



BUKIT SEMBANG ESTATES LIMITED

(Company Registration Number: 196700177M)

(Incorporated in Singapore on 27 June 1967)

Financial Statement and Dividend Announcement for the Fourth Quarter and Twelve Months ended 31 March 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 fourth quarter (4Q FY2016) and twelve months (FY2016) ended 31 March 2016

	Note	Fourth quarter			Twelve months		
		4Q FY2016	4Q FY2015	Change	FY2016	FY2015	Change
		01.01.2016 to 31.03.2016	01.01.2015 to 31.03.2015	%	01.04.2015 to 31.03.2016	01.04.2014 to 31.03.2015	%
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		12,238	67,252	(81.8)	281,997	382,655	(26.3)
Cost of sales		(2,662)	(37,119)	(92.8)	(169,998)	(254,036)	(33.1)
Gross profit	1	<u>9,576</u>	<u>30,133</u>	(68.2)	<u>111,999</u>	<u>128,619</u>	(12.9)
Other income	2	52	12	333.3	832	1,005	(17.2)
Administrative expenses		(882)	(1,255)	(29.7)	(3,445)	(3,681)	(6.4)
Other operating expenses	3	(2,619)	(14,608)	(82.1)	(6,210)	(18,712)	(66.8)
Profit from operations		<u>6,127</u>	<u>14,282</u>	(57.1)	<u>103,176</u>	<u>107,231</u>	(3.8)
Finance income	4	<u>1,181</u>	<u>634</u>	86.3	<u>3,725</u>	<u>1,824</u>	104.2
Profit before tax ¹		<u>7,308</u>	<u>14,916</u>	(51.0)	<u>106,901</u>	<u>109,055</u>	(2.0)
Tax expense	5	(404)	(8,019)	(95.0)	(14,922)	(16,313)	(8.5)
Profit and total comprehensive income for the period/year		<u>6,904</u>	<u>6,897</u>	0.1	<u>91,979</u>	<u>92,742</u>	(0.8)

¹ Profit before tax includes the following:

	Fourth quarter			Twelve months		
	4Q FY2016	4Q FY2015	Change	FY2016	FY2015	Change
	01.01.2016 to 31.03.2016 \$'000	01.01.2015 to 31.03.2015 \$'000	%	01.04.2015 to 31.03.2016 \$'000	01.04.2014 to 31.03.2015 \$'000	%
Depreciation and amortisation	(50)	(62)	(19.4)	(235)	(260)	(9.6)
Interest income	1,181	634	86.3	3,725	1,824	104.2
Allowance for foreseeable losses on development properties	(503)	(13,331)	(96.2)	(503)	(13,331)	(96.2)
Over provision in prior years taxation	21	6,091	(99.7)	3,512	8,035	(56.3)

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

Note 1 – Gross profit

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

Note 2 – Other income

The decrease was mainly due to the write-back of provision for warranties in FY2015. There was no write-back of provision for warranties in FY2016.

Note 3 – Other operating expenses

The decrease for FY2016 as compared to FY2015 was mainly due to lower allowance for foreseeable losses on development properties amounting to \$0.5 m in 4Q FY2016. In 4Q FY2015, the allowance was \$13.3 m. This was partially offset by higher development expenses written off in 4Q FY2016 as compared to 4Q FY2015.

Note 4 – Finance income

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

Note 5 – Tax expense

The decrease in tax expense was mainly due to corresponding lower profit for the year.

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	
		31.03.2016 \$'000	31.03.2015 \$'000	31.03.2016 \$'000	31.03.2015 \$'000
Non-current assets					
Investment property		4,135	4,202	-	-
Property, plant and equipment		79	132	-	-
Investments in subsidiaries		-	-	310,000	80,294
Deferred tax assets	1	7,324	3,388	-	-
		<u>11,538</u>	<u>7,722</u>	<u>310,000</u>	<u>80,294</u>
Current assets					
Development properties	2	941,883	1,040,717	-	-
Trade and other receivables	3	92,366	15,316	294,797	743,573
Cash and cash equivalents	4	411,908	329,421	355,253	228,570
		<u>1,446,157</u>	<u>1,385,454</u>	<u>650,050</u>	<u>972,143</u>
Total assets		<u>1,457,695</u>	<u>1,393,176</u>	<u>960,050</u>	<u>1,052,437</u>
Equity attributable to shareholders of the Company					
Share capital		631,801	631,801	631,801	631,801
Reserves		658,031	651,493	167,494	187,311
Total equity		<u>1,289,832</u>	<u>1,283,294</u>	<u>799,295</u>	<u>819,112</u>
Non-current liabilities					
Deferred tax liabilities		5,914	5,746	14	14
		<u>5,914</u>	<u>5,746</u>	<u>14</u>	<u>14</u>
Current liabilities					
Trade and other payables	5	141,048	74,783	160,225	233,311
Current tax payable	6	20,901	29,353	516	-
		<u>161,949</u>	<u>104,136</u>	<u>160,741</u>	<u>233,311</u>
Total liabilities		<u>167,863</u>	<u>109,882</u>	<u>160,755</u>	<u>233,325</u>
Total equity and liabilities		<u>1,457,695</u>	<u>1,393,176</u>	<u>960,050</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 for utilisation against future taxable profits resulting from costs incurred on development projects.

