



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 2019

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 2019 (1Q FY2019/20)

	Note	First quarter		Change
		1Q FY2019/20 01.04.2019 to 30.06.2019	1Q FY2018/19 01.04.2018 to 30.06.2018	
		\$'000	\$'000	%
Revenue		77,662	65,365	19
Cost of sales		(44,014)	(33,146)	33
Gross profit	1	<u>33,648</u>	<u>32,219</u>	4
Other income		-	32	n.m.
Administrative expenses	2	(1,882)	(1,254)	50
Other operating expenses	3	(4,018)	(2,440)	65
Profit from operations		<u>27,748</u>	<u>28,557</u>	(3)
Finance income	4	180	254	(29)
Finance costs	5	(2,732)	(18)	n.m.
Net finance (costs)/income		<u>(2,552)</u>	<u>236</u>	n.m.
Profit before tax¹		<u>25,196</u>	<u>28,793</u>	(13)
Tax expense	6	(3,169)	(5,646)	(44)
Profit after tax and total comprehensive income for the period		<u>22,027</u>	<u>23,147</u>	(5)

n.m. - not meaningful

¹ Profit before tax includes the following:

	First quarter		Change
	1Q FY2019/20	1Q FY2018/19	
	01.04.2019 to 30.06.2019	01.04.2018 to 30.06.2018	
	\$'000	\$'000	%
Depreciation	(1,752)	(71)	n.m.
Interest income	180	254	(29)
Interest expense	(2,569)	(18)	n.m.
Amortisation of transaction costs	(163)	-	n.m.
n.m. - not meaningful			

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

1Q FY2019/20 vs 1Q FY2018/19

Note 1 – Gross profit

The marginal increase in gross profit was mainly due to higher profit recognised on more development projects and partially offset by higher selling costs incurred for 8 St Thomas.

Note 2 – Administrative expenses

The increase was mainly due to higher professional fees and administrative expenses of Fraser Residence Orchard, Singapore.

Note 3 – Other operating expenses

The increase was mainly due to depreciation relating to Fraser Residence Orchard, Singapore which commenced operations in April 2019.

Note 4 – Finance income

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

Note 5 – Finance costs

The increase was mainly due to borrowing costs expensed off relating to Katong Park Towers and The Atelier.

Note 6 – Tax expense

The decrease in tax expense was mainly due to lower 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	
		30.06.2019 \$'000	31.03.2019 \$'000	30.06.2019 \$'000	31.03.2019 \$'000
Non-current assets					
Investment property		3,609	3,649	-	-
Property, plant and equipment	1	257,488	258,277	-	-
Investments in subsidiaries		-	-	313,000	313,000
Deferred tax assets		2,461	2,461	-	-
		<u>263,558</u>	<u>264,387</u>	<u>313,000</u>	<u>313,000</u>
Current assets					
Development properties	2	1,280,904	1,304,129	-	-
Contract costs		299	363	-	-
Contract assets		85,447	124,299	-	-
Consumable stocks		416	224	-	-
Trade and other receivables	3	21,299	15,929	421,146	444,243
Cash and cash equivalents	4	152,765	72,219	115,236	25,218
		<u>1,541,130</u>	<u>1,517,163</u>	<u>536,382</u>	<u>469,461</u>
Total assets		<u>1,804,688</u>	<u>1,781,550</u>	<u>849,382</u>	<u>782,461</u>
Equity attributable to owners of the Company					
Share capital		631,801	631,801	631,801	631,801
Reserves		694,715	672,732	110,226	110,345
Total equity		<u>1,326,516</u>	<u>1,304,533</u>	<u>742,027</u>	<u>742,146</u>
Non-current liabilities					
Interest-bearing bank loans	5	367,315	367,242	-	-
Other payables	6	23,670	14,832	-	-
Lease liability	7	637	-	-	-
Provision		75	73	-	-
Deferred tax liabilities	8	4,405	15,976	2	2
		<u>396,102</u>	<u>398,123</u>	<u>2</u>	<u>2</u>
Current liabilities					
Trade and other payables	9	67,204	63,367	107,226	40,186
Interest-bearing bank loans	5	-	15,400	-	-
Current tax payable	10	14,866	127	127	127
		<u>82,070</u>	<u>78,894</u>	<u>107,353</u>	<u>40,313</u>
Total liabilities		<u>478,172</u>	<u>477,017</u>	<u>107,355</u>	<u>40,315</u>
Total equity and liabilities		<u>1,804,688</u>	<u>1,781,550</u>	<u>849,382</u>	<u>782,461</u>

Notes to the Statement of Financial Position of the Group:**Note 1 – Property, plant and equipment**

Included in property, plant and equipment are right-of-use assets in relation to the existing operating lease arrangements, arising from the Group's adoption of SFRS(I) 16 Leases on 1 April 2019. Refer to paragraph 5 for details.

