



BUKIT SEMBAWANG ESTATES LIMITED

(Company Registration Number: 196700177M)

(Incorporated in Singapore on 27 June 1967)

Financial Statement and Dividend Announcement for the Half Year ended 30 September 2020

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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 Half Year ended 30 September 2020 (1H FY2020/21)

	Note	Half Year		Change %
		1H FY2020/21 01.04.2020 to 30.09.2020 \$'000	1H FY2019/20 01.04.2019 to 30.09.2019 \$'000	
Revenue		223,254	218,724	2
Cost of sales		(124,862)	(117,909)	6
Gross profit	1	98,392	100,815	(2)
Other income	2	881	6	n.m.
Administrative expenses		(3,936)	(4,022)	(2)
Other operating expenses	3	(4,940)	(7,548)	(35)
Profit from operations		90,397	89,251	1
Interest income	4	1,143	757	51
Finance costs	5	(3,233)	(7,189)	(55)
Net finance costs		(2,090)	(6,432)	(68)
Profit before tax ¹		88,307	82,819	7
Tax expense	6	(14,656)	(16,189)	(9)
Profit after tax and total comprehensive income for the period		73,651	66,630	11

n.m. - not meaningful

¹ Profit before tax includes the following:

	Half Year		Change
	1H FY2020/21	1H FY2019/20	
	01.04.2020	01.04.2019	
	to	to	
	30.09.2020	30.09.2019	
	\$'000	\$'000	%
Depreciation	(2,715)	(3,558)	(24)
Interest expense	(2,945)	(6,634)	(56)
Amortisation of transaction costs on bank loans	(288)	(555)	(48)
Gain on disposal of property, plant and equipment	-	3	n.m.

n.m. - not meaningful

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

1H FY2020/21 vs 1H FY2019/20

Note 1 – Gross profit

The marginal decrease in gross profit was mainly due to lower profit recognised on development projects.

Note 2 – Other income

The increase was mainly due to receipt of government grants from relief measures due to the COVID-19 pandemic.

Note 3 – Other operating expenses

The decrease was mainly due to lower depreciation on impaired assets of Fraser Residence Orchard, Singapore ("FROS") and lower maintenance charges and property tax arising from lesser unsold units of completed development properties.

Note 4 – Interest income

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

Note 5 – Finance costs

The decrease was mainly due to lower principal and lower interest rates on loan relating to The Atelier and LIV@MB.

Note 6 – Tax expense

The decrease in tax expense was mainly due to lower taxable profits.

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	
		30.09.2020 \$'000	31.03.2020 \$'000	30.09.2020 \$'000	31.03.2020 \$'000
Non-current assets					
Investment property		3,404	3,485	-	-
Property, plant and equipment	1	208,226	210,777	-	-
Investments in subsidiaries		-	-	313,000	313,000
Deferred tax assets	2	13,417	11,287	-	-
		<u>225,047</u>	<u>225,549</u>	<u>313,000</u>	<u>313,000</u>
Current assets					
Development properties	3	1,135,795	1,245,956	-	-
Contract costs	4	12,211	8,450	-	-
Contract assets	5	31,052	36,127	-	-
Consumable stocks		440	441	-	-
Trade and other receivables	6	6,930	21,340	453,348	440,047
Cash and cash equivalents	7	474,594	299,910	386,930	254,092
		<u>1,661,022</u>	<u>1,612,224</u>	<u>840,278</u>	<u>694,139</u>
Total assets		<u>1,886,069</u>	<u>1,837,773</u>	<u>1,153,278</u>	<u>1,007,139</u>
Equity attributable to shareholders of the Company					
Share capital		631,801	631,801	631,801	631,801
Reserves		736,922	691,751	47,468	75,213
Total equity		<u>1,368,723</u>	<u>1,323,552</u>	<u>679,269</u>	<u>707,014</u>
Non-current liabilities					
Borrowings		337,708	337,560	-	-
Other payables	8	7,081	10,757	-	-
Lease liabilities		651	782	-	-
Provision		143	142	-	-
Deferred tax liabilities		4,782	5,248	36	36
		<u>350,365</u>	<u>354,489</u>	<u>36</u>	<u>36</u>
Current liabilities					
Trade and other payables	9	119,508	113,929	473,793	299,801
Lease liabilities		397	496	-	-
Contract liabilities		620	474	-	-
Current tax payable	10	46,456	44,833	180	288
		<u>166,981</u>	<u>159,732</u>	<u>473,973</u>	<u>300,089</u>
Total liabilities		<u>517,346</u>	<u>514,221</u>	<u>474,009</u>	<u>300,125</u>
Total equity and liabilities		<u>1,886,069</u>	<u>1,837,773</u>	<u>1,153,278</u>	<u>1,007,139</u>

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

The decrease was mainly due to depreciation of FROS.