Note 2 – Development properties

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

Note 3 – Trade and other receivables

The increase was mainly due to accrued receivables relating to projects which obtained Temporary Occupation Permit (TOP) during the year.

Note 4 – Cash and cash equivalents

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

Note 5 – Trade and other payables

The increase was mainly due to higher accrual for the construction costs of the development projects which obtained their TOP during the year.

Note 6 – Current tax payable

The decrease was due to payments of tax during the year.

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

	31.03.2016 \$'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.**

	Fourth quarter		Twelve months	
	4Q FY2016	4Q FY2015	FY2016	FY2015
	01.01.2016 to 31.03.2016 \$'000	01.01.2015 to 31.03.2015 \$'000	01.04.2015 to 31.03.2016 \$'000	01.04.2014 to 31.03.2015 \$'000
Cash flows from operating activities				
Profit before tax	7,308	14,916	106,901	109,055
Adjustments for:				
Depreciation of investment property	40	40	162	160
Depreciation of property, plant and equipment	10	22	73	100
Interest income	(1,181)	(634)	(3,725)	(1,824)
Allowance for foreseeable losses on development properties	503	13,331	503	13,331
Operating profit before working capital changes	<u>6,680</u>	<u>27,675</u>	<u>103,914</u>	<u>120,822</u>
Changes in working capital:				
Development properties	14,954	(26,752)	98,331	64,397
Trade and other receivables	(72,158)	17,829	(77,276)	(9,284)
Trade and other payables	<u>67,758</u>	<u>(7,709)</u>	<u>66,266</u>	<u>9,037</u>
Cash generated from operations	17,234	11,043	191,235	184,972
Interest received	1,631	717	3,950	1,401
Income tax refunded/(paid)	<u>892</u>	<u>(2,791)</u>	<u>(27,142)</u>	<u>(20,394)</u>
Net cash from operating activities	<u>19,757</u>	<u>8,969</u>	<u>168,043</u>	<u>165,979</u>
Cash flows from investing activities				
Capital expenditure on investment property	-	-	(95)	-
Purchase of property, plant and equipment	<u>(2)</u>	<u>-</u>	<u>(20)</u>	<u>(28)</u>
Net cash used in investing activities	<u>(2)</u>	<u>-</u>	<u>(115)</u>	<u>(28)</u>
Cash flows from financing activities				
Dividends paid	-	-	(85,441)	(41,426)
Net cash used in financing activities	<u>-</u>	<u>-</u>	<u>(85,441)</u>	<u>(41,426)</u>
Net increase in cash and cash equivalents	19,755	8,969	82,487	124,525
Cash and cash equivalents at beginning of the period/year	<u>392,153</u>	<u>320,452</u>	<u>329,421</u>	<u>204,896</u>
Cash and cash equivalents at end of the period/year	<u>411,908</u>	<u>329,421</u>	<u>411,908</u>	<u>329,421</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 year					
Profit for the year	-	-	92,742	-	92,742
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 March 2015	<u>631,801</u>	<u>60,714</u>	<u>590,779</u>	<u>-</u>	<u>1,283,294</u>
At 1 April 2015	631,801	60,714	590,779	-	1,283,294
Total comprehensive income for the year					
Profit for the year	-	-	91,979	-	91,979
Transactions with owners, recorded directly in equity					
Dividends to equity holders: - final/special dividends for the previous year, paid	-	-	(85,441)	-	(85,441)
At 31 March 2016	<u>631,801</u>	<u>60,714</u>	<u>597,317</u>	<u>-</u>	<u>1,289,832</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 year					
Profit for the year	-	-	101,306	-	101,306
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 March 2015	<u>631,801</u>	<u>61,908</u>	<u>125,403</u>	<u>-</u>	<u>819,112</u>
At 1 April 2015	631,801	61,908	125,403	-	819,112
Total comprehensive income for the year					
Profit for the year	-	-	65,624	-	65,624
Transactions with owners, recorded directly in equity					
Dividends to equity holders: - final/special dividends for the previous year, paid	-	-	(85,441)	-	(85,441)
At 31 March 2016	<u>631,801</u>	<u>61,908</u>	<u>105,586</u>	<u>-</u>	<u>799,295</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 March 2016.

There were no outstanding convertibles that may result in the issuance of shares as at 31 March 2016 and 31 March 2015.

