



BUKIT SEMBAWANG ESTATES LIMITED

(Company Registration Number: 196700177M)

(Incorporated in Singapore on 27 June 1967)

Financial Statement and Dividend Announcement for the First Quarter ended 30 June 2017

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 first quarter ended 30 June 2017 (1Q FY2018)

	Note	First quarter		Change %
		1Q FY2018 01.04.2017 to 30.06.2017 \$'000	1Q FY2017 01.04.2016 to 30.06.2016 \$'000	
Revenue		15,847	44,927	(64.7)
Cost of sales		(6,829)	(19,858)	(65.6)
Gross profit	1	<u>9,018</u>	<u>25,069</u>	(64.0)
Other income	2	7	31	(77.4)
Administrative expenses		(970)	(958)	1.3
Other operating expenses		(1,338)	(1,454)	(8.0)
Profit from operations		<u>6,717</u>	<u>22,688</u>	(70.4)
Finance income	3	<u>1,087</u>	<u>1,407</u>	(22.7)
Profit before tax ¹		7,804	24,095	(67.6)
Tax (expense)/credit	4	(1,840)	3,403	n.m.
Profit and total comprehensive income for the period		<u>5,964</u>	<u>27,498</u>	(78.3)

n.m. - not meaningful

¹ Profit before tax includes the following:

	First quarter		Change
	1Q FY2018	1Q FY2017	
	01.04.2017	01.04.2016	
	to	to	
	30.06.2017	30.06.2016	
	\$'000	\$'000	%
Depreciation and amortisation	(80)	(58)	37.9
Interest income	1,087	1,407	(22.7)

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

Note 1 – Gross profit

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

Note 2 – Other income

In 1Q FY2017 income from forfeiture of booking fee was recognised. There was no such income in 1Q FY2018.

Note 3 – Finance income

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

Note 4 – Tax (expense)/credit

The tax expense in 1Q FY2018 was due to profits for the quarter. The tax credit in 1Q FY2017 was mainly due to write back of deferred tax liabilities no longer required.

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	
		30.06.2017 \$'000	31.03.2017 \$'000	30.06.2017 \$'000	31.03.2017 \$'000
Non-current assets					
Investment property		3,932	3,973	-	-
Property, plant and equipment		252	102	-	-
Investments in subsidiaries		-	-	310,000	310,000
Deferred tax assets		22,264	23,760	-	-
		<u>26,448</u>	<u>27,835</u>	<u>310,000</u>	<u>310,000</u>
Current assets					
Development properties	1	994,962	997,020	-	-
Trade and other receivables	2	32,637	24,494	218,124	208,235
Cash and cash equivalents		353,204	365,378	331,384	345,246
		<u>1,380,803</u>	<u>1,386,892</u>	<u>549,508</u>	<u>553,481</u>
Total assets		<u>1,407,251</u>	<u>1,414,727</u>	<u>859,508</u>	<u>863,481</u>
Equity attributable to shareholders of the Company					
Share capital		631,801	631,801	631,801	631,801
Reserves		651,012	645,048	171,868	170,945
Total equity		<u>1,282,813</u>	<u>1,276,849</u>	<u>803,669</u>	<u>802,746</u>
Non-current liabilities					
Deferred tax liabilities		355	355	355	355
		<u>355</u>	<u>355</u>	<u>355</u>	<u>355</u>
Current liabilities					
Trade and other payables	3	98,010	111,810	54,949	59,850
Current tax payable		26,073	25,713	535	530
		<u>124,083</u>	<u>137,523</u>	<u>55,484</u>	<u>60,380</u>
Total liabilities		<u>124,438</u>	<u>137,878</u>	<u>55,839</u>	<u>60,735</u>
Total equity and liabilities		<u>1,407,251</u>	<u>1,414,727</u>	<u>859,508</u>	<u>863,481</u>

Notes to the Statement of Financial Position of the Group:

Note 1 – Development properties

The decrease was due to lower development costs capitalised during the period.

Note 2 – Trade and other receivables

The increase was mainly due to higher outstanding progress billing receivables on the development projects including receivables with Singapore Academy of Law.

