



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 2013

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 third quarter (3Q FY2014) and nine months (9M FY2014) ended 31 December 2013

	Third quarter			Nine months		
	3Q FY2014	3Q FY2013	Change	9M FY2014	9M FY2013	Change
	01.10.2013 to 31.12.2013	01.10.2012 to 31.12.2012		01.04.2013 to 31.12.2013	01.04.2012 to 31.12.2012	
Note	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	69,329	80,613	(14.0)	318,771	308,629	3.3
Cost of sales	<u>(42,796)</u>	<u>(50,800)</u>	(15.8)	<u>(199,615)</u>	<u>(193,800)</u>	3.0
Gross profit	1 26,533	29,813	(11.0)	119,156	114,829	3.8
Other income	28	125	(77.6)	144	182	(20.9)
Administrative expenses	(900)	(1,265)	(28.9)	(2,342)	(2,547)	(8.0)
Other operating expense	<u>(1,218)</u>	<u>(1,185)</u>	2.8	<u>(3,465)</u>	<u>(3,576)</u>	(3.1)
Profit from operations	<u>24,443</u>	<u>27,488</u>	(11.1)	<u>113,493</u>	<u>108,888</u>	4.2
Finance income	2 33	417	(92.1)	143	2,140	(93.3)
Finance expense	-	-	N.A.	-	(12)	(100.0)
Net finance income	<u>33</u>	<u>417</u>	(92.1)	<u>143</u>	<u>2,128</u>	(93.3)
Profit before income tax ¹	24,476	27,905	(12.3)	113,636	111,016	2.4
Income tax expense	3 <u>(5,980)</u>	<u>(4,562)</u>	31.1	<u>(20,596)</u>	<u>(22,080)</u>	(6.7)
Profit for the period attributable to equity holders of the Company	<u>18,496</u>	<u>23,343</u>	(20.8)	<u>93,040</u>	<u>88,936</u>	4.6
Other comprehensive income for the period, net of income tax	-	-	-	-	-	-
Total comprehensive income for the period	<u>18,496</u>	<u>23,343</u>	(20.8)	<u>93,040</u>	<u>88,936</u>	4.6
Earnings per share ²						
Basic earnings per share (cents)	7.14	9.02		35.94	34.35	
Diluted earnings per share (cents)	<u>7.14</u>	<u>9.02</u>		<u>35.94</u>	<u>34.35</u>	

¹ Profit before income tax includes the following:

	Third quarter			Nine months		
	3Q FY2014	3Q FY2013	Change	9M FY2014	9M FY2013	Change
	01.10.2013 to 31.12.2013	01.10.2012 to 31.12.2012	%	01.04.2013 to 31.12.2013	01.04.2012 to 31.12.2012	%
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation and amortisation	(47)	(64)	(26.6)	(188)	(196)	(4.1)
Interest income	33	55	(40.0)	143	248	(42.3)
Interest expense	-	-	N.A.	-	(12)	(100.0)
Mark-to-market gain on derivative financial instruments	-	362	(100.0)	-	1,892	(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 9.

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

Note 1 – Gross profit

The lower gross profit for 3Q FY2014 as compared to 3Q FY2013 is mainly due to lower profit recognition on development projects. Overall increase in gross profit for 9M FY2014 as compared to 9M FY2013 is mainly due to higher profit recognition in 1Q FY2014.

Note 2 – Finance income

The decrease in finance income is mainly due to the absence of mark-to-market gain on interest rate swaps in 9M FY2014.

Note 3 – Income tax expense

The decrease in income tax expense in 9M FY2014 is mainly due to an adjustment in 1Q FY2013 for underprovision of current tax in FY2012.

Borrowing costs capitalised in development properties

Borrowing costs capitalised in development properties amounted to \$Nil for 9M FY2014 compared to \$7.3 million for 9M FY2013.

