



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 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 third quarter (3Q FY2015) and nine months (9M FY2015) ended 31 December 2014

	Third quarter			Nine months		
	3Q FY2015	3Q FY2014	Change	9M FY2015	9M FY2014	Change
	01.10.2014 to 31.12.2014	01.10.2013 to 31.12.2013		01.04.2014 to 31.12.2014	01.04.2013 to 31.12.2013	
Note	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	98,807	69,329	42.5	315,403	318,771	(1.1)
Cost of sales	(68,443)	(42,796)	59.9	(216,917)	(199,615)	8.7
Gross profit	<u>30,364</u>	<u>26,533</u>	14.4	<u>98,486</u>	<u>119,156</u>	(17.3)
Other income	898	28	n.m.	993	144	589.6
Administrative expenses	(851)	(900)	(5.4)	(2,426)	(2,342)	3.6
Other operating expenses	(1,187)	(1,218)	(2.5)	(4,104)	(3,465)	18.4
Profit from operations	<u>29,224</u>	<u>24,443</u>	19.6	<u>92,949</u>	<u>113,493</u>	(18.1)
Finance income	<u>581</u>	<u>33</u>	n.m.	<u>1,190</u>	<u>143</u>	732.2
Profit before tax ¹	<u>29,805</u>	<u>24,476</u>	21.8	<u>94,139</u>	<u>113,636</u>	(17.2)
Tax credit/(expense)	2,594	(5,980)	n.m.	(8,294)	(20,596)	(59.7)
Profit and total comprehensive income for the period	<u>32,399</u>	<u>18,496</u>	75.2	<u>85,845</u>	<u>93,040</u>	(7.7)
Earnings per share ²						
Basic and diluted earnings per share (cents)	12.51	7.14		33.16	35.94	

n.m. - not meaningful

¹ Profit before tax includes the following:

	Third quarter			Nine months		
	3Q FY2015	3Q FY2014	Change	9M FY2015	9M FY2014	Change
	01.10.2014 to 31.12.2014	01.10.2013 to 31.12.2013		01.04.2014 to 31.12.2014	01.04.2013 to 31.12.2013	
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation and amortisation	(69)	(47)	46.8	(198)	(188)	5.3
Interest income	581	33	n.m.	1,190	143	732.2

n.m. - not meaningful

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 higher gross profit for 3Q FY2015 as compared to 3Q FY2014 is mainly due to higher profit recognition on development projects based on the percentage of completion method. Overall decrease in gross profit for 9M FY2015 as compared to 9M FY2014 is mainly due to lower profit recognition.

Note 2 – Other income

The increase is mainly due to the write-back of provision for warranties no longer required.

Note 3 – Other operating expenses

The increase for 9M FY2015 as compared to 9M FY2014 is mainly due to higher development costs on development projects pending development.

Note 4 – Finance income

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

Note 5 – Tax expense

The decrease in tax expense is mainly due to adjustment for overprovision of income tax for Year of Assessment 2013. The assessment was amended by IRAS in the current quarter.

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	
		31.12.2014 \$'000	31.03.2014 \$'000	31.12.2014 \$'000	31.03.2014 \$'000
Non-current assets					
Investment property		4,242	4,362	-	-
Property, plant and equipment		154	204	-	-
Investments in subsidiaries		-	-	80,294	80,294
Deferred tax assets	1	1,208	244	-	-
		<u>5,604</u>	<u>4,810</u>	<u>80,294</u>	<u>80,294</u>
Current assets					
Development properties	2	1,027,296	1,118,445	-	-
Trade and other receivables	3	33,227	5,610	649,677	803,155
Cash and cash equivalents	4	320,452	204,896	234,326	89,319
		<u>1,380,975</u>	<u>1,328,951</u>	<u>884,003</u>	<u>892,474</u>
Total assets		<u>1,386,579</u>	<u>1,333,761</u>	<u>964,297</u>	<u>972,768</u>
Equity attributable to shareholders of the Company					
Share capital		631,801	631,801	631,801	631,801
Reserves	5	644,596	600,177	86,881	127,431
Total equity		<u>1,276,397</u>	<u>1,231,978</u>	<u>718,682</u>	<u>759,232</u>
Non-current liabilities					
Deferred tax liabilities	6	840	10,422	14	14
		<u>840</u>	<u>10,422</u>	<u>14</u>	<u>14</u>
Current liabilities					
Trade and other payables	7	82,492	65,746	245,601	213,522
Current tax payable		26,850	25,615	-	-
		<u>109,342</u>	<u>91,361</u>	<u>245,601</u>	<u>213,522</u>
Total liabilities		<u>110,182</u>	<u>101,783</u>	<u>245,615</u>	<u>213,536</u>
Total equity and liabilities		<u>1,386,579</u>	<u>1,333,761</u>	<u>964,297</u>	<u>972,768</u>

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

The increase is mainly due to higher deductible temporary differences available (development cost expensed off) against future taxable profits.

