



## 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 2016

#### 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 FY2017) and half year (1H FY2017) ended 30 September 2016

	Note	Second quarter			Half-year		
		2Q FY2017	2Q FY2016	Change	1H FY2017	1H FY2016	Change
		01.07.2016 to 30.09.2016 \$'000	01.07.2015 to 30.09.2015 \$'000	%	01.04.2016 to 30.09.2016 \$'000	01.04.2015 to 30.09.2015 \$'000	%
Revenue		72,885	108,791	(33.0)	117,812	227,163	(48.1)
Cost of sales		(26,365)	(75,311)	(65.0)	(46,223)	(156,369)	(70.4)
<b>Gross profit</b>	1	<u>46,520</u>	<u>33,480</u>	38.9	<u>71,589</u>	<u>70,794</u>	1.1
Other income		35	-	n.m.	66	194	(66.0)
Administrative expenses	2	(1,122)	(852)	31.7	(2,080)	(1,657)	25.5
Other operating expenses	3	(1,370)	(1,255)	9.2	(2,824)	(2,499)	13.0
<b>Profit from operations</b>		<u>44,063</u>	<u>31,373</u>	40.4	<u>66,751</u>	<u>66,832</u>	(0.1)
<b>Finance income</b>	4	<u>1,244</u>	<u>667</u>	86.5	<u>2,651</u>	<u>1,390</u>	90.7
<b>Profit before tax<sup>1</sup></b>		<u>45,307</u>	<u>32,040</u>	41.4	<u>69,402</u>	<u>68,222</u>	1.7
Tax expense	5	(7,963)	(1,666)	378.0	(4,560)	(7,489)	(39.1)
<b>Profit and total comprehensive income for the period</b>		<u><b>37,344</b></u>	<u><b>30,374</b></u>	<b>22.9</b>	<u><b>64,842</b></u>	<u><b>60,733</b></u>	<b>6.8</b>

n.m. - not meaningful

<sup>1</sup> Profit before tax includes the following:

	Second quarter			Half-year		
	2Q FY2017	2Q FY2016	Change	1H FY2017	1H FY2016	Change
	01.07.2016 to 30.09.2016	01.07.2015 to 30.09.2015		01.04.2016 to 30.09.2016	01.04.2015 to 30.09.2015	
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation and amortisation	(75)	(60)	25.0	(133)	(122)	9.0
Interest income	1,244	667	86.5	2,651	1,390	90.7

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

##### Note 1 – Gross profit

The increase in gross profit was mainly due to higher profit recognised on development projects based on the percentage of completion method.

##### Note 2 – Administrative expenses

The increase in administrative expenses was mainly due to higher professional charges and adjustment of provision of bonus for the previous year.

##### Note 3 – Other operating expenses

The increase in other operating expenses was mainly due to property taxes paid for unsold properties units (Skyline Residences and Paterson Collection) that have obtained TOP.

##### Note 4 – Finance income

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

##### Note 5 – Tax expense

The increase in tax for 2Q FY2017 as compared to 2Q FY2016 was mainly due to higher profit before tax. For 2Q FY2016, there was also a deferred tax adjustment.

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	
		30.09.2016 \$'000	31.03.2016 \$'000	30.09.2016 \$'000	31.03.2016 \$'000
<b>Non-current assets</b>					
Investment property		4,054	4,135	-	-
Property, plant and equipment		176	79	-	-
Investments in subsidiaries		-	-	310,000	310,000
Deferred tax assets	1	24,029	7,324	-	-
		<u>28,259</u>	<u>11,538</u>	<u>310,000</u>	<u>310,000</u>
<b>Current assets</b>					
Development properties	2	913,519	941,883	-	-
Trade and other receivables	3	75,741	92,366	208,881	294,797
Cash and cash equivalents	4	400,595	411,908	303,681	355,253
		<u>1,389,855</u>	<u>1,446,157</u>	<u>512,562</u>	<u>650,050</u>
<b>Total assets</b>		<b><u>1,418,114</u></b>	<b><u>1,457,695</u></b>	<b><u>822,562</u></b>	<b><u>960,050</u></b>
<b>Equity attributable to shareholders of the Company</b>					
Share capital		631,801	631,801	631,801	631,801
Reserves		637,432	658,031	84,790	167,494
<b>Total equity</b>		<u>1,269,233</u>	<u>1,289,832</u>	<u>716,591</u>	<u>799,295</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities	5	14	5,914	14	14
		<u>14</u>	<u>5,914</u>	<u>14</u>	<u>14</u>
<b>Current liabilities</b>					
Trade and other payables	6	113,117	141,048	105,713	160,225
Current tax payable	7	35,750	20,901	244	516
		<u>148,867</u>	<u>161,949</u>	<u>105,957</u>	<u>160,741</u>
<b>Total liabilities</b>		<u>148,881</u>	<u>167,863</u>	<u>105,971</u>	<u>160,755</u>
<b>Total equity and liabilities</b>		<b><u>1,418,114</u></b>	<b><u>1,457,695</u></b>	<b><u>822,562</u></b>	<b><u>960,050</u></b>

