



BUKIT SEMBAWANG ESTATES LIMITED

(Company Registration Number: 196700177M)

(Incorporated in Singapore on 27 June 1967)

Financial Statement and Dividend Announcement for the Second Quarter and Half-year ended 30 September 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 second quarter (2Q FY2013) and half year (1H FY2013) ended 30 September 2012

	Second quarter			Half-year		
	01.07.2012 to 30.09.2012 2Q FY2013	01.07.2011 to 30.09.2011 2Q FY2012	Change	01.04.2012 to 30.09.2012 1H FY2013	01.04.2011 to 30.09.2011 1H FY2012	Change
Note	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	122,803	99,950	22.9	228,016	220,800	3.3
Cost of sales	(76,605)	(66,096)	15.9	(143,000)	(132,946)	7.6
Gross profit	<u>46,198</u>	<u>33,854</u>	36.5	<u>85,016</u>	<u>87,854</u>	(3.2)
Other income	1	616	(99.8)	57	1,119	(94.9)
Administrative expenses	(613)	(792)	(22.6)	(1,282)	(1,401)	(8.5)
Other operating (expense)/ income	(1,167)	16,080	(107.3)	(2,391)	14,878	(116.1)
Profit from operations	<u>44,419</u>	<u>49,758</u>	(10.7)	<u>81,400</u>	<u>102,450</u>	(20.5)
Finance income	819	718	14.1	1,723	1,261	36.6
Finance expense	-	(5,096)	(100.0)	(12)	(6,654)	(99.8)
Net finance income/ (expense)	<u>819</u>	<u>(4,378)</u>	(118.7)	<u>1,711</u>	<u>(5,393)</u>	(131.7)
Profit before income tax ¹	<u>45,238</u>	<u>45,380</u>	(0.3)	<u>83,111</u>	<u>97,057</u>	(14.4)
Income tax expense	(7,328)	(4,216)	73.8	(17,518)	(11,522)	52.0
Profit for the period attributable to equity holders of the Company	<u>37,910</u>	<u>41,164</u>	(7.9)	<u>65,593</u>	<u>85,535</u>	(23.3)
Other comprehensive income						
Change in fair value of available-for-sale financial assets	-	(5,583)	(100.0)	-	(4,858)	(100.0)
Transfer of hedging reserve to profit or loss	-	4,097	(100.0)	-	5,205	(100.0)
Other comprehensive income for the period, net of income tax	<u>-</u>	<u>(1,486)</u>	(100.0)	<u>-</u>	<u>347</u>	(100.0)
Total comprehensive income for the period	<u>37,910</u>	<u>39,678</u>	(4.5)	<u>65,593</u>	<u>85,882</u>	(23.6)
Earnings per share ²						
Basic earnings per share (cents)	14.64	15.90		25.33	33.04	
Diluted earnings per share (cents)	14.64	15.90		25.33	33.04	

¹ Profit before income tax includes the following:

	Second quarter			Half-year		
	01.07.2012 to 30.09.2012 2Q FY2013	01.07.2011 to 30.09.2011 2Q FY2012	Change	01.04.2012 to 30.09.2012 1H FY2013	01.04.2011 to 30.09.2011 1H FY2012	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation and amortisation	(68)	(58)	17.2	(132)	(122)	8.2
Dividend income from available- for-sale financial assets	-	381	(100.0)	-	877	(100.0)
Interest income	60	106	(43.4)	193	201	(4.0)
Interest expense	-	(999)	(100.0)	(12)	(1,449)	(99.2)
Mark-to-market gain on derivative financial instruments	759	612	24.0	1,530	1,060	44.3
Transfer of hedging reserve to profit or loss	-	(4,097)	(100.0)	-	(5,205)	(100.0)
Write-back of foreseeable losses on development properties	-	17,000	(100.0)	-	17,000	(100.0)

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 10.