The Company had no treasury shares as at 31 March 2016 and 31 March 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 31 March 2016 and 31 March 2015.

The Company had no treasury shares as at 31 March 2016 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/year and the weighted average number of ordinary shares set out below.

	Fourth quarter		Twelve months	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Basic and diluted earnings per share (cents)	2.67	2.66	35.53	35.82

	Fourth quarter		Twelve months	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
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	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Net asset value per ordinary share	\$4.98	\$4.96	\$3.09	\$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.**

4Q FY2016 vs 4Q FY2015

- (1) For 4Q FY2016, revenue decrease by 81.8% against 4Q FY2015, whilst cost of sales decreased by 92.8%. The decrease in cost of sales was due to higher profit margins for projects recognised in 4Q FY2016 than in 4Q FY2015.
- (2) For 4Q FY2016, profits were recognised based on the percentage of completion method for Luxus Hills Phase 7 and Skyline Residences. For 4Q FY2015, profits were recognised from Luxus Hills Phase 6 and Skyline Residences.

FY2016 vs FY2015

- (3) Gross profit for FY2016 decreased by 12.9% as compared to FY2015. Profits were recognised in FY2016 for Luxus Hills Phase 6 and 7, the penthouse at Paterson Suites, Skyline Residences and The Vermont on Cairnhill. Profits were recognised in FY2015 for Luxus Hills Phase 5 and 6, Skyline Residences and The Vermont on Cairnhill.
- (4) Other operating expenses for FY2016 was \$6.2 m, a decrease of 66.8% as compared to \$18.7 m in FY2015. This was mainly due to lower allowance for foreseeable losses on development properties of \$0.5 m in FY2016 as compared to allowance of \$13.3 m made in FY2015. The allowance was mainly for Paterson Collection.
- (5) Finance income was \$3.7 m, compared to \$1.8 m in FY2015. This was due to higher interest income earned from higher fixed deposits balances placed with banks.
- (6) Net profit before tax was \$106.9 m, a decrease of 2.0% from \$109.1 m in FY2015. Net profit after tax was \$92.0 m, a decrease of 0.8% from \$92.7 m in FY2015. These are in line with the decrease in gross profit.

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, the overall private residential property prices decreased by 0.7% in the 1st Quarter 2016, compared to 0.5% fall in the previous quarter. This was the tenth consecutive quarter of decline in private residential property prices. The number of new private residential units sold in 1st Quarter 2016 was 1,419 units, compared to 1,603 units in the previous quarter.

The Singapore residential property market sentiment is expected to remain weak due to continuing effects of government cooling measures. The operating environment continues to be challenging in the current financial year with the subdued economic outlook.

11 **Dividend**

	31.03.2016	31.03.2015
Name of dividend	Final Ordinary	Final Ordinary
Dividend type	Cash	Cash
Dividend rate	4 cents	4 cents
Tax rate	Tax exempt (One-tier)	Tax exempt (One-tier)
Name of dividend	Final Special	Final Special
Dividend type	Cash	Cash
Dividend rate	29 cents	29 cents
Tax rate	Tax exempt (One-tier)	Tax exempt (One-tier)

The Board of Directors has recommended a final dividend of 4 cents per ordinary share and a special dividend of 29 cents per ordinary share for the year ended 31 March 2016. The proposed final and special dividends are subject to the approval of shareholders of the Company at the forthcoming Annual General Meeting.

Books closure date

The books closure date and date payable for the dividends will be announced at a later date.

12 **If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

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.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 14 **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	Development properties		Investment holding		Total	
	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	281,426	382,146	571	509	281,997	382,655
Finance income	210	147	3,515	1,677	3,725	1,824
Depreciation	73	100	162	160	235	260
Reportable segment profit before tax	103,724	107,581	3,177	1,479	106,901	109,060
Other material non-cash item:						
- Provision for foreseeable losses on development properties	(503)	(13,331)	-	-	(503)	(13,331)
Capital expenditure	20	28	95	-	115	28

- 15 **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to paragraph 8.

- 16 **A breakdown of sales as follows:-**

Group	01.04.2015 to 31.03.2016 \$'000	01.04.2014 to 31.03.2015 \$'000	Change %
(a) Sales reported for first half year	227,163	216,596	4.9
(b) Operating profit after tax before deducting minority interests reported for first half year	60,733	53,446	13.6
(c) Sales reported for second half year	54,834	166,059	(67.0)
(d) Operating profit after tax before deducting minority interests reported for second half year	31,246	39,296	(20.5)

- 17 **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

Total annual dividend	Latest 12 months \$'000	Previous 12 months \$'000
Ordinary Preference	85,441 -	85,441 -
Total	85,441	85,441

- 18 **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that, to the best of its knowledge, belief and information, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or the chief executive officer or a substantial shareholder of the Company.

- 19 **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
26 MAY 2016**