



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 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 second quarter (2Q FY2018) and half year (1H FY2018) ended 30 September 2017

	Note	Second quarter			Half-year		
		2Q FY2018	2Q FY2017	Change	1H FY2018	1H FY2017	Change
		01.07.2017 to 30.09.2017	01.07.2016 to 30.09.2016	%	01.04.2017 to 30.09.2017	01.04.2016 to 30.09.2016	%
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		31,916	72,885	(56.2)	47,763	117,812	(59.5)
Cost of sales		(11,865)	(26,365)	(55.0)	(18,694)	(46,223)	(59.6)
Gross profit	1	<u>20,051</u>	<u>46,520</u>	(56.9)	<u>29,069</u>	<u>71,589</u>	(59.4)
Other income	2	68	35	94.3	75	66	13.6
Administrative expenses	3	(1,032)	(1,122)	(8.0)	(2,002)	(2,080)	(3.8)
Other operating expenses	4	(1,480)	(1,370)	8.0	(2,818)	(2,824)	(0.2)
Profit from operations		<u>17,607</u>	<u>44,063</u>	(60.0)	<u>24,324</u>	<u>66,751</u>	(63.6)
Finance income	5	<u>787</u>	<u>1,244</u>	(36.7)	<u>1,874</u>	<u>2,651</u>	(29.3)
Profit before tax¹		<u>18,394</u>	<u>45,307</u>	(59.4)	<u>26,198</u>	<u>69,402</u>	(62.3)
Tax expense	6	(1,222)	(7,963)	(84.7)	(3,062)	(4,560)	(32.9)
Profit and total comprehensive income for the period		<u>17,172</u>	<u>37,344</u>	(54.0)	<u>23,136</u>	<u>64,842</u>	(64.3)

¹ Profit before tax includes the following:

	Second quarter			Half-year		
	2Q FY2018	2Q FY2017	Change	1H FY2018	1H FY2017	Change
	01.07.2017 to 30.09.2017	01.07.2016 to 30.09.2016	%	01.04.2017 to 30.09.2017	01.04.2016 to 30.09.2016	%
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation and amortisation	(61)	(75)	(18.7)	(141)	(133)	6.0
Interest income	787	1,244	(36.7)	1,874	2,651	(29.3)
Gain on disposal of property, plant and equipment	36	-	n.m	36	-	n.m
n.m. - not meaningful						

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

2Q FY2018 vs 2Q FY2017

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 2Q FY2018 income from gain on disposal of company vehicles was recognised. There was no such income in 2Q FY2017.

Note 3 – Administrative expenses

The decrease in administrative expenses was mainly due to lower professional charges.

Note 4 – Other operating expenses

The increase in other operating expenses was due to higher maintenance charges for properties completed but not sold.

Note 5 – Finance income

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

Note 6 – Tax expense

The decrease in tax expense was mainly due to lower gross profit.

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	
		30.09.2017 \$'000	31.03.2017 \$'000	30.09.2017 \$'000	31.03.2017 \$'000
Non-current assets					
Investment property		3,891	3,973	-	-
Property, plant and equipment	1	223	102	-	-
Investments in subsidiaries		-	-	310,000	310,000
Deferred tax assets	2	21,165	23,760	-	-
		<u>25,279</u>	<u>27,835</u>	<u>310,000</u>	<u>310,000</u>
Current assets					
Development properties	3	1,001,783	997,020	-	-
Trade and other receivables	4	55,260	24,494	247,805	208,235
Cash and cash equivalents	5	236,379	365,378	183,857	345,246
		<u>1,293,422</u>	<u>1,386,892</u>	<u>431,662</u>	<u>553,481</u>
Total assets		<u>1,318,701</u>	<u>1,414,727</u>	<u>741,662</u>	<u>863,481</u>
Equity attributable to shareholders of the Company					
Share capital		631,801	631,801	631,801	631,801
Reserves		582,743	645,048	86,972	170,945
Total equity		<u>1,214,544</u>	<u>1,276,849</u>	<u>718,773</u>	<u>802,746</u>
Non-current liabilities					
Deferred tax liabilities		387	355	355	355
		<u>387</u>	<u>355</u>	<u>355</u>	<u>355</u>
Current liabilities					
Trade and other payables	6	90,658	111,810	22,229	59,850
Current tax payable	7	13,112	25,713	305	530
		<u>103,770</u>	<u>137,523</u>	<u>22,534</u>	<u>60,380</u>
Total liabilities		<u>104,157</u>	<u>137,878</u>	<u>22,889</u>	<u>60,735</u>
Total equity and liabilities		<u>1,318,701</u>	<u>1,414,727</u>	<u>741,662</u>	<u>863,481</u>

Notes to the Statement of Financial Position of the Group:

Note 1 – Property, plant and equipment

The increase was due to purchase of new company vehicle.

Note 2 – Deferred tax assets

The decrease was mainly due to reversal of temporary differences.

Note 3 – Development properties

The increase was due to higher development costs capitalised during the period.

Note 4 – Trade and other receivables

The increase was mainly due to higher prepaid costs.

Note 5 – Cash and cash equivalents

The decrease was mainly due to payment of dividends and payment of construction costs of the developments projects.

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 decrease was due to payments of tax during the year.