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

Note 1 – Gross profit

The higher gross profit for 2Q FY2013 as compared to 2Q FY2012 is mainly due to more units of Paterson Suites sold during 2Q FY2013. Overall decrease in gross profit for 1H FY2013 as compared to 1H FY2012 is mainly due to no profit recognised on Verdure in 2Q FY2013 as the project obtained TOP in 1Q FY2013.

Note 2 – Other income

The decrease in other income is mainly due to the absence of dividend income after the disposal of the Group's equity securities in 2H FY2012.

Note 3 – Other operating (expenses)/ income

The decrease in other operating income is due to the write-back of foreseeable losses on the Skyline Residences development project amounting to \$17.0 million in 2Q FY2012.

Excluding the write-back, other operating expenses amounted to \$2.4 million for 1H FY2013 as compared to \$2.1 million for 1H FY2012. Other operating expenses for both periods relate mainly to property tax and other development costs on certain development projects pending development.

Note 4 – Profit from operations

Excluding the write-back of \$17.0 million in 2Q FY2012, the profit from operations for 2Q FY2013 is higher than that of 2Q FY2012.

Note 5 – 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 1H FY2013 as compared to 1H FY2012.

Note 6 – Finance expense

The decrease in finance expense is mainly due to the transfer of \$5.2 million from hedging reserve to profit or loss in 1H FY2012 (refer to Note 8 for details) and full capitalisation of loan interest in 1H FY2013.

Note 7 – Income tax expense

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

Note 8 – 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 9 – 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 \$6.3 million for 1H FY2013 as compared to \$11.4 million for 1H 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	
		30.09.2012	31.03.2012	30.09.2012	31.03.2012
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Investment property		4,603	4,683	-	-
Property, plant and equipment		317	119	-	-
Investments in subsidiaries		-	-	80,294	80,294
Deferred tax assets		250	250	-	-
		<u>5,170</u>	<u>5,052</u>	<u>80,294</u>	<u>80,294</u>
Current assets					
Development properties	1	1,067,862	1,123,999	-	-
Trade and other receivables	2	14,282	15,885	842,188	1,103,058
Cash and cash equivalents	3	170,559	298,438	33,791	15,678
		<u>1,252,703</u>	<u>1,438,322</u>	<u>875,979</u>	<u>1,118,736</u>
Total assets		<u>1,257,873</u>	<u>1,443,374</u>	<u>956,273</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	478,705	459,716	165,516	210,697
Total equity		<u>1,110,506</u>	<u>1,091,517</u>	<u>797,317</u>	<u>842,498</u>
Non-current liabilities					
Interest-bearing bank loans	6	49,512	275,481	19,635	215,637
Deferred tax liabilities		7,105	9,682	14	14
		<u>56,617</u>	<u>285,163</u>	<u>19,649</u>	<u>215,651</u>
Current liabilities					
Trade and other payables	7	64,679	48,511	138,944	138,989
Derivative financial liabilities	8	362	1,892	362	1,892
Current tax payable		25,709	16,291	1	-
		<u>90,750</u>	<u>66,694</u>	<u>139,307</u>	<u>140,881</u>
Total liabilities		<u>147,367</u>	<u>351,857</u>	<u>158,956</u>	<u>356,532</u>
Total equity and liabilities		<u>1,257,873</u>	<u>1,443,374</u>	<u>956,273</u>	<u>1,199,030</u>

Notes to the Statement of Financial Position of the Group:**Note 1 – Development properties**

The decrease is due to higher progress billings.

Note 2 – Trade and other receivables

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

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 1H FY2013.

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

	30.09.2012 \$'000	31.03.2012 \$'000
<u>Unsecured</u>		
- Amount repayable in one year or less, or on demand	-	-
- Amount repayable after one year	49,512	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.

