



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 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 second quarter (2Q FY2015) and half year (1H FY2015) ended 30 September 2014

	Second quarter			Half-year		
	2Q FY2015	2Q FY2014	Change	1H FY2015	1H FY2014	Change
	01.07.2014 to 30.09.2014	01.07.2013 to 30.09.2013		01.04.2014 to 30.09.2014	01.04.2013 to 30.09.2013	
Note	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	153,328	87,765	74.7	216,596	249,442	(13.2)
Cost of sales	(104,744)	(56,178)	86.5	(148,474)	(156,819)	(5.3)
Gross profit	48,584	31,587	53.8	68,122	92,623	(26.5)
Other income	52	98	(46.9)	95	116	(18.1)
Administrative expenses	(714)	(615)	16.1	(1,575)	(1,442)	9.2
Other operating expenses	(1,472)	(1,080)	36.3	(2,917)	(2,247)	29.8
Profit from operations	46,450	29,990	54.9	63,725	89,050	(28.4)
Finance income	309	42	635.7	609	110	453.6
Profit before tax ¹	46,759	30,032	55.7	64,334	89,160	(27.8)
Tax expense	(7,486)	(4,677)	60.1	(10,888)	(14,616)	(25.5)
Profit and total comprehensive income for the period	39,273	25,355	54.9	53,446	74,544	(28.3)
Earnings per share ²						
Basic and diluted earnings per share (cents)	15.17	9.79		20.64	28.79	

¹ Profit before tax includes the following:

	Second quarter			Half-year		
	2Q FY2015	2Q FY2014	Change	1H FY2015	1H FY2014	Change
	01.07.2014 to 30.09.2014	01.07.2013 to 30.09.2013		01.04.2014 to 30.09.2014	01.04.2013 to 30.09.2013	
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation and amortisation	(62)	(54)	14.8	(129)	(141)	(8.5)
Interest income	309	42	635.7	609	110	453.6

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 9.

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

Note 1 – Gross profit

The increase in gross profit for 2Q FY2015 as compared to 2Q FY2014 is mainly due to higher profit recognition on development projects based on the percentage of completion method and profit recognition on additional units of The Vermont sold during 2Q FY2015. Overall decrease in gross profit for 1H FY2015 as compared to 1H FY2014 is mainly due to lower profit recognition in 1Q FY2015.

Note 2 – Other operating expenses

The increase in other operating expenses is mainly due to higher development costs on development projects pending development.

Note 3 – Finance income

The increase in finance income is due to higher interest income earned from fixed deposits placed with banks.

Note 4 – Tax expense

The increase in tax expense in 2Q FY2015 as compared to 2Q FY2014 is due to higher profit before tax. Overall, the decrease in tax expense in 1H FY2015 as compared to 1H FY2014 is due to lower profit before tax.

Borrowing costs capitalised in development properties

The Company has no borrowing costs in both 1H FY2015 and 1H 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	
		30.09.2014 \$'000	31.03.2014 \$'000	30.09.2014 \$'000	31.03.2014 \$'000
Non-current assets					
Investment property		4,282	4,362	-	-
Property, plant and equipment		183	204	-	-
Investments in subsidiaries		-	-	80,294	80,294
Deferred tax assets		772	244	-	-
		<u>5,237</u>	<u>4,810</u>	<u>80,294</u>	<u>80,294</u>
Current assets					
Development properties	1	1,006,923	1,118,445	-	-
Trade and other receivables	2	43,941	5,610	658,410	803,155
Cash and cash equivalents	3	287,578	204,896	207,050	89,319
		<u>1,338,442</u>	<u>1,328,951</u>	<u>865,460</u>	<u>892,474</u>
Total assets		<u>1,343,679</u>	<u>1,333,761</u>	<u>945,754</u>	<u>972,768</u>
Equity attributable to shareholders of the Company					
Share capital		631,801	631,801	631,801	631,801
Reserves	4	612,197	600,177	86,370	127,431
Total equity		<u>1,243,998</u>	<u>1,231,978</u>	<u>718,171</u>	<u>759,232</u>
Non-current liabilities					
Deferred tax liabilities		3,393	10,422	14	14
		<u>3,393</u>	<u>10,422</u>	<u>14</u>	<u>14</u>
Current liabilities					
Trade and other payables	5	64,472	65,746	227,569	213,522
Current tax payable		31,816	25,615	-	-
		<u>96,288</u>	<u>91,361</u>	<u>227,569</u>	<u>213,522</u>
Total liabilities		<u>99,681</u>	<u>101,783</u>	<u>227,583</u>	<u>213,536</u>
Total equity and liabilities		<u>1,343,679</u>	<u>1,333,761</u>	<u>945,754</u>	<u>972,768</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 during the period.

Note 2 – Trade and other receivables

The increase is mainly due to higher progress billing receivables on the development projects, including receivables with Singapore Academy of Law.

Note 3 – Cash and cash equivalents

The increase is mainly due to collections from additional units of The Vermont sold.

Note 4 – Reserves

The increase is due to profit after tax for the period net of dividend payment.

Note 5 – Trade and other payables

The decrease is mainly due to lower accruals relating to construction costs of the development projects.

