



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 2015

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 FY2016) and half year (1H FY2016) ended 30 September 2015

	Note	Second quarter			Half-year		
		2Q FY2016	2Q FY2015	Change	1H FY2016	1H FY2015	Change
		01.07.2015 to 30.09.2015	01.07.2014 to 30.09.2014	%	01.04.2015 to 30.09.2015	01.04.2014 to 30.09.2014	%
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		108,791	153,328	(29.0)	227,163	216,596	4.9
Cost of sales		(75,311)	(104,744)	(28.1)	(156,369)	(148,474)	5.3
Gross profit	1	<u>33,480</u>	<u>48,584</u>	(31.1)	<u>70,794</u>	<u>68,122</u>	3.9
Other income	2	-	52	n.m.	194	95	104.2
Administrative expenses	3	(852)	(714)	19.3	(1,657)	(1,575)	5.2
Other operating expenses	4	(1,255)	(1,472)	(14.7)	(2,499)	(2,917)	(14.3)
Profit from operations		<u>31,373</u>	<u>46,450</u>	(32.5)	<u>66,832</u>	<u>63,725</u>	4.9
Finance income	5	<u>667</u>	<u>309</u>	115.9	<u>1,390</u>	<u>609</u>	128.2
Profit before tax ¹		<u>32,040</u>	<u>46,759</u>	(31.5)	<u>68,222</u>	<u>64,334</u>	6.0
Tax expense	6	(1,666)	(7,486)	(77.7)	(7,489)	(10,888)	(31.2)
Profit and total comprehensive income for the period		<u><u>30,374</u></u>	<u><u>39,273</u></u>	(22.7)	<u><u>60,733</u></u>	<u><u>53,446</u></u>	13.6
Earnings per share	7						
Basic and diluted earnings per share (cents)		11.73	15.17		23.46	20.64	

n.m. - not meaningful

¹ Profit before tax includes the following:

	Second quarter			Half-year		
	2Q FY2016	2Q FY2015	Change	1H FY2016	1H FY2015	Change
	01.07.2015 to 30.09.2015 \$'000	01.07.2014 to 30.09.2014 \$'000	%	01.04.2015 to 30.09.2015 \$'000	01.04.2014 to 30.09.2014 \$'000	%
Depreciation and amortisation	(60)	(62)	(3.2)	(122)	(129)	(5.4)
Interest income	667	309	115.9	1,390	609	128.2

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

Note 1 – Gross profit

The decrease in gross profit for 2Q FY2016 as compared to 2Q FY2015 was mainly due to lower profit recognition on development projects based on the percentage of completion method.

The overall increase in gross profit for 1H FY2016 as compared to 1H FY2015 was mainly due to higher profit recognised in 1Q FY2016.

Note 2 – Other income

The increase in 1H FY2016 was mainly due to income from write-off of unclaimed accounts. There was no other income in 2Q FY2016.

Note 3 – Administrative expenses

The increase in administrative expenses in 2Q FY2016 as compared to 2Q FY2015 was mainly due to bonus accrual. No provision was made in 2Q FY2015.

Note 4 – Other operating expenses

The decrease in other operating expenses was mainly due to lower development costs expensed off for development projects pending development.

Note 5 – Finance income

The higher finance income was due to increase in interest income received from additional fixed deposits placed with banks.

Note 6 – Tax expense

The decrease in tax expense in 1H FY2016 as compared to 1H FY2015 was due to deferred tax adjustment.

Note 7 – Earnings per share

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 paragraph 6.