Note 2 – Development properties

The decrease was mainly due to recognition of development costs in cost of sales as a result of recognition of revenue during the period.

Note 3 – Trade and other receivables

The increase was mainly due to higher receivables relating to projects which had obtained Temporary Occupation Permit ("TOP") during the period.

Note 4 – Cash and cash equivalents

The increase was mainly due to collections from 8 St Thomas, Watercove, Nim Collection Phases 1 and 2.

Note 5 – Interest-bearing bank loans

The decrease was mainly due to repayment of short-term loan.

Note 6 – Other payables

The increase was mainly due to higher deferred income which relates to the non-refundable deposit received in respect of completed development property sold under deferred payment schemes.

Note 7 – Lease liability

The increase was due to the adoption of SFRS(I) 16 with effect from 1 April 2019 whereby the rentals of the leased items are recognised. This relates to an office and office equipment.

Note 8 – Deferred tax liabilities

The decrease was mainly due to reclassification to current tax as the development projects had obtained TOP.

Note 9 – Trade and other payables

The increase was mainly due to higher accruals relating to construction costs of the development projects.

Note 10 – Current tax payable

The increase was mainly due to reclassification from deferred tax liabilities as the development projects had obtained TOP.

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

	30.06.2019 \$'000	31.03.2019 \$'000
<u>Unsecured</u>		
- Amount repayable in one year or less, or on demand	Nil	15,400
- Amount repayable after one year	249,956	249,897
<u>Secured</u>		
- Amount repayable in one year or less, or on demand	Nil	Nil
- Amount repayable after one year	117,359	117,345

Details of any collaterals

The secured borrowings are collateralised by:

- mortgages on certain development property of the Group;
- assignment of the rights and interest in the sale and purchase agreements, performance bonds, accounts, tenancy agreements, construction contracts and insurances in respect of certain development property of the Group.

- 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 FY2019/20	1Q FY2018/19
	01.04.2019 to 30.06.2019 \$'000	01.04.2018 to 30.06.2018 \$'000
Cash flows from operating activities		
Profit before tax	25,196	28,793
Adjustments for:		
Depreciation of investment property	40	40
Depreciation of property, plant and equipment	1,712	31
Net finance costs	2,552	(236)
	<u>29,500</u>	<u>28,628</u>
Changes in:		
Consumable stocks	(192)	-
Development properties	23,225	(198,024)
Contract costs	64	267
Contract assets	38,852	(22,942)
Trade and other receivables	(5,382)	41,159
Trade and other payables	12,762	(3,714)
Contract liabilities	-	(908)
Cash generated from/(used in) operations	<u>98,829</u>	<u>(155,535)</u>
Interest received	102	507
Net cash generated from/(used in) operating	<u>98,931</u>	<u>(155,028)</u>
Cash flows from investing activities		
Additions to property, plant and equipment	(267)	(528)
Net cash used in investing activities	<u>(267)</u>	<u>(528)</u>
Cash flows from financing activities		
Proceeds from borrowings	-	117,600
Repayment of borrowings	(15,400)	-
Interest paid	(2,653)	-
Payment for lease liability	(65)	-
Net cash (used in)/generated from financing activities	<u>(18,118)</u>	<u>117,600</u>
Net increase/(decrease) in cash and cash equivalents	80,546	(37,956)
Cash and cash equivalents at beginning of the period	<u>72,219</u>	<u>145,634</u>
Cash and cash equivalents at end of the period	<u>152,765</u>	<u>107,678</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 to 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 2018	631,801	56,908	561,137	1,249,846
Total comprehensive income for the period				
Profit for the period	-	-	23,147	23,147
At 30 June 2018	631,801	56,908	584,284	1,272,993
At 1 April 2019, as previously reported	631,801	10,304	662,428	1,304,533
Effect of adopting SFRS(I) 16	-	-	(44)	(44)
At 1 April 2019, restated	631,801	10,304	662,384	1,304,489
Total comprehensive income for the period				
Profit for the period	-	-	22,027	22,027
At 30 June 2019	631,801	10,304	684,411	1,326,516
Company				
At 1 April 2018	631,801	56,908	31,065	719,774
Total comprehensive income for the period				
Loss for the period	-	-	(14)	(14)
At 30 June 2018	631,801	56,908	31,051	719,760
At 1 April 2019	631,801	10,304	100,041	742,146
Total comprehensive income for the period				
Loss for the period	-	-	(119)	(119)
At 30 June 2019	631,801	10,304	99,922	742,027