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

	30.09.2017 \$'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.**

	Second quarter		Half-year	
	2Q FY2018	2Q FY2017	1H FY2018	1H FY2017
	01.07.2017 to 30.09.2017	01.07.2016 to 30.09.2016	01.04.2017 to 30.09.2017	01.04.2016 to 30.09.2016
Note	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	18,394	45,307	26,198	69,402
Adjustments for:				
Depreciation of investment property	40	40	81	81
Depreciation of property, plant and equipment	21	35	60	52
Gain on disposal of property, plant and equipment	(36)	-	(36)	-
Interest income	(787)	(1,244)	(1,874)	(2,651)
	<u>17,632</u>	<u>44,138</u>	<u>24,429</u>	<u>66,884</u>
Changes in:				
Development properties	(6,821)	36,240	(4,763)	28,364
Trade and other receivables	(22,489)	(13,445)	(32,066)	17,327
Trade and other payables	(7,352)	(17,499)	(21,152)	(27,931)
Cash (used in)/generated from operations	(19,030)	49,434	(33,552)	84,644
Interest received	653	967	3,174	1,949
Income tax paid	(13,052)	(12,309)	(13,036)	(12,316)
Net cash (used in)/from operating activities	<u>1</u> (31,429)	<u>38,092</u>	<u>(43,414)</u>	<u>74,277</u>
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	45	-	45	-
Purchase of property, plant and equipment	-	(90)	(189)	(149)
Net cash from/(used in) investing activities	<u>45</u>	<u>(90)</u>	<u>(144)</u>	<u>(149)</u>
Cash flows from financing activities				
Dividends paid	(85,441)	(85,441)	(85,441)	(85,441)
Net cash used in financing activities	<u>(85,441)</u>	<u>(85,441)</u>	<u>(85,441)</u>	<u>(85,441)</u>
Net decrease in cash and cash equivalents	(116,825)	(47,439)	(128,999)	(11,313)
Cash and cash equivalents at beginning of the period	353,204	448,034	365,378	411,908
Cash and cash equivalents at end of the period	<u>236,379</u>	<u>400,595</u>	<u>236,379</u>	<u>400,595</u>

Note 1

The net cash outflow for the 1H 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	-	-	64,842	64,842
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to equity holders</i>				
Dividends paid	-	-	(85,441)	(85,441)
Total contributions by and distributions to equity holders	-	-	(85,441)	(85,441)
Total transactions with owners	-	-	(85,441)	(85,441)
At 30 September 2016	631,801	60,714	576,718	1,269,233
At 1 April 2017	631,801	56,908	588,140	1,276,849
Total comprehensive income for the period				
Profit for the period	-	-	23,136	23,136
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to equity holders</i>				
Dividends paid	-	-	(85,441)	(85,441)
Total contributions by and distributions to equity holders	-	-	(85,441)	(85,441)
Total transactions with owners	-	-	(85,441)	(85,441)
At 30 September 2017	631,801	56,908	525,835	1,214,544

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	-	-	2,737	2,737
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to equity holders</i>				
Dividends paid	-	-	(85,441)	(85,441)
Total contributions by and distributions to equity holders	-	-	(85,441)	(85,441)
Total transactions with owners	-	-	(85,441)	(85,441)
At 30 September 2016	<u>631,801</u>	<u>61,908</u>	<u>22,882</u>	<u>716,591</u>
At 1 April 2017	631,801	56,908	114,037	802,746
Total comprehensive income for the period				
Profit for the period	-	-	1,468	1,468
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to equity holders</i>				
Dividends paid	-	-	(85,441)	(85,441)
Total contributions by and distributions to equity holders	-	-	(85,441)	(85,441)
Total transactions with owners	-	-	(85,441)	(85,441)
At 30 September 2017	<u>631,801</u>	<u>56,908</u>	<u>30,064</u>	<u>718,773</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 2017.

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

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

The Company had no treasury shares as at 30 September 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.

	Second quarter		Half-year	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Basic and diluted earnings per share (cents)	6.63	14.42	8.94	25.04

	Second quarter		Half-year	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
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	
	30.09.2017	31.03.2017	30.09.2017	31.03.2017
Net asset value per ordinary share	\$4.69	\$4.93	\$2.78	\$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.

2Q FY2018 vs 2Q FY2017

- (1) For 2Q FY2018, revenue and cost of sales decreased by 56.2% and 55.0% respectively as compared to 2Q FY2017. Correspondingly, gross profit decreased by 56.9% as compared to 2Q FY2017. The decrease was mainly due to lower sales and lower profit recognition on development projects. In 2Q FY2018, profits were recognised for Skyline Residences and Watercove. In 2Q FY2017, profits were recognised for Luxus Hills Phase 6 and 7 and Skyline Residences.

1H FY2018 vs 1H FY2017

- (2) Revenue and cost of sales decreased by 59.5% and 59.6% respectively as compared to 1H FY2017. For 1H FY2018, profits were recognised for Skyline Residences and Watercove. For 1H FY2017, profits were recognised for Luxus Hills Phase 6 and 7 and Skyline Residences.
- (3) Other income increased by 13.6% as compared to 1H FY 2017 mainly due to gain on disposal of company vehicles.
- (4) Finance income was \$1.9 m, a decrease of 29.3% as compared to \$2.7 m mainly due to lower interest income earned from fixed deposits placed with banks.
- (5) Lower tax expense was due to lower profits.

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 increased by 0.7% in the 3rd Quarter 2017, compared with 0.3% decline in the previous quarter after fifteenth consecutive quarter of decline in private residential property prices. There were 2,663 new residential units sold in 3rd Quarter 2017, lower than the 3,077 units sold in the 2nd Quarter.

The Group is closely monitoring the changing dynamics of the residential property market.

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 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 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 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
10 NOVEMBER 2017**