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	
		31.12.2013	31.03.2013	31.12.2013	31.03.2013
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Investment property		4,402	4,522	-	-
Property, plant and equipment		203	268	-	-
Investments in subsidiaries		-	-	80,294	80,294
Deferred tax assets		244	244	-	-
		<u>4,849</u>	<u>5,034</u>	<u>80,294</u>	<u>80,294</u>
Current assets					
Development properties	1	1,196,942	1,083,290	-	-
Trade and other receivables	2	4,171	16,964	862,399	883,344
Cash and cash equivalents	3	98,073	142,080	32,370	12,802
		<u>1,299,186</u>	<u>1,242,334</u>	<u>894,769</u>	<u>896,146</u>
Total assets		<u>1,304,035</u>	<u>1,247,368</u>	<u>975,063</u>	<u>976,440</u>
Equity attributable to shareholders of the Company					
Share capital		631,801	631,801	631,801	631,801
Reserves	4	581,959	527,756	127,445	166,510
Total equity		<u>1,213,760</u>	<u>1,159,557</u>	<u>759,246</u>	<u>798,311</u>
Non-current liabilities					
Deferred tax liabilities		27,385	13,027	14	14
		<u>27,385</u>	<u>13,027</u>	<u>14</u>	<u>14</u>
Current liabilities					
Trade and other payables		55,711	56,963	215,803	178,115
Current tax payable		7,179	17,821	-	-
		<u>62,890</u>	<u>74,784</u>	<u>215,803</u>	<u>178,115</u>
Total liabilities		<u>90,275</u>	<u>87,811</u>	<u>215,817</u>	<u>178,129</u>
Total equity and liabilities		<u>1,304,035</u>	<u>1,247,368</u>	<u>975,063</u>	<u>976,440</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 and dividends.

Note 4 – Reserves

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

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

	31.12.2013 \$'000	31.03.2013 \$'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.

	Third quarter		Nine months	
	3Q FY2014	3Q FY2013	9M FY2014	9M FY2013
	01.10.2013 to 31.12.2013	01.10.2012 to 31.12.2012	01.04.2013 to 31.12.2013	01.04.2012 to 31.12.2012
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before income tax	24,476	27,905	113,636	111,016
Adjustments for:				
Depreciation of investment property	40	40	120	120
Depreciation of property, plant and equipment	7	24	68	76
Interest expense	-	-	-	12
Interest income	(33)	(55)	(143)	(248)
Mark-to-market gain on derivative financial instruments	-	(362)	-	(1,892)
Operating profit before working capital changes	<u>24,490</u>	<u>27,552</u>	<u>113,681</u>	<u>109,084</u>
Changes in working capital:				
Development properties	1,079	10,344	(113,652)	72,839
Trade and other receivables	5,923	10,338	12,743	11,881
Trade and other payables	<u>(2,617)</u>	<u>27</u>	<u>(1,252)</u>	<u>15,816</u>
Cash generated from operations	28,875	48,261	11,520	209,620
Interest received	51	38	193	291
Income tax paid	<u>(8,668)</u>	<u>(10,469)</u>	<u>(16,880)</u>	<u>(21,147)</u>
Net cash from/(used in) operating activities	<u>20,258</u>	<u>37,830</u>	<u>(5,167)</u>	<u>188,764</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	<u>(3)</u>	<u>-</u>	<u>(3)</u>	<u>(250)</u>
Net cash used in investing activities	<u>(3)</u>	<u>-</u>	<u>(3)</u>	<u>(250)</u>
Cash flows from financing activities				
Interest paid (including amounts capitalised in development properties)	-	(856)	-	(5,815)
Repayments of bank loans	-	(50,000)	-	(277,000)
Dividends paid	-	-	(38,837)	(46,604)
Net cash used in financing activities	<u>-</u>	<u>(50,856)</u>	<u>(38,837)</u>	<u>(329,419)</u>
Net increase/(decrease) in cash and cash equivalents	20,255	(13,026)	(44,007)	(140,905)
Cash and cash equivalents at the beginning of the period	77,818	170,559	142,080	298,438
Cash and cash equivalents at the end of the period	<u>98,073</u>	<u>157,533</u>	<u>98,073</u>	<u>157,533</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 2012	631,801	60,714	352,398	46,604	1,091,517
Total comprehensive income for the period					
Profit for the period	-	-	88,936	-	88,936
Transactions with owners, recorded directly in equity					
Dividends to equity holders: - final/ special dividends for the previous year, paid	-	-	-	(46,604)	(46,604)
At 31 December 2012	<u>631,801</u>	<u>60,714</u>	<u>441,334</u>	<u>-</u>	<u>1,133,849</u>
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	-	-	93,040	-	93,040
Transactions with owners, recorded directly in equity					
Dividends to equity holders: - final/ special dividends for the previous year, paid	-	-	-	(38,837)	(38,837)
At 31 December 2013	<u>631,801</u>	<u>60,714</u>	<u>521,245</u>	<u>-</u>	<u>1,213,760</u>