Note 2 – Development properties

The decrease is mainly due to higher progress billings during the period.

Note 3 – Trade and other receivables

The increase is mainly due to higher progress billing receivables on the development projects.

Note 4 – Cash and cash equivalents

The increase is mainly due to collections from additional units of The Vermont and funds released by Singapore Academy of Law (Luxus Hills Phase 4).

Note 5 – Reserves

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

Note 6 – Deferred tax liabilities

The decrease is due to lower tax provision as the development project (Luxus Hills Phase 5) has obtained TOP during the current year.

Note 7 – Trade and other payables

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

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

	31.12.2014 \$'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.**

	Third quarter		Nine months	
	3Q FY2015	3Q FY2014	9M FY2015	9M FY2014
	01.10.2014 to 31.12.2014 \$'000	01.10.2013 to 31.12.2013 \$'000	01.04.2014 to 31.12.2014 \$'000	01.04.2013 to 31.12.2013 \$'000
Cash flows from operating activities				
Profit before tax	29,805	24,476	94,139	113,636
Adjustments for:				
Depreciation of investment property	40	40	120	120
Depreciation of property, plant and equipment	29	7	78	68
Interest income	(581)	(33)	(1,190)	(143)
Operating profit before working capital changes	<u>29,293</u>	<u>24,490</u>	<u>93,147</u>	<u>113,681</u>
Changes in working capital:				
Development properties	(20,373)	1,079	91,149	(113,652)
Trade and other receivables	10,976	5,923	(27,111)	12,743
Trade and other payables	18,019	(2,617)	16,745	(1,252)
Cash generated from operations	<u>37,915</u>	<u>28,875</u>	<u>173,930</u>	<u>11,520</u>
Interest received	319	51	684	193
Income tax paid	(5,360)	(8,668)	(17,604)	(16,880)
Net cash from/(used in) operating activities	<u>32,874</u>	<u>20,258</u>	<u>157,010</u>	<u>(5,167)</u>
Cash flows from investing activities				
Purchase of property, plant and equipment	-	(3)	(28)	(3)
Net cash used in investing activities	<u>-</u>	<u>(3)</u>	<u>(28)</u>	<u>(3)</u>
Cash flows from financing activities				
Dividends paid	-	-	(41,426)	(38,837)
Net cash used in financing activities	<u>-</u>	<u>-</u>	<u>(41,426)</u>	<u>(38,837)</u>
Net increase/(decrease) in cash and cash equivalents	32,874	20,255	115,556	(44,007)
Cash and cash equivalents at beginning of the period	287,578	77,818	204,896	142,080
Cash and cash equivalents at end of the period	<u>320,452</u>	<u>98,073</u>	<u>320,452</u>	<u>98,073</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	-	-	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>
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	-	-	85,845	-	85,845
Transactions with owners, recorded directly in equity					
Dividends to equity holders: - final/ special dividends for the previous year, paid	-	-	-	(41,426)	(41,426)
At 31 December 2014	<u>631,801</u>	<u>60,714</u>	<u>583,882</u>	<u>-</u>	<u>1,276,397</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	-	-	(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>
At 1 April 2014	631,801	61,908	24,097	41,426	759,232
Total comprehensive income for the period					
Profit for the period	-	-	876	-	876
Transactions with owners, recorded directly in equity					
Dividends to equity holders: - final/ special dividends for the previous year, paid	-	-	-	(41,426)	(41,426)
At 31 December 2014	<u>631,801</u>	<u>61,908</u>	<u>24,973</u>	<u>-</u>	<u>718,682</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 2014.

There were no outstanding convertibles that may result in the issuance of shares as at 31 December 2014 and 31 December 2013.

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

The Company had no treasury shares as at 31 December 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.

	Third quarter		Nine months	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Basic and diluted earnings per share (cents)	12.51	7.14	33.16	35.94

	Third quarter		Nine months	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
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	
	31.12.2014	31.03.2014	31.12.2014	31.03.2014
Net asset value per ordinary share	\$4.93	\$4.76	\$2.78	\$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.**

Gross profit for 3Q FY2015 increased by 14.4% as compared to 3Q FY2014. This is mainly due to higher profit recognition on development projects based on the percentage of completion method. Profits were recognised on this basis for Luxus Hills Phase 5 and 6, The Vermont and Skyline Residences.

Gross profit for 9M FY2015 decreased by 17.3% as compared to 9M FY2014 due to lower profit recognition on sales of development projects.

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 estate statistics, for the whole of 2014 overall private residential property prices fell by 4%, compared with an increase of 1.1% in 2013. The number of new private residential units sold in 2014 fell to 7,316 units, 51% lower than the 14,948 units sold in 2013.

The Singapore residential property market sentiment remains weak and the operating environment continue to be challenging in the current financial 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 nine months ended 31 December 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.**

There is no general mandate from shareholders for IPTs.

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 third quarter financial results ended 31 December 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**DENNIS LOH SIEW KEEN
COMPANY SECRETARY
13 FEBRUARY 2015**