Note 3 – 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.**

	30.06.2017 \$'000	31.03.2017 \$'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.**

	First quarter	
	1Q FY2018	1Q FY2017
	01.04.2017 to 30.06.2017	01.04.2016 to 30.06.2016
Note	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	7,804	24,095
Adjustments for:		
Depreciation of investment property	41	41
Depreciation of property, plant and equipment	39	17
Interest income	(1,087)	(1,407)
	<u>6,797</u>	<u>22,746</u>
Changes in:		
Development properties	2,058	(7,876)
Trade and other receivables	(9,577)	30,772
Trade and other payables	(13,800)	(10,432)
Cash (used in)/generated from operations	(14,522)	35,210
Interest received	2,521	982
Income tax refunded/(paid)	16	(7)
Net cash (used in)/from operating activities	1 <u>(11,985)</u>	<u>36,185</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(189)	(59)
Net cash used in investing activities	<u>(189)</u>	<u>(59)</u>
Net (decrease)/increase in cash and cash equivalents	(12,174)	36,126
Cash and cash equivalents at beginning of the period	365,378	411,908
Cash and cash equivalents at end of the period	<u>353,204</u>	<u>448,034</u>

Note 1

The deficit for the 1Q FY2018 was mainly due to payments for construction of the development properties.

- 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	Total \$'000
At 1 April 2016	631,801	60,714	597,317	1,289,832
Total comprehensive income for the period				
Profit for the period	-	-	27,498	27,498
At 30 June 2016	<u>631,801</u>	<u>60,714</u>	<u>624,815</u>	<u>1,317,330</u>
At 1 April 2017	631,801	56,908	588,140	1,276,849
Total comprehensive income for the period				
Profit for the period	-	-	5,964	5,964
At 30 June 2017	<u>631,801</u>	<u>56,908</u>	<u>594,104</u>	<u>1,282,813</u>
Company	Share capital \$'000	Capital reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 April 2016	631,801	61,908	105,586	799,295
Total comprehensive income for the period				
Profit for the period	-	-	1,251	1,251
At 30 June 2016	<u>631,801</u>	<u>61,908</u>	<u>106,837</u>	<u>800,546</u>
At 1 April 2017	631,801	56,908	114,037	802,746
Total comprehensive income for the period				
Profit for the period	-	-	923	923
At 30 June 2017	<u>631,801</u>	<u>56,908</u>	<u>114,960</u>	<u>803,669</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 June 2017.

There were no outstanding convertibles that may result in the issuance of shares as at 30 June 2017 and 30 June 2016.

The Company had no treasury shares as at 30 June 2017 and 30 June 2016.

- 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 June 2017 and 31 March 2017.

The Company had no treasury shares as at 30 June 2017 and 31 March 2017.

- 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 FY2017.

- 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.

	First quarter	
	30.06.2017	30.06.2016
Basic and diluted earnings per share (cents)	2.30	10.62

	First quarter	
	30.06.2017	30.06.2016
Weighted average number of shares for calculation of:		
- Basic and diluted earnings per share	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	
	30.06.2017	31.03.2017	30.06.2017	31.03.2017
Net asset value per ordinary share	\$4.95	\$4.93	\$3.10	\$3.10

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.

- (1) For 1Q FY2018, revenue and cost of sales decreased by 64.7% and 65.6% respectively as compared to 1Q FY2017. Correspondingly, gross profit decreased by 64.0% as compared to 1Q FY2017. The decrease was mainly due to lower sales and lower profit recognition on development projects. In 1Q FY2018, profits were recognised for Skyline Residences and Watercove. For 1Q FY2017, profits were recognised for Luxus Hills Phase 6 and 7 and Skyline Residences.
- (2) Finance income was \$1.1 m, a decrease of 22.7% as compared to \$1.4 m in 1Q FY2017. This was due to lower interest income earned from fixed deposits placed with banks.
- (3) Higher tax expense in 1Q FY2018 as compared to 1Q FY2017 was mainly due to write back of deferred tax liabilities no longer required in 1Q FY2017. Net profit after tax was \$6.0 m, a decrease of 78.3% as compared to \$27.5 m in 1Q FY2017.

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 0.3% in the 2nd Quarter 2017, compared with 0.4% decline in the previous quarter. This was the fifteenth consecutive quarter of decline in private residential property prices. There were 3,077 new residential units sold in 2nd Quarter 2017, 4% higher than the 2,962 units sold in the 1st quarter.

With the property cooling measures introduced by the government still in effect, the Group expect that the private residential property market will continue to be affected and this may dampen the Group's sales performance in the current 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 first quarter ended 30 June 2017.

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 First 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 first quarter financial results ended 30 June 2017 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 AUGUST 2017**