**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 sales of development properties during the period.

**Note 3 – Trade and other receivables**

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

**Note 4 – Cash and cash equivalents**

The decrease was mainly due to payment of dividends offset against funds released by Singapore Academy of Law (Skyline Residences).

**Note 5 – Deferred tax liabilities**

The decrease was mainly due to reversal of deferred tax provision upon billing of sold property units.

**Note 6 – Trade and other payables**

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

**Note 7 – Current tax payable**

The increase was mainly due to provision of current tax payable on a development project (Luxus Hills Phase 7) which had obtained TOP and additional sales of development projects during the period.

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

	30.09.2016 \$'000	31.03.2016 \$'000
<b><u>Unsecured</u></b>		
- Amount repayable in one year or less, or on demand	Nil	Nil
- Amount repayable after one year	Nil	Nil
<b><u>Secured</u></b>		
- 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 FY2017	2Q FY2016	1H FY2017	1H FY2016
	01.07.2016 to 30.09.2016 \$'000	01.07.2015 to 30.09.2015 \$'000	01.04.2016 to 30.09.2016 \$'000	01.04.2015 to 30.09.2015 \$'000
<b>Cash flows from operating activities</b>				
Profit before tax	45,307	32,040	69,402	68,222
<b>Adjustments for:</b>				
Depreciation of investment property	40	39	81	80
Depreciation of property, plant and equipment	35	21	52	42
Interest income	(1,244)	(667)	(2,651)	(1,390)
	<u>44,138</u>	<u>31,433</u>	<u>66,884</u>	<u>66,954</u>
Changes in:				
Development properties	36,240	109,172	28,364	113,149
Trade and other receivables	(13,445)	(57,546)	17,327	(56,628)
Trade and other payables	(17,499)	(2,191)	(27,931)	(4,803)
Cash generated from operations	<u>49,434</u>	<u>80,868</u>	<u>84,644</u>	<u>118,672</u>
Interest received	967	1,220	1,949	1,683
Income tax paid	(12,309)	(11,782)	(12,316)	(16,264)
<b>Net cash from operating activities</b>	<u>38,092</u>	<u>70,306</u>	<u>74,277</u>	<u>104,091</u>
<b>Cash flows from investing activity</b>				
Purchase of property, plant and equipment	(90)	-	(149)	(5)
<b>Net cash used in investing activity</b>	<u>(90)</u>	<u>-</u>	<u>(149)</u>	<u>(5)</u>
<b>Cash flows from financing activities</b>				
Dividends paid	(85,441)	(85,441)	(85,441)	(85,441)
<b>Net cash used in financing activities</b>	<u>(85,441)</u>	<u>(85,441)</u>	<u>(85,441)</u>	<u>(85,441)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(47,439)	(15,135)	(11,313)	18,645
Cash and cash equivalents at beginning of the period	<u>448,034</u>	<u>363,201</u>	<u>411,908</u>	<u>329,421</u>
<b>Cash and cash equivalents at end of the period</b>	<u>400,595</u>	<u>348,066</u>	<u>400,595</u>	<u>348,066</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.**

<b>Group</b>	Share capital \$'000	Capital reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 April 2015	631,801	60,714	590,779	1,283,294
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	60,733	60,733
<b>Transactions with owners, recorded directly in equity</b>				
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>1,258,586</u>
At 1 April 2016	631,801	60,714	597,317	1,289,832
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	64,842	64,842
<b>Transactions with owners, recorded directly in equity</b>				
Dividends to equity holders: - final/special dividends for the previous year, paid	-	-	(85,441)	(85,441)
At 30 September 2016	<u>631,801</u>	<u>60,714</u>	<u>576,718</u>	<u>1,269,233</u>