Note 2 – Deferred tax assets

The increase was mainly due to higher deductible temporary differences available to offset against future taxable profits resulting from cost incurred on development projects.

Note 3 – Development properties

The decrease was mainly due to recognition of development costs in cost of sales in respect of completed units sold during the period.

Note 4 – Contract costs

The increase was mainly due to higher commission fees incurred to property agents for securing sale contracts for the Group's development properties. Capitalised commission fees are amortised when the related revenue is recognised.

Note 5 – Contract Assets

The decrease was due to transfer of contract assets to trade receivables when the Group invoices the customers.

Note 6 – Trade and other receivables

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

Note 7 – Cash and cash equivalents

The increase was mainly due to collections from 8 St Thomas, Nim Collection Phases 1 and 2, Luxus Hills (Signature Collection) and Luxus Hills (Contemporary Collection).

Note 8 – Other payables

The decrease was due to reclassification of deferred income which relates to the non-refundable deposit received in respect of completed development properties sold under deferred payment schemes ("DPS") to current liabilities as completion is within the next 12 months (Please see Note 9).

Note 9 – Trade and other payables

The increase was mainly due to reclassification of deferred income which relates to the non-refundable deposits received in respect of completed development properties sold under DPS from non-current liabilities (Please see Note 8).

Note 10 – Current tax payable

The increase was mainly due to provision of current tax payable for completed units sold during the period partially offset by tax paid.

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

	30.09.2020 \$'000	31.03.2020 \$'000
<u>Unsecured</u>		
- Amount repayable in one year or less, or on demand	Nil	Nil
- Amount repayable after one year	337,708	337,560
<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 collaterals

As at 30 September 2020, all bank loans were unsecured.

- c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Half Year	
	1H FY2020/21 01.04.2020 to 30.09.2020 \$'000	1H FY2019/20 01.04.2019 to 30.09.2019 \$'000
Cash flows from operating activities		
Profit before tax	88,307	82,819
Adjustments for:		
Depreciation of investment property	81	81
Depreciation of property, plant and equipment	2,634	3,477
Gain on disposal of property, plant and equipment	-	(3)
Interest income	(1,143)	(757)
Interest expense	3,233	7,189
	93,112	92,806
Changes in:		
Consumable stocks	1	(203)
Development properties	110,161	77,629
Contract costs	(3,761)	292
Contract assets	5,075	47,749
Trade and other receivables	14,273	(38,576)
Trade and other payables	1,870	36,466
Contract liabilities	146	-
Cash generated from operations	220,877	216,163
Interest received	1,141	665
Tax paid	(15,628)	(161)
Net cash generated from operating activities	206,390	216,667
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	110
Additions to property, plant and equipment	(83)	(399)
Net cash used in investing activities	(83)	(289)
Cash flows from financing activities		
Dividends paid	(28,480)	(56,960)
Proceeds from borrowings	-	117,600
Repayment of borrowings	-	(133,000)
Interest paid	(3,066)	(6,126)
Payment for lease liability	(77)	(151)
Net cash used in financing activities	(31,623)	(78,637)
Net increase in cash and cash equivalents	174,684	137,741
Cash and cash equivalents at beginning of the period	299,910	72,219
Cash and cash equivalents at end of the period	474,594	209,960

- 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 2019	631,801	10,304	662,428	1,304,533
Adjustment on initial application of SFRS(I) 16	-	-	(44)	(44)
Adjusted balance at 1 April 2019	631,801	10,304	662,384	1,304,489
Total comprehensive income for the period				
Profit for the period	-	-	66,630	66,630
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to equity holders</i>				
Dividends paid	-	(10,304)	(46,656)	(56,960)
Total contributions by and distributions to equity holders	-	(10,304)	(46,656)	(56,960)
Total transactions with owners	-	(10,304)	(46,656)	(56,960)
At 30 September 2019	631,801	-	682,358	1,314,159
At 1 April 2020	631,801	-	691,751	1,323,552
Total comprehensive income for the period				
Profit for the period	-	-	73,651	73,651
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to equity holders</i>				
Dividends paid	-	-	(28,480)	(28,480)
Total contributions by and distributions to equity holders	-	-	(28,480)	(28,480)
Total transactions with owners	-	-	(28,480)	(28,480)
At 30 September 2020	631,801	-	736,922	1,368,723

