



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 2014

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, 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 2014 (1Q FY2015)

	Note	First quarter		Change %
		1Q FY2015 01.04.2014 to 30.06.2014 \$'000	1Q FY2014 01.04.2013 to 30.06.2013 \$'000	
Revenue		63,268	161,677	(60.9)
Cost of sales		(43,730)	(100,641)	(56.5)
Gross profit	1	<u>19,538</u>	<u>61,036</u>	(68.0)
Other income		43	18	138.9
Administrative expenses		(861)	(827)	4.1
Other operating expenses	2	<u>(1,445)</u>	<u>(1,167)</u>	23.8
Profit from operations		<u>17,275</u>	<u>59,060</u>	(70.8)
Finance income	3	<u>300</u>	<u>68</u>	341.2
Profit before tax ¹		<u>17,575</u>	<u>59,128</u>	(70.3)
Tax expense	4	<u>(3,402)</u>	<u>(9,939)</u>	(65.8)
Profit for the period		<u>14,173</u>	<u>49,189</u>	(71.2)
Other comprehensive income for the period, net of tax		-	-	-
Total comprehensive income for the period		<u>14,173</u>	<u>49,189</u>	(71.2)
Earnings per share ²				
Basic earnings per share (cents)		5.47	19.00	
Diluted earnings per share (cents)		<u>5.47</u>	<u>19.00</u>	

¹ Profit before income tax includes the following:

	First quarter		Change %
	1Q FY2015	1Q FY2014	
	01.04.2014 to 30.06.2014 \$'000	01.04.2013 to 30.06.2013 \$'000	
Depreciation and amortisation	(67)	(87)	(23.0)
Interest income	300	68	341.2

² The basic and diluted earnings per share are computed based on profit for the period and the weighted average number of ordinary shares as set out on page 8.

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

Note 1 – Gross profit

The decrease in gross profit for 1Q FY2015 as compared to 1Q FY2014 is mainly due to lower profit recognition on development projects.

Note 2 – Other operating expenses

The increase in other operating expenses in 1Q FY2015 as compared to 1Q FY2014 is mainly due to higher development costs on development projects pending development.

Note 3 – Finance income

The higher finance income in 1Q FY2015 is due to increase in interest income received from fixed deposits placed with banks.

Note 4 – Tax expense

The decrease in tax expense in 1Q FY2015 as compared to 1Q FY2014 is due to lower profit before tax.

Borrowing costs capitalised in development properties

The Company has no borrowing costs in both 1Q FY2015 and 1Q FY2014.

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	
		30.06.2014 \$'000	31.03.2014 \$'000	30.06.2014 \$'000	31.03.2014 \$'000
Non-current assets					
Investment property		4,322	4,362	-	-
Property, plant and equipment		177	204	-	-
Investments in subsidiaries		-	-	80,294	80,294
Deferred tax assets		244	244	-	-
		<u>4,743</u>	<u>4,810</u>	<u>80,294</u>	<u>80,294</u>
Current assets					
Development properties	1	1,138,910	1,118,445	-	-
Trade and other receivables	2	2,255	5,610	752,406	803,155
Cash and cash equivalents	3	216,703	204,896	139,287	89,319
		<u>1,357,868</u>	<u>1,328,951</u>	<u>891,693</u>	<u>892,474</u>
Total assets		<u>1,362,611</u>	<u>1,333,761</u>	<u>971,987</u>	<u>972,768</u>
Equity attributable to shareholders of the Company					
Share capital		631,801	631,801	631,801	631,801
Reserves	4	614,350	600,177	127,645	127,431
Total equity		<u>1,246,151</u>	<u>1,231,978</u>	<u>759,446</u>	<u>759,232</u>
Non-current liabilities					
Deferred tax liabilities		14,366	10,422	14	14
		<u>14,366</u>	<u>10,422</u>	<u>14</u>	<u>14</u>
Current liabilities					
Trade and other payables	5	77,021	65,746	212,527	213,522
Current tax payable		25,073	25,615	-	-
		<u>102,094</u>	<u>91,361</u>	<u>212,527</u>	<u>213,522</u>
Total liabilities		<u>116,460</u>	<u>101,783</u>	<u>212,541</u>	<u>213,536</u>
Total equity and liabilities		<u>1,362,611</u>	<u>1,333,761</u>	<u>971,987</u>	<u>972,768</u>

Notes to the Statement of Financial Position of the Group:

Note 1 – Development properties

The increase is due to higher development costs capitalised during the period.

Note 2 – Trade and other receivables

The decrease is mainly due to lower outstanding progress billing receivables on the development projects.

Note 3 – Cash and cash equivalents

Cash balances and cash generated from operations are used to pay for construction costs.

Note 4 – Reserves

The increase is due to profit after tax for the period.

Note 5 – Trade and other payables

The increase is mainly due to higher trade payables relating to construction costs of the development projects.