Company	Share capital \$'000	Capital reserve \$'000	Accumulated profits \$'000	Dividend reserve \$'000	Total \$'000
At 1 April 2012	631,801	61,908	102,185	46,604	842,498
Total comprehensive income for the period					
Profit for the period	-	-	1,743	-	1,743
Transactions with owners, recorded directly in equity					
Dividends to equity holders:					
- final/ special dividends for the previous year, paid	-	-	-	(46,604)	(46,604)
At 31 December 2012	<u>631,801</u>	<u>61,908</u>	<u>103,928</u>	<u>-</u>	<u>797,637</u>
At 1 April 2013	631,801	61,908	65,765	38,837	798,311
Total comprehensive income for the period					
Loss for the period	-	-	(228)	-	(228)
Transactions with owners, recorded directly in equity					
Dividends to equity holders:					
- final/ special dividends for the previous year, paid	-	-	-	(38,837)	(38,837)
At 31 December 2013	<u>631,801</u>	<u>61,908</u>	<u>65,537</u>	<u>-</u>	<u>759,246</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 31 December 2013.

There were no outstanding convertibles that may result in the issuance of shares as at 31 December 2013 and 31 December 2012.

The Company had no treasury shares as at 31 December 2013 and 31 December 2012.

- 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 31 December 2013 and 31 March 2013.

The Company had no treasury shares as at 31 December 2013 and 31 March 2013.

- 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 FY2013.

- 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.

	Third quarter		Nine months	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Basic earnings per share (cents)	7.14	9.02	35.94	34.35
Diluted earnings per share (cents)	7.14	9.02	35.94	34.35

	Third quarter		Nine months	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
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	
	31.12.2013	31.03.2013	31.12.2013	31.03.2013
Net asset value per ordinary share	\$4.69	\$4.48	\$2.93	\$3.08

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 9M FY2014 is \$318.8 million as compared to \$308.6 million in 9M FY2013.

The lower gross profit for 3Q FY2014 as compared to 3Q FY2013 is mainly due to lower profit recognition on development projects. Overall increase in gross profit for 9M FY2014 as compared to 9M FY2013 is mainly due to higher profit recognition in 1Q FY2014.

- 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 the nine months ended 31 December 2013 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 successive cooling measures implemented by the Singapore Government, in particular, the introduction of Total Debt Servicing Ratio for housing loans by the Monetary Authority of Singapore, have dampened the demand for residential properties. The sale of new private residential units fell 33% to 14,948 units for the whole year of 2013, significantly lower than 22,197 units sold in 2012.

Prices of private residential units in Singapore decreased by 0.9% quarter-to-quarter in 4Q 2013. This was the first quarterly decline since 1Q 2012. Prices of non-landed private residential properties for high-end segment in Core Central Region fell 2.1% in 4Q 2013 after the 0.3% decrease in the previous quarter.

The Group expects the residential market conditions to be challenging and this will adversely 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 nine months ended 31 December 2013.

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 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 nine months ended 31 December 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**TAN GUAT NGOH
COMPANY SECRETARY
7 FEBRUARY 2014**