Company	Share capital \$'000	Capital reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 April 2019	631,801	10,304	100,041	742,146
Total comprehensive income for the period				
Profit for the period	-	-	111	111
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to equity holders</i>				
Dividends paid	-	(10,304)	(46,656)	(56,960)
Total contributions by and distributions to equity holders	-	(10,304)	(46,656)	(56,960)
Transactions with owners	-	(10,304)	(46,656)	(56,960)
At 30 September 2019	631,801	-	53,496	685,297
At 1 April 2020	631,801	-	75,213	707,014
Total comprehensive income for the period				
Profit for the period	-	-	735	735
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to equity holders</i>				
Dividends paid	-	-	(28,480)	(28,480)
Total contributions by and distributions to equity holders	631,801	-	47,468	679,269
Total transactions with owners	631,801	-	47,468	679,269
At 30 September 2020	631,801	-	47,468	679,269

- 1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 half year ended 30 September 2020.

There were no outstanding convertibles that may result in the issuance of shares as at 30 September 2020 and 30 September 2019.

The Company had no treasury shares and subsidiary holdings as at 30 September 2020 and 30 September 2019.

- 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 2020 and 31 March 2020.

The Company had no treasury shares as at 30 September 2020 and 31 March 2020.

- 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.

3A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**

- (a) **Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest audited financial statements for the financial year ended 31 March 2020 are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the auditors.

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 period as those applied in the Group's and the Company's most recently audited financial statements for the year ended 31 March 2020.

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.

	Half Year	
	30.09.2020	30.09.2019
Basic and diluted earnings per share (cents)	28.45	25.73

	Half Year	
	30.09.2020	30.09.2019
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	
	30.09.2020	31.03.2020	30.09.2020	31.03.2020
Net asset value per ordinary share	\$5.29	\$5.11	\$2.62	\$2.73

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.**

Revenue and cost of sales increased by 2% and 6% respectively as compared to 1H FY2019/20.
Gross profit marginally decreased by 2% as compared to 1H FY2019/20.

In 1H FY2020/21, profits were recognised for 8 St Thomas, Luxus Hills (Signature Collection) and Luxus Hills (Contemporary Collection), Nim Collection Phases 1 and 2, and Fraser Residence Orchard, Singapore.

In 1H FY2019/20, profits were recognised for 8 St Thomas, Luxus Hills (Signature Collection), Nim Collection Phases 1 and 2, Watercove and Fraser Residence Orchard, Singapore.

Net profit after tax was \$73.7 m, increase of 11% as compared to \$66.6 m in 1H FY2019/20.

The Group recorded a net cash inflow of \$174.7 m for 1H FY2020/21. During the period ended 30 September 2020, the net cash generated from operating activities amounted to \$206.4 m was mainly due to working capital movements. Net cash used in financing activities amounted to \$31.6 m mainly due to dividend payment of \$28.5 m. The Group had cash and cash equivalents of \$474.6 m as at 30 September 2020 compared to \$299.9 m as at the end 31 March 2020.

- 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 price increased 0.8% in the 3rd quarter of 2020, compared to 0.3% increase in the 2nd quarter of 2020. The total number of new residential units sold in the 3rd quarter of 2020 was 3,517 units, compared to 1,713 units sold in the 2nd quarter of 2020.

The Group continues to plan for the construction and sales launch of The Atelier and LIV@MB. As uncertain global economy and COVID-19 continues to impact Singapore's residential market, the Group will continue to monitor the health of the overall economy and residential property market, and calibrates the approach and timing to launch the new residential projects.

- 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 half year ended 30 September 2020 as it is not the Company's practice to distribute interim 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 Half Year Financial Results**

The Board of Directors hereby confirms that, to the best of their knowledge, nothing has come to their attention which may render the half year financial results ended 30 September 2020 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
10 NOVEMBER 2020**