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

	30.09.2014 \$'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.**

	Second quarter		Half-year	
	2Q FY2015	2Q FY2014	1H FY2015	1H FY2014
	01.07.2014	01.07.2013	01.04.2014	01.04.2013
	to	to	to	to
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	46,759	30,032	64,334	89,160
Adjustments for:				
Depreciation of investment property	40	40	80	80
Depreciation of property, plant and equipment	22	14	49	61
Interest income	(309)	(42)	(609)	(110)
Operating profit before working capital changes	<u>46,512</u>	<u>30,044</u>	<u>63,854</u>	<u>89,191</u>
Changes in working capital:				
Development properties	131,987	(60,324)	111,522	(114,731)
Trade and other receivables	(41,693)	(578)	(38,087)	6,820
Trade and other payables	(12,549)	(4,942)	(1,274)	1,365
Cash generated from operations	<u>124,257</u>	<u>(35,800)</u>	<u>136,015</u>	<u>(17,355)</u>
Interest received	316	63	365	142
Income tax paid	(12,244)	(8,212)	(12,244)	(8,212)
Net cash from/(used in) operating activities	<u>112,329</u>	<u>(43,949)</u>	<u>124,136</u>	<u>(25,425)</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	(28)	-	(28)	-
Net cash used in investing activities	<u>(28)</u>	<u>-</u>	<u>(28)</u>	<u>-</u>
Cash flows from financing activities				
Dividends paid	(41,426)	(38,837)	(41,426)	(38,837)
Net cash used in financing activities	<u>(41,426)</u>	<u>(38,837)</u>	<u>(41,426)</u>	<u>(38,837)</u>
Net increase/(decrease) in cash and cash equivalents	70,875	(82,786)	82,682	(64,262)
Cash and cash equivalents at beginning of the period	<u>216,703</u>	<u>160,604</u>	<u>204,896</u>	<u>142,080</u>
Cash and cash equivalents at end of the period	<u>287,578</u>	<u>77,818</u>	<u>287,578</u>	<u>77,818</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	-	-	74,544	-	74,544
Transactions with owners, recorded directly in equity					
Dividends to equity holders: - final/ special dividends for the previous year, paid	-	-	-	(38,837)	(38,837)
At 30 September 2013	<u>631,801</u>	<u>60,714</u>	<u>502,749</u>	<u>-</u>	<u>1,195,264</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	-	-	53,446	-	53,446
Transactions with owners, recorded directly in equity					
Dividends to equity holders: - final/ special dividends for the previous year, paid	-	-	-	(41,426)	(41,426)
At 30 September 2014	<u>631,801</u>	<u>60,714</u>	<u>551,483</u>	<u>-</u>	<u>1,243,998</u>

Company	Share capital \$'000	Capital reserve \$'000	Accumulated profits \$'000	Dividend reserve \$'000	Total \$'000
At 1 April 2013	631,801	61,908	65,765	38,837	798,311
Total comprehensive income for the period					
Loss for the period	-	-	(212)	-	(212)
Transactions with owners, recorded directly in equity					
Dividends to equity holders: - final/ special dividends for the previous year, paid	-	-	-	(38,837)	(38,837)
At 30 September 2013	<u>631,801</u>	<u>61,908</u>	<u>65,553</u>	<u>-</u>	<u>759,262</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	-	-	365	-	365
Transactions with owners, recorded directly in equity					
Dividends to equity holders: - final/ special dividends for the previous year, paid	-	-	-	(41,426)	(41,426)
At 30 September 2014	<u>631,801</u>	<u>61,908</u>	<u>24,462</u>	<u>-</u>	<u>718,171</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 September 2014.

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

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

The Company had no treasury shares as at 30 September 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 period 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.

	Second quarter		Half-year	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
Basic and diluted earnings per share (cents)	15.17	9.79	20.64	28.79

	Second quarter		Half-year	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
Weighted average number of shares for calculation of:				
- Basic and 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	
	30.09.2014	31.03.2014	30.09.2014	31.03.2014
Net asset value per ordinary share	\$4.80	\$4.76	\$2.77	\$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 2Q FY2015 is \$153.3 million compared to \$87.8 million in 2Q FY2014. Overall Group revenue for 1H FY2015 is \$216.6 million as compared to \$249.4 million in 1H FY2014.

The increase in gross profit for 2Q FY2015 as compared to 2Q FY2014 is mainly due to higher profit recognition on development projects based on the percentage of completion method and profit recognition on additional units of The Vermont sold during 2Q FY2015. Overall decrease in gross profit for 1H FY2015 as compared to 1H FY2014 is mainly due to lower profit recognition 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.**

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 real estate statistics for 3Q 2014 released by URA showed that private residential prices fell by 0.7%. This was the fourth straight quarter of decline in residential property prices. Prices of landed properties declined by 1.8% in 3Q 2014, after the 1.7% decline in the preceding quarter.

The number of new private residential units sold in 3Q 2014 fell to 1,531 units, 42.6% lower than the 2,665 units sold in 2Q 2014.

The operating environment in the Singapore residential property market continues to be challenging and this will affect the Group's sales performance in the year ahead.

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 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 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 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**TAN GUAT NGOH
COMPANY SECRETARY
13 NOVEMBER 2014**