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

	30.06.2014 \$'000	31.03.2014 \$'000
<u>Unsecured</u>		
- Amount repayable in one year or less, or on demand	Nil	Nil
- Amount repayable after one year	Nil	Nil
<u>Secured</u>		
- Amount repayable in one year or less, or on demand	Nil	Nil
- Amount repayable after one year	Nil	Nil

Details of any collateral

Not applicable.

- 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	
	1Q FY2015	1Q FY2014
	01.04.2014 to 30.06.2014 \$'000	01.04.2013 to 30.06.2013 \$'000
Cash flows from operating activities		
Profit before tax	17,575	59,128
Adjustments for:		
Depreciation of investment property	40	40
Depreciation of property, plant and equipment	27	47
Interest income	(300)	(68)
Operating profit before working capital changes	<u>17,342</u>	<u>59,147</u>
Changes in working capital:		
Development properties	(20,465)	(54,407)
Trade and other receivables	3,606	7,398
Trade and other payables	11,275	6,307
Cash generated from operations	<u>11,758</u>	<u>18,445</u>
Interest received	49	79
Net cash from operating activities	<u>11,807</u>	<u>18,524</u>
Net increase in cash and cash equivalents	11,807	18,524
Cash and cash equivalents at beginning of the period	<u>204,896</u>	<u>142,080</u>
Cash and cash equivalents at end of the period	<u>216,703</u>	<u>160,604</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	Accumulated profits \$'000	Dividend reserve \$'000	Total \$'000
At 1 April 2013	631,801	60,714	428,205	38,837	1,159,557
Total comprehensive income for the period					
Profit for the period	-	-	49,189	-	49,189
At 30 June 2013	<u>631,801</u>	<u>60,714</u>	<u>477,394</u>	<u>38,837</u>	<u>1,208,746</u>
At 1 April 2014	631,801	60,714	498,037	41,426	1,231,978
Total comprehensive income for the period					
Profit for the period	-	-	14,173	-	14,173
At 30 June 2014	<u>631,801</u>	<u>60,714</u>	<u>512,210</u>	<u>41,426</u>	<u>1,246,151</u>
Company					
At 1 April 2013	631,801	61,908	65,765	38,837	798,311
Total comprehensive income for the period					
Loss for the period	-	-	(76)	-	(76)
At 30 June 2013	<u>631,801</u>	<u>61,908</u>	<u>65,689</u>	<u>38,837</u>	<u>798,235</u>
At 1 April 2014	631,801	61,908	24,097	41,426	759,232
Total comprehensive income for the period					
Profit for the period	-	-	214	-	214
At 30 June 2014	<u>631,801</u>	<u>61,908</u>	<u>24,311</u>	<u>41,426</u>	<u>759,446</u>

- 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 June 2014.

There were no outstanding convertibles that may result in the issuance of shares as at 30 June 2014 and 30 June 2013.

The Company had no treasury shares as at 30 June 2014 and 30 June 2013.

- 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 2014 and 31 March 2014.

The Company had no treasury shares as at 30 June 2014 and 31 March 2014.

- 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 year as those applied in the Group's and the Company's most recently audited financial statements for FY2014.

- 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 and the weighted average number of ordinary shares set out below.

	First quarter	
	30.06.2014	30.06.2013
Basic earnings per share (cents)	5.47	19.00
Diluted earnings per share (cents)	5.47	19.00

	First quarter	
	30.06.2014	30.06.2013
Weighted average number of shares for calculation of:		
- Basic earnings per share	258,911,326	258,911,326
- Diluted earnings per share	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	
	30.06.2014	31.03.2014	30.06.2014	31.03.2014
Net asset value per ordinary share	\$4.81	\$4.76	\$2.93	\$2.93

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 FY2015 is \$63.3 million as compared to \$161.7 million in 1Q FY2014.

The decrease in gross profit for 1Q FY2015 as compared to 1Q FY2014 is mainly due to lower profit recognition on development projects. Accordingly, the net profit before tax decreased by 70.3% from \$59.1 million in 1Q FY2014 to \$17.6 million in 1Q FY2015.

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

No forecast for 1Q FY2015 was previously provided.

- 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 impact of the Total Debt Servicing Ratio Framework and more supplies of completed properties coming into the market have dampened the demand and the pricing of private residential properties. There were 4,409 new private residential units sold in the first half of 2014, 56.0% lower than the 9,950 units sold in the first half of 2013, according to URA statistics.

Prices of private residential units in Singapore decreased by 1.0% quarter-to-quarter in 2Q 2014 following the 1.3% decline in the previous quarter based on URA statistics. This was the third consecutive quarter of decline in private residential property prices. Prices of non-landed private residential properties for high-end segment in the Core Central Region fell 1.5% in 2Q 2014 after the 1.1% decrease in the preceding quarter.

The market condition for the residential property remains challenging and this will affect the Group's sales performance in the current year.

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 2014.

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 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**TAN GUAT NGOH
COMPANY SECRETARY
14 AUGUST 2014**