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	
		30.09.2015 \$'000	31.03.2015 \$'000	30.09.2015 \$'000	31.03.2015 \$'000
Non-current assets					
Investment property		4,121	4,202	-	-
Property, plant and equipment		95	132	-	-
Investments in subsidiaries		-	-	365,294	80,294
Deferred tax assets	1	4,408	3,388	-	-
		<u>8,624</u>	<u>7,722</u>	<u>365,294</u>	<u>80,294</u>
Current assets					
Development properties	2	927,568	1,040,717	-	-
Trade and other receivables	3	71,654	15,316	404,644	743,573
Cash and cash equivalents	4	348,066	329,421	222,347	228,570
		<u>1,347,288</u>	<u>1,385,454</u>	<u>626,991</u>	<u>972,143</u>
Total assets		<u>1,355,912</u>	<u>1,393,176</u>	<u>992,285</u>	<u>1,052,437</u>
Equity attributable to shareholders of the Company					
Share capital		631,801	631,801	631,801	631,801
Reserves		626,785	651,493	214,293	187,311
Total equity		<u>1,258,586</u>	<u>1,283,294</u>	<u>846,094</u>	<u>819,112</u>
Non-current liabilities					
Deferred tax liabilities	5	153	5,746	14	14
		<u>153</u>	<u>5,746</u>	<u>14</u>	<u>14</u>
Current liabilities					
Trade and other payables	6	69,980	74,783	146,121	233,311
Current tax payable		27,193	29,353	56	-
		<u>97,173</u>	<u>104,136</u>	<u>146,177</u>	<u>233,311</u>
Total liabilities		<u>97,326</u>	<u>109,882</u>	<u>146,191</u>	<u>233,325</u>
Total equity and liabilities		<u>1,355,912</u>	<u>1,393,176</u>	<u>992,285</u>	<u>1,052,437</u>

Notes to the Statement of Financial Position of the Group:**Note 1 – Deferred tax assets**

The increase was mainly due to higher deductible temporary differences available against future taxable profits resulting from expenses of development projects.

Note 2 – Development properties

The decrease was due to lower development costs capitalised during the period and additional progress billings.

Note 3 – Trade and other receivables

The increase was mainly due to higher progress billing receivables on the development projects as Skyline Residences has obtained TOP.

Note 4 – Cash and cash equivalents

The increase was mainly due to collections from Luxus Hills Phase 6 and 7, Paterson Suites, The Vermont on Cairnhill and Skyline Residences.

Note 5 – Deferred tax liabilities

The decrease was mainly due to reversal of Skyline Residences's deferred tax provision as it has obtained TOP.

Note 6 – Trade and other payables

The decrease was mainly due to lower trade payables relating to construction costs of the development projects.

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

	30.09.2015 \$'000	31.03.2015 \$'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 FY2016	2Q FY2015	1H FY2016	1H FY2015
	01.07.2015 to 30.09.2015 \$'000	01.07.2014 to 30.09.2014 \$'000	01.04.2015 to 30.09.2015 \$'000	01.04.2014 to 30.09.2014 \$'000
Cash flows from operating activities				
Profit before tax	32,040	46,759	68,222	64,334
Adjustments for:				
Depreciation of investment property	39	40	80	80
Depreciation of property, plant and equipment	21	22	42	49
Interest income	(667)	(309)	(1,390)	(609)
Operating profit before working capital changes	<u>31,433</u>	<u>46,512</u>	<u>66,954</u>	<u>63,854</u>
Changes in working capital:				
Development properties	109,172	131,987	113,149	111,522
Trade and other receivables	(57,546)	(41,693)	(56,628)	(38,087)
Trade and other payables	<u>(2,191)</u>	<u>(12,549)</u>	<u>(4,803)</u>	<u>(1,274)</u>
Cash generated from operations	80,868	124,257	118,672	136,015
Interest received	1,220	316	1,683	365
Income tax paid	<u>(11,782)</u>	<u>(12,244)</u>	<u>(16,264)</u>	<u>(12,244)</u>
Net cash from operating activities	<u>70,306</u>	<u>112,329</u>	<u>104,091</u>	<u>124,136</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	<u>-</u>	<u>(28)</u>	<u>(5)</u>	<u>(28)</u>
Net cash used in investing activities	<u>-</u>	<u>(28)</u>	<u>(5)</u>	<u>(28)</u>
Cash flows from financing activities				
Dividends paid	<u>(85,441)</u>	<u>(41,426)</u>	<u>(85,441)</u>	<u>(41,426)</u>
Net cash used in financing activities	<u>(85,441)</u>	<u>(41,426)</u>	<u>(85,441)</u>	<u>(41,426)</u>
Net (decrease)/increase in cash and cash equivalents	(15,135)	70,875	18,645	82,682
Cash and cash equivalents at beginning of the period	<u>363,201</u>	<u>216,703</u>	<u>329,421</u>	<u>204,896</u>
Cash and cash equivalents at end of the period	<u>348,066</u>	<u>287,578</u>	<u>348,066</u>	<u>287,578</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 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>
At 1 April 2015	631,801	60,714	590,779	-	1,283,294
Total comprehensive income for the period					
Profit for the period	-	-	60,733	-	60,733
Transactions with owners, recorded directly in equity					
Dividends to equity holders: - final/special dividends for the previous year, paid	-	-	(85,441)	-	(85,441)
At 30 September 2015	<u>631,801</u>	<u>60,714</u>	<u>566,071</u>	<u>-</u>	<u>1,258,586</u>

