Statement and Dividend Announcement for the First Quarter ended 30 June 2012

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

- 1(a) An income statement and statement of comprehensive income, 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 first quarter ended 30 June 2012 (1Q FY2013)

	Note	First quarter		Change %
		01.04.2012 to 30.06.2012 1Q FY2013 \$'000	01.04.2011 to 30.06.2011 1Q FY2012 \$'000	
Revenue		105,213	120,850	(12.9)
Cost of sales		(66,395)	(66,850)	(0.7)
Gross profit	1	<u>38,818</u>	<u>54,000</u>	(28.1)
Other income	2	56	503	(88.9)
Administrative expenses		(669)	(609)	9.9
Other operating expenses		(1,224)	(1,202)	1.8
Profit from operations		<u>36,981</u>	<u>52,692</u>	(29.8)
Finance income	3	904	543	66.5
Finance expense	4	(12)	(1,558)	(99.2)
Net finance income/(expense)		<u>892</u>	<u>(1,015)</u>	(187.9)
Profit before income tax ¹		<u>37,873</u>	<u>51,677</u>	(26.7)
Income tax expense	5	(10,190)	(7,306)	39.5
Profit for the period attributable to equity holders of the Company		<u>27,683</u>	<u>44,371</u>	(37.6)
Other comprehensive income				
Change in fair value of available-for-sale financial assets	6	-	725	N.A.
Transfer of hedging reserve to profit or loss	7	-	1,108	N.A.
Other comprehensive income for the period, net of income tax		<u>-</u>	<u>1,833</u>	(100.0)
Total comprehensive income for the period		<u>27,683</u>	<u>46,204</u>	(40.1)
Earnings per share ²				
Basic earnings per share (cents)		10.69	17.17	
Diluted earnings per share (cents)		<u>10.69</u>	<u>17.17</u>	

¹ Profit before income tax includes the following:

Note:

Profit before tax includes the following:

	First quarter		Change
	01.04.2012 to 30.06.2012 1Q FY2013 \$'000	01.04.2011 to 30.06.2011 1Q FY2013 \$'000	
Depreciation and amortisation	(64)	(64)	0.0
Dividend income from available-for-sale financial assets	-	496	N.A.
Interest income	133	95	40.0
Interest expense	(12)	(450)	(97.3)
Mark-to-market gain on derivative financial instruments	771	448	72.1
Transfer of hedging reserve to profit or loss	-	(1,108)	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 9.

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

Note 1 – Gross profit

The lower gross profit for 1Q FY2013 as compared to 1Q FY2012 is mainly due to fewer units of Paterson Suites sold during 1Q FY2013.

Note 2 – Other income

The decrease in other income for 1Q FY2013 as compared to 1Q FY2012 is mainly due to no dividend income in 1Q FY2013 following the disposal of the Group's equity securities in 2H FY2012.

Note 3 – Finance income

The increase in finance income is due to higher mark-to-market gain on interest rate swaps and higher interest income attributable to higher fixed deposit rates during 1Q FY2013 as compared to 1Q FY2012.

Note 4 - Finance expense

The decrease in finance expense for 1Q FY2013 as compared to 1Q FY2012 is mainly due to the transfer of \$1.1 million from hedging reserve to profit or loss in 1Q FY2012 (refer to Note 7 for details) and full capitalisation of loan interest in 1Q FY2013.

Note 5 – Income tax expense

The increase in income tax expense is mainly due to an adjustment in 1Q FY2013 for underprovision of current tax in FY2012.

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. There is no change in fair value for 1Q FY2013 as the Group's equity securities were fully disposed off as at 31 March 2012.

Note 7 – Transfer of hedging reserve to profit or loss

The Group had adopted hedge accounting for the interest rate swaps entered into to hedge its exposure to interest rate risks relating to future cash flows on the interest payments attributable to the bank loans. The cash flow hedge was discontinued in FY 2011. The net change in fair value of the cash flow hedges was recognised in equity up to the date of discontinuance and in profit or loss thereafter. During Q2 FY2012, the bank loans whose interest rates were previously hedged were refinanced and the total amount in the hedging reserve was transferred to profit or loss.

Borrowing costs capitalised in development properties

Borrowing costs capitalised in development properties amounted to \$3.3 million for 1Q FY2013 as compared to \$4.4 million for 1Q FY2012.