	Second quarter		Half-year	
	01.07.2012 to 30.09.2012 2Q FY2013 \$'000	01.07.2011 to 30.09.2011 2Q FY2012 \$'000	01.04.2012 to 30.09.2012 1H FY2013 \$'000	01.04.2011 to 30.09.2011 1H FY2012 \$'000
Cash flows from operating activities				
Profit before income tax	45,238	45,380	83,111	97,057
Adjustments for:				
Depreciation of investment property	40	36	80	80
Depreciation of property, plant and equipment	28	22	52	42
Dividend income from available-for-sale financial assets	-	(381)	-	(877)
Interest expense	-	999	-	1,449
Interest income	(60)	(106)	(193)	(201)
Mark-to-market gain on derivative financial instruments	(759)	(612)	(1,530)	(1,060)
Transfer of hedging reserve to profit or loss	-	4,097	-	5,205
Write-back of foreseeable losses on development properties	-	(17,000)	-	(17,000)
Operating profit before working capital changes	<u>44,487</u>	<u>32,435</u>	<u>81,520</u>	<u>84,695</u>
Changes in working capital:				
Development properties	(53,770)	99,771	62,495	109,415
Trade and other receivables	74,735	(20,318)	1,543	(32,841)
Trade and other payables	9,619	(4,650)	15,789	(13,934)
Cash generated from operations	<u>75,071</u>	<u>107,238</u>	<u>161,347</u>	<u>147,335</u>
Interest received	85	64	253	161
Income tax paid	<u>(10,678)</u>	<u>(13,021)</u>	<u>(10,678)</u>	<u>(13,021)</u>
Net cash from operating activities	<u>64,478</u>	<u>94,281</u>	<u>150,922</u>	<u>134,475</u>
Cash flows from investing activities				
Dividends received	-	445	-	1,085
Purchase of property, plant and equipment	<u>(250)</u>	<u>(6)</u>	<u>(250)</u>	<u>(14)</u>
Net cash (used in)/ from investing activities	<u>(250)</u>	<u>439</u>	<u>(250)</u>	<u>1,071</u>
Cash flows from financing activities				
Interest paid (including amounts capitalised in development properties)	(2,162)	(3,898)	(4,947)	(8,093)
Proceeds from conversion of warrants	-	5	-	15,641
Payment of financing transaction costs	-	(1,864)	-	(1,864)
Proceeds from bank loans	-	406,000	-	406,000
Repayments of bank loans	(190,000)	(395,000)	(227,000)	(479,000)
Dividends paid	<u>(46,604)</u>	<u>(31,069)</u>	<u>(46,604)</u>	<u>(31,069)</u>
Net cash used in financing activities	<u>(238,766)</u>	<u>(25,826)</u>	<u>(278,551)</u>	<u>(98,385)</u>
Net (decrease)/ increase in cash and cash equivalents	<u>(174,538)</u>	<u>68,894</u>	<u>(127,879)</u>	<u>37,161</u>
Cash and cash equivalents at beginning of period	<u>345,097</u>	<u>173,524</u>	<u>298,438</u>	<u>205,257</u>
Cash and cash equivalents at end of period	<u>170,559</u>	<u>242,418</u>	<u>170,559</u>	<u>242,418</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	-	-	-	-	85,535	-	85,535
Other comprehensive income							
Change in fair value of available-for-sale financial assets	-	-	(4,858)	-	-	-	(4,858)
Transfer of hedging reserve to profit or loss	-	-	-	5,205	-	-	5,205
Total comprehensive income for the period	-	-	(4,858)	5,205	85,535	-	85,882
Transactions with owners, recorded directly in equity							
Shares issued pursuant to warrants conversion	15,641	-	-	-	-	-	15,641
Dividends to equity holders: - final dividends for the previous year, paid	-	-	-	-	-	(31,069)	(31,069)
Total transactions with owners	15,641	-	-	-	-	(31,069)	(15,428)
At 30 September 2011	631,801	60,714	36,948	-	301,632	-	1,031,095
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	-	-	-	-	65,593	-	65,593
Total comprehensive income for the period	-	-	-	-	65,593	-	65,593
Transactions with owners, recorded directly in equity							
Dividends to equity holders: - final/ special dividends for the previous year, paid	-	-	-	-	-	(46,604)	(46,604)
Total transactions with owners	-	-	-	-	-	(46,604)	(46,604)
At 30 September 2012	631,801	60,714	-	-	417,991	-	1,110,506