Company	Share capital \$'000	Capital reserve \$'000	Accumulated profits \$'000	Dividend reserve \$'000	Total \$'000
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>
At 1 April 2015	631,801	61,908	125,403	-	819,112
Total comprehensive income for the period					
Profit for the period	-	-	112,423	-	112,423
Transactions with owners, recorded directly in equity					
Dividends to equity holders: - final/special dividends for the previous year, paid	-	-	(85,441)	-	(85,441)
At 30 September 2015	<u>631,801</u>	<u>61,908</u>	<u>152,385</u>	<u>-</u>	<u>846,094</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 2015.

There were no outstanding convertibles that may result in the issuance of shares as at 30 September 2015 and 30 September 2014.

The Company had no treasury shares as at 30 September 2015 and 30 September 2014.

- 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 2015 and 31 March 2015.

The Company had no treasury shares as at 30 September 2015 and 31 March 2015.

- 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 FY2015.

- 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	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Basic and diluted earnings per share (cents)	11.73	15.17	23.46	20.64

	Second quarter		Half-year	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
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	
	30.09.2015	31.03.2015	30.09.2015	31.03.2015
Net asset value per ordinary share	\$4.86	\$4.96	\$3.27	\$3.16

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 FY2016 was \$108.8 m, a decrease of 29.0% as compared to \$153.3 m in 2Q FY2015. Overall Group's revenue for 1H FY2016 was \$227.2 m as compared to \$216.6 m in 1H FY2015.

Gross profit for 2Q FY2016 was \$33.5 m as compared to \$48.6 m in 2Q FY2015. This was mainly due to lower profit recognition on development projects based on the percentage of completion method. Profits were recognised in 2Q FY2016 for Skyline Residences, Luxus Hills Phase 6 and 7.

Other operating expenses for 1H FY2016 was \$2.5 m, a decrease of 14.3% as compared to \$2.9 m in 1H FY2015. This was due to lower development costs expensed off on development projects pending development.

Finance income for 1H FY2016 was \$1.4 m, an increase of 128.2% as compared to \$0.6 m in 1H FY2015. This was due to higher interest income earned from additional fixed deposits placed with banks.

Net profit after tax was \$60.7 m, an increase of 13.6% as compared to \$53.4 m in 1H FY2015.

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

The Group did not make any specific forecast previously.

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.**

According to URA Real Estates Statistics, the overall private residential property prices fell by 1.3% in 2Q 2015 compared to the 0.9% decline in the previous quarter. Prices of private residential properties declined across all market segments. This was the eighth consecutive quarter of decline in private residential property prices.

Buying sentiment for private residential property in Singapore is expected to remain subdued with the effects of the property cooling measures. 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 2015.

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.**

There is no general mandate from shareholders for IPTs.

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 2015 to be false or misleading in any material aspect.

15 **Confirmation of undertakings under Rule 720(1)**

The Company confirms that it has procured undertakings from its directors and executive officers to comply with the Exchange's listing rules.

BY ORDER OF THE BOARD

**DENNIS LOH SIEW KEEN
COMPANY SECRETARY
12 NOVEMBER 2015**