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

	Note	Group		Company	
		30.06.2012 \$'000	31.03.2012 \$'000	30.06.2012 \$'000	31.03.2012 \$'000
Non-current assets					
Investment property		4,643	4,683	-	-
Property, plant and equipment		95	119	-	-
Investments in subsidiaries		-	-	80,294	80,294
Deferred tax assets		250	250	-	-
		<u>4,988</u>	<u>5,052</u>	<u>80,294</u>	<u>80,294</u>
Current assets					
Development properties	1	1,011,008	1,123,999	-	-
Trade and other receivables	2	89,042	15,885	1,079,055	1,103,058
Cash and cash equivalents	3	345,097	298,438	2,751	15,678
		<u>1,445,147</u>	<u>1,438,322</u>	<u>1,081,806</u>	<u>1,118,736</u>
Total assets		<u>1,450,135</u>	<u>1,443,374</u>	<u>1,162,100</u>	<u>1,199,030</u>
Equity attributable to shareholders of the Company					
Share capital	4	631,801	631,801	631,801	631,801
Reserves	5	487,399	459,716	211,455	210,697
Total equity		<u>1,119,200</u>	<u>1,091,517</u>	<u>843,256</u>	<u>842,498</u>
Non-current liabilities					
Interest-bearing bank loans	6	238,643	275,481	178,782	215,637
Deferred tax liabilities		3,870	9,682	14	14
		<u>242,513</u>	<u>285,163</u>	<u>178,796</u>	<u>215,651</u>
Current liabilities					
Trade and other payables	7	55,079	48,511	138,924	138,989
Derivative financial liabilities	8	1,121	1,892	1,121	1,892
Current tax payable		32,222	16,291	3	-
		<u>88,422</u>	<u>66,694</u>	<u>140,048</u>	<u>140,881</u>
Total liabilities		<u>330,935</u>	<u>351,857</u>	<u>318,844</u>	<u>356,532</u>
Total equity and liabilities		<u>1,450,135</u>	<u>1,443,374</u>	<u>1,162,100</u>	<u>1,199,030</u>

Notes to the Statement of Financial Position of the Group:

Note 1 – Development properties

The net decrease is mainly due to higher progress billings on Verdure at Holland Road and Luxus Hills Phase 2 which obtained TOP in 1Q FY2013 as well as progress billings on additional units of Paterson Suites sold, offset by an increase in attributable profits and increase in development costs of development projects capitalised during the period.

Note 2 – Trade and other receivables

The increase is mainly due to higher outstanding progress billing receivables on the development projects, including receivables held in trust.

Note 3 – Cash and cash equivalents

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

Note 4 – Share capital

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 – Interest-bearing bank loans

The decrease in interest-bearing bank loans is mainly due to repayment of medium-term bank loans using proceeds from sale of development properties.

Note 7 – Trade and other payables

The increase is mainly due to accrual of rental guarantee for additional units of Paterson Suites sold and higher trade payables relating to the construction costs of the development projects.

Note 8 – Derivative financial liabilities

This represents the fair value of interest rate swaps. The decrease is attributable to mark-to-market gain recognised on interest rate swaps for 1Q FY2013.

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

	30.06.2012 \$'000	31.03.2012 \$'000
<u>Unsecured</u>		
- Amount repayable in one year or less, or on demand	-	-
- Amount repayable after one year	238,643	275,481
<u>Secured</u>		
- Amount repayable in one year or less, or on demand	-	-
- Amount repayable after one year	-	-

Details of any collateral

All loans were unsecured. The unsecured assets of the Group are subject to a negative pledge in respect of banking facilities granted to the Group.

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

	First quarter	
	01.04.2012	01.04.2011
	to	to
	30.06.2012	30.06.2011
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	37,873	51,677
Adjustments for:		
Depreciation of investment property	40	44
Depreciation of property, plant and equipment	24	20
Dividend income from available-for-sale financial assets	-	(496)
Interest expense	-	450
Interest income	(133)	(95)
Mark-to-market gain on derivative financial instruments	(771)	(448)
Transfer of hedging reserve to profit or loss	-	1,108
Operating profit before working capital changes	<u>37,033</u>	<u>52,260</u>
Changes in working capital:		
Development properties	116,265	9,644
Trade and other receivables	(73,192)	(12,523)
Trade and other payables	6,170	(9,284)
Cash generated from operations	<u>86,276</u>	<u>40,097</u>
Interest received	168	97
Net cash from operating activities	<u>86,444</u>	<u>40,194</u>
Cash flows from investing activities		
Dividends received	-	640
Purchase of property, plant and equipment	-	(8)
Net cash from investing activities	<u>-</u>	<u>632</u>
Cash flows from financing activities		
Interest paid (including amounts capitalised in development properties)	(2,785)	(4,195)
Proceeds from conversion of warrants	-	15,636
Repayments of bank loans	(37,000)	(84,000)
Net cash used in financing activities	<u>(39,785)</u>	<u>(72,559)</u>
Net increase/(decrease) in cash and cash equivalents	46,659	(31,733)
Cash and cash equivalents at beginning of period	298,438	205,257
Cash and cash equivalents at end of period	<u>345,097</u>	<u>173,524</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 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 2011	616,160	60,714	41,806	(5,205)	216,097	31,069	960,641
Total comprehensive income for the period							
Profit for the period	-	-	-	-	44,371	-	44,371
Other comprehensive income							
Change in fair value of available-for-sale financial assets	-	-	725	-	-	-	725
Transfer of hedging reserve to profit or loss	-	-	-	1,108	-	-	1,108
Total comprehensive income for the period	-	-	725	1,108	44,371	-	46,204
Transactions with owners, recorded directly in equity							
Shares issued pursuant to warrants conversion	15,636	-	-	-	-	-	15,636
Total transactions with owners	15,636	-	-	-	-	-	15,636
At 30 June 2011	631,796	60,714	42,531	(4,097)	260,468	31,069	1,022,481
At 1 April 2012	631,801	60,714	-	-	352,398	46,604	1,091,517
Total comprehensive income for the period							
Profit for the period	-	-	-	-	27,683	-	27,683
Total comprehensive income for the period	-	-	-	-	27,683	-	27,683
At 30 June 2012	631,801	60,714	-	-	380,081	46,604	1,119,200