<b>Company</b>	<b>Share capital \$'000</b>	<b>Capital reserve \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Total \$'000</b>
At 1 April 2015	631,801	61,908	125,403	819,112
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	112,423	112,423
<b>Transactions with owners, recorded directly in equity</b>				
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>846,094</u>
At 1 April 2016	631,801	61,908	105,586	799,295
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	2,737	2,737
<b>Transactions with owners, recorded directly in equity</b>				
Dividends to equity holders: - final/special dividends for the previous year, paid	-	-	(85,441)	(85,441)
At 30 September 2016	<u>631,801</u>	<u>61,908</u>	<u>22,882</u>	<u>716,591</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 2016.

There were no outstanding convertibles that may result in the issuance of shares as at 30 September 2016 and 30 September 2015.

The Company had no treasury shares as at 30 September 2016 and 30 September 2015.

- 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 2016 and 31 March 2016.

The Company had no treasury shares as at 30 September 2016 and 31 March 2016.

- 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 FY2016.

- 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	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Basic and diluted earnings per share (cents)	14.42	11.73	25.04	23.46

	Second quarter		Half-year	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
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	
	30.09.2016	31.03.2016	30.09.2016	31.03.2016
Net asset value per ordinary share	\$4.90	\$4.98	\$2.77	\$3.09

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.

2Q FY2017 vs 2Q FY2016

- (1) For 2Q FY2017, revenue and cost of sales decreased by 33.0% and 65.0% respectively as compared to 2Q FY2016. The higher decrease in cost of sales was due to higher profit margins for projects recognised in 2Q FY2017 than in 2Q FY2016.
- (2) For 2Q FY2017, gross profit increased by 38.9% as compared to 2Q FY2016. The increase was mainly due to higher profit recognition on development projects based on the percentage of completion method. Profits were recognised for Luxus Hills Phase 6 and 7 and Skyline Residences.

1H FY2017 vs 1H FY2016

- (3) Revenue and cost of sales decreased by 48.1% and 70.4% respectively as compared to 1H FY2016. For FY2017, profits were recognised for Luxus Hills Phase 6 and 7 and Skyline Residences. For FY2016, profits were recognised for Luxus Hills Phase 6 and 7, Skyline Residences and Paterson Suites. Gross profit increased marginally by 1.1%.
- (4) Other income decreased by 66.0% as compared to 1H FY 2016. The decrease was mainly due to income from write-off of unclaimed dividend accounts in 1H FY2016. There was no write-off of unclaimed dividend accounts in 1H FY2017.
- (5) Administrative expenses increased by 25.5% as compared to 1H FY2016 mainly due to higher professional charges and adjustment of provision of bonus for the previous year.
- (6) Other operating expenses increased by 13.0% as compared to 1H FY2016 mainly due to property taxes paid for unsold properties that have obtained TOP.
- (7) Finance income was \$2.7 m, an increase of 90.7% as compared to \$1.4 m in 1H FY2016. This was due to higher interest income earned from additional fixed deposits placed with banks.
- (8) Lower tax expense was due to write back of deferred tax liabilities no longer required. Net profit after tax was \$64.8 m, an increase of 6.8% as compared to \$60.7 m in 1H FY2016.

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.**

The real estate statistics released by URA showed that overall private residential property prices declined by 1.5% in the 3rd Quarter 2016, compared to 0.4% decrease in the previous quarter. This was the twelfth consecutive quarter of decline in private residential property prices. Sales of new private residential units fell to 1,981 units in 3rd Quarter 2016 compared to 2,256 units in 2nd Quarter 2016.

The government has reiterated that it is unlikely to ease property cooling measures. The Singapore residential property market sentiment remains weak in the light of continuing effects of cooling measures and subdued economic outlook.

- 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 2016.

- 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 2016 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 all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1).

**BY ORDER OF THE BOARD**

**DENNIS LOH SIEW KEEN  
COMPANY SECRETARY  
11 NOVEMBER 2016**