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	-	-	-	-	(3,529)	-	(3,529)
Other comprehensive income							
Change in fair value of available-for-sale financial assets	-	-	(4,858)	-	-	-	(4,858)
Transfer of hedging reserve to profit or loss	-	-	-	5,205	-	-	5,205
Total comprehensive income for the period	-	-	(4,858)	5,205	(3,529)	-	(3,182)
Transactions with owners, recorded directly in equity							
Shares issued pursuant to warrants conversion	15,641	-	-	-	-	-	15,641
Dividends to equity holders: -final dividends for the previous year, paid	-	-	-	-	-	(31,069)	(31,069)
Total transactions with owners	15,641	-	-	-	-	(31,069)	(15,428)
At 30 September 2011	631,801	61,908	36,948	-	109,327	-	839,984
At 1 April 2012	631,801	61,908	-	-	102,185	46,604	842,498
Total comprehensive income for the period							
Profit for the period	-	-	-	-	1,423	-	1,423
Total comprehensive income for the period	-	-	-	-	1,423	-	1,423
Transactions with owners, recorded directly in equity							
Dividends to equity holders: - final/ special dividends for the previous year, paid	-	-	-	-	-	(46,604)	(46,604)
Total transactions with owners	-	-	-	-	-	(46,604)	(46,604)
At 30 September 2012	631,801	61,908	-	-	103,608	-	797,317

- 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 during the 3 months ended 30 September 2012.

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

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

The Company had no treasury shares as at 30 September 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.

	Second quarter		Half-year	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Basic earnings per share (cents)	14.64	15.90	25.33	33.04
Diluted earnings per share (cents)	14.64	15.90	25.33	33.04

	Second quarter		Half-year	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
Weighted average number of shares for calculation of:				
- Basic earnings per share	258,911,326	258,911,326	258,911,326	258,911,326
- Diluted earnings per share	258,911,326	258,911,326	258,911,326	258,911,326

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	
	30.09.2012	31.03.2012	30.09.2012	31.03.2012
Net asset value per ordinary share	\$4.29	\$4.22	\$3.08	\$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 1H FY2013 is \$228.0 million as compared to \$220.8 million in 1H FY2012.

The higher gross profit for 2Q FY2013 as compared to 2Q FY2012 is mainly due to more units of Paterson Suites sold during 2Q FY2013. Overall decrease in gross profit for 1H FY2013 as compared to 1H FY2012 is mainly due to lower profit recognition on Verdure which obtained TOP in 1Q FY2013.

Excluding the write-back of \$17.0 million in 2Q FY2012, the profit from operations for 2Q FY2013 is higher than that of 2Q FY2012.

- 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.**

Statistics from the Urban Redevelopment Authority showed that prices of private residential properties remained fairly stable, increasing by 0.5% in the third quarter of Year 2012, as compared to the 0.4% increase in the previous quarter. In the core central region, prices of private residential properties increased by 0.1% as compared to 0.6% increase in the previous quarter. New home sales has achieved 17,844 units during the first nine months of the year, which is higher than the 12,301 units registered in the same period last year. However, in the core central region, new home sales of uncompleted properties recorded 1,285 units during the first nine months of Year 2012, as compared to 1,395 in the corresponding period in Year 2011.

The Monetary Authority of Singapore announced the latest round of cooling measures on 5 October 2012 to curb residential property market demand. The maximum tenure of loans for residential properties is capped at 35 years and loan-to-value limits are tightened if loan tenure exceeds 30 years or if the maturity is beyond the borrower's retirement age of 65 years.

With the imposition of several rounds of property cooling measures by Singapore government over the past 2 years and the outlook of the global economy remaining uncertain, purchases by foreigners have dropped to 8% for private home purchases in the first nine months of the year from 18% last year. The Group expects the buying sentiment in the high-end residential property market to remain challenging. However, our landed housing projects will continue to fare well.

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 half-year ended 30 September 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 Second 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 second quarter financial results ended 30 September 2012 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

TAN GUAT NGOH
COMPANY SECRETARY
14 November 2012