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 2011	616,160	61,908	41,806	(5,205)	112,856	31,069	858,594
Total comprehensive income for the period							
Profit for the period	-	-	-	-	(264)	-	(264)
Other comprehensive income							
Change in fair value of available-for-sale financial assets	-	-	725	-	-	-	725
Transfer of hedging reserve to profit or loss	-	-	-	1,108	-	-	1,108
Total comprehensive income for the period	-	-	725	1,108	(264)	-	1,569
Transactions with owners, recorded directly in equity							
Shares issued pursuant to warrants conversion	15,636	-	-	-	-	-	15,636
Total transactions with owners	15,636	-	-	-	-	-	15,636
At 30 June 2011	631,796	61,908	42,531	(4,097)	112,592	31,069	875,799
At 1 April 2012	631,801	61,908	-	-	102,185	46,604	842,498
Total comprehensive income for the period							
Profit for the period	-	-	-	-	758	-	758
Total comprehensive income for the period	-	-	-	-	758	-	758
At 30 June 2012	631,801	61,908	-	-	102,943	46,604	843,256

- 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 well as the number of shares held as treasury shares, 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.**

There was no change in the Company's share capital since 31 March 2012.

There were no outstanding convertibles that may result in the issuance of shares as at 30 June 2012 and 30 June 2011.

The Company had no treasury shares as at 30 June 2012 and 30 June 2011.

- 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 258,911,326 issued and fully paid up ordinary shares as at 30 June 2012 and 31 March 2012.

The Company had no treasury shares as at 30 June 2012 and 31 March 2012.

- 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.**

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 FY2012.

- 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.**

Not applicable.

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 is computed based on profit for the period attributable to equity holders of the Company and the weighted average number of ordinary shares set out below.

	First quarter	
	30.06.2012	30.06.2011
Basic earnings per share (cents)	10.69	17.17
Diluted earnings per share (cents)	10.69	17.17

	First quarter	
	30.06.2012	30.06.2011
Weighted average number of shares for calculation of:		
- Basic earnings per share	258,911,326	258,369,275
- Diluted earnings per share	258,911,326	258,369,275

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	
	30.06.2012	31.03.2012	30.06.2012	31.03.2012
Net asset value per ordinary share	\$4.32	\$4.22	\$3.26	\$3.25

Net asset value per share is calculated based on 258,911,326 ordinary shares at the end of the current financial period and the immediately preceding financial year.

- 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 1Q FY2013 was \$105.2 million as compared to \$120.9 million in 1Q FY2012. Accordingly, the net profit before tax decreased by 26.7% from \$51.7 million in 1Q FY2012 to \$37.9 million in 1Q FY2013.

The lower gross profit for 1Q FY2013 as compared to 1Q FY2012 is mainly due to fewer units of Paterson Suites sold during 1Q FY2013.

- 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.**

The last round of property cooling measures introduced by the Singapore Government in December 2011 has dampened the buying sentiment in the high-end property market. In the core central region, the number of uncompleted units sold in the first half of 2012 was 532 as compared to 1,062 units sold in the first half of 2011.

The number of foreign purchasers has dropped substantially after the introduction of the Additional Buyer Stamp Duty (ABSD) in Dec 2011. In the first half of 2011, foreigners accounted for 20% of the total purchasers but this was reduced to 7% in the first half of 2012.

The uncertain global economic outlook could also affect the buying sentiment in the high-end residential property market. We expect market condition in this segment to be challenging in the next twelve months.

For our Group, Luxus Hills Phase 3 (46 units) is expected to be completed in the second half of 2012 and there are several projects in various stages of construction.

- 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 first quarter ended 30 June 2012.

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

The Group does not have any Interested Person Transactions.

14 **Negative Assurance on First 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 first quarter financial results ended 30 June 2012 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**TAN GUAT NGOH
COMPANY SECRETARY
13 AUGUST 2012**