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 2019.

There were no outstanding convertibles that may result in the issuance of shares as at 30 June 2019 and 30 June 2018.

The Company had no treasury shares and subsidiary holdings as at 30 June 2019 and 30 June 2018.

- 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 2019 and 31 March 2019.

The Company had no treasury shares as at 30 June 2019 and 31 March 2019.

- 1(d)(iv) **A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 1(d)(v) **A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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.**

Except as disclosed in note 5 below, 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 the year ended 31 March 2019.

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.**

The Group has adopted the new/revised SFRS(I) that is effective for the financial period beginning 1 April 2019 as follows:

SFRS(I) 16 Leases

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (“ROU”) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Remaining lease payments under the operating leases will be recognised at their present value discounted using an appropriate discount rate and the nature of expenses will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

The Group has recognised ROU assets of \$0.7 m and lease liability of \$0.7 m with a corresponding decrease in retained earnings of \$0.04 m arising from the adoption of SFRS(I) 16 as at 1 April 2019.

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	
	30.06.2019	30.06.2018
Basic and diluted earnings per share (cents)	8.51	8.94

	First quarter	
	30.06.2019	30.06.2018
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 the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	30.06.2019	31.03.2019	30.06.2019	31.03.2019
Net asset value per ordinary share	\$5.12	\$5.04	\$2.87	\$2.87

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
- (c) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

- (1) Revenue and cost of sales increased by 19% and 33% respectively as compared to 1Q FY2018/19. Gross profit increased marginally by 4% as compared to 1Q FY2018/19.

In 1Q FY2019/20, profits were recognised for 8 St Thomas, Nim Collection Phase 1 and 2, and Watercove. In 1Q FY2018/19, profits were recognised for Nim Collection Phase 1 and Watercove.

- (2) Other operating expenses increased by 65% as compared to 1Q FY2018/19 mainly due to depreciation of property, plant and equipment of Fraser Residence Orchard, Singapore which commenced operations in April 2019.
- (3) Finance costs was \$2.7 m in 1Q FY 2019/20 as compared to \$0.02 m in 1Q FY2018/19. The increase was due to additional borrowing.
- (4) Lower tax expense in 1Q FY2019/20 as compared to 1Q FY2018/19 was mainly due to lower profit. Net profit after tax was \$22.0 m, a marginal decrease of \$1.1 m as compared to \$23.1 m in 1Q FY2018/19.

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 1.5% in the second quarter 2019, compared to 0.7% decrease in the previous quarter. The total number of new residential units sold in the first quarter of 2019 was 2,350 units, compared to 1,838 units sold in the previous quarter.

The Group will be launching Luxus Hills Signature, a collection of 78 landed homes in 3Q2019. The Group is also gearing up The Atelier for sales launch by 1Q2020.

- 11 **If a decision regarding dividend has been made:-**

- (a) **Whether an interim (final) ordinary dividend has been declared (recommended).**

None.

- (b)(i) **Amount per share**

Not applicable.

- (ii) **Previous corresponding period**

None.

- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

- (d) **The date the dividend is payable.**

Not applicable.

- (e) **The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

- 12 **If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

No dividend has been declared or recommended in the first quarter ended 30 June 2019 as it is not the Company's practice to distribute quarterly dividend.

- 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 confirmation pursuant to Rule 705(5) 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 2019 to be false or misleading in any material aspect.

15 **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) 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

**OOI CHEE ENG
COMPANY SECRETARY
6 AUGUST 2019**