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 2011

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FINANCIAL YEAR RESULTS

1(a) **An income statement (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 2011

	Note	First quarter 01.04.2011 to 30.06.2011 $'000	First quarter 01.04.2010 to 30.06.2010 (Restated)* $'000	Change %
Revenue		120,850	34,040	255.0
Cost of sales		(66,850)	(17,768)	276.2
Gross profit	1	54,000	16,272	231.9
Other income	2	503	339	48.4
Administrative expenses		(609)	(555)	9.7
Other operating expenses	3	(1,202)	(918)	30.9
Profit from operations		52,692	15,138	248.1
Finance income	4	543	65	735.4
Finance expense	5	(1,558)	(564)	176.2
Net finance costs		(1,015)	(499)	103.4
Profit before income tax [1]		51,677	14,639	253.0
Income tax expense	6	(7,306)	(2,159)	238.4
Profit for the period attributable to equity holders of the Company		**44,371**	**12,480**	**255.5**
Other comprehensive income				
Change in fair value of available-for-sale financial assets	7	725	927	(21.8)
Effective portion of changes in fair value of cash flow hedges	8	-	(2,928)	N.A.
Transfer of hedging reserve to profit or loss	8	1,108	-	N.A.
Other comprehensive income for the period, net of income tax		**1,833**	**(2,001)**	**(191.6)**
Total comprehensive income for the period		**46,204**	**10,479**	**340.9**
Earnings per share [2]				
Basic earnings per share (cents)		17.17	5.19	
Diluted earnings per share (cents)		17.17	5.00	

* Comparative figures have been restated to take into account the retrospective adjustments arising from the adoption of INT FRS 115 *Agreements for the Construction of Real Estate* as detailed in Section 5 on page 11.

[1] Profit before income tax includes the following:

	First quarter 01.04.2011 to 30.06.2011 $'000	First quarter 01.04.2010 to 30.06.2010 $'000	Change %
Depreciation and amortisation	(64)	(55)	16.4
Investment income	496	337	47.2
Interest income	95	65	46.2
Interest expense	(450)	(564)	(20.2)
Mark-to-market gain on derivative financial instruments	448	-	N.A.
Transfer of hedging reserve to profit or loss	(1,108)	-	N.A.

[2] The basic and diluted earnings per share are computed based on profit for the period attributable to equity holders of the Company and the weighted average number of ordinary shares as set out on page 12.

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

Note 1 – Gross profit
The higher gross profit for the quarter ended 30 June 2011 as compared to the prior corresponding period is mainly due to more units of Paterson Suites, a completed development project, sold during the quarter ended 30 June 2011, as well as higher profit recognition on more development projects based on the percentage of completion method.

Note 2 – Other income
The increase in other income for the quarter ended 30 June 2011 as compared to the prior corresponding period is mainly due to higher dividend income from the available-for-sale financial assets.

Note 3 – Other operating expenses
The increase in other operating expenses for the quarter ended 30 June 2011 as compared to the prior corresponding period is mainly due to property tax and maintenance-related costs incurred on the unsold Paterson Suites units.

Note 4 – Finance income
The increase in finance income is due to mark-to-market gain on interest rate swaps as well as higher interest income earned from fixed deposit placements attributable to higher progress billings during the quarter ended 30 June 2011 as compared to the prior corresponding period.

Note 5 - Finance expense
The increase in finance expense for the quarter ended 30 June 2011 as compared to the prior corresponding period is mainly due to the transfer of $1.1 million from hedging reserve to profit or loss (refer to Note 8 for details).

Note 6 – Income tax expense
The increase in income tax expense is mainly due to higher profit for the quarter ended 30 June 2011 as compared to the prior corresponding period.

Note 7 – Change in fair value of available-for-sale financial assets
The change in fair value of available-for-sale financial assets relates to the net change in market values of the Group's investments in equity securities between the commencement and end of each reporting period. The decrease in the change in fair value for the quarter ended 30 June 2011 as compared to the prior corresponding period is caused by market movements in the prices of the Group's equity securities during the respective periods.

Note 8 – Effective portion of changes in fair value of cash flow hedges / Transfer of hedging reserve to profit or loss
The Group had adopted hedge accounting for the interest rate swaps entered into to hedge its exposure to interest rate risks relating to future cash flows on the interest payments attributable to the bank loans. In the prior financial year, the cash flow hedge was discontinued. The net change in fair value of the cash flow hedges was recognised in equity up to the date of discontinuance and in profit or loss thereafter. Accordingly, a portion of the hedging reserve was transferred to profit or loss.

Borrowing costs capitalised in development properties
Borrowing costs capitalised in development properties amounted to $4.4 million for the three months ended 30 June 2011 as compared to $5.2 million for the corresponding period ended 30 June 2010.

1(b)(i) **A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

		Group		Company	
		30.06.2011	31.03.2011 (Restated)*	30.06.2011	31.03.2011
	Note	$'000	$'000	$'000	$'000
Non-current assets					
Investment property		4,799	4,843	-	-
Property, plant and equipment		143	155	-	-
Investments in subsidiaries		-	-	80,294	80,294
Available-for-sale financial assets	1	49,046	48,094	49,046	48,094
Deferred tax assets		224	224	-	-
		54,212	53,316	129,340	128,388
Current assets					
Development properties	2	1,194,588	1,199,811	-	-
Trade and other receivables	3	33,290	21,190	1,248,505	1,303,492
Cash and cash equivalents	4	173,524	205,257	2,318	14,838
		1,401,402	1,426,258	1,250,823	1,318,330
Total assets		**1,455,614**	**1,479,574**	**1,380,163**	**1,446,718**
Equity attributable to shareholders of the Company					
Share capital	5	631,796	616,160	631,796	616,160
Reserves	6	390,685	344,481	244,003	242,434
Total equity		1,022,481	960,641	875,799	858,594
Non-current liabilities					
Interest-bearing bank loans	7	359,807	443,042	359,807	443,042
Derivative financial liabilities	8	4,132	4,272	4,132	4,272
Deferred tax liabilities		3,562	1,666	14	14
		367,501	448,980	363,953	447,328
Current liabilities					
Trade and other payables	9	33,497	42,870	139,871	139,948
Derivative financial liabilities	8	528	836	528	836
Current tax payable		31,607	26,247	12	12
		65,632	69,953	140,411	140,796
Total liabilities		433,133	518,933	504,364	588,124
Total equity and liabilities		**1,455,614**	**1,479,574**	**1,380,163**	**1,446,718**

* Comparative figures have been restated to take into account the retrospective adjustments arising from the adoption of INT FRS 115 *Agreements for the Construction of Real Estate* as detailed in Section 5 on page 11.

Notes to the Balance Sheet of the Group:

Note 1 – Available-for-sale financial assets
The increase is mainly due to the increase in fair value of the Group's investments in equity securities.

Note 2 – Development properties
The net decrease is mainly due to higher progress billings, offset by an increase in attributable profits and increase in development costs of development projects capitalised during the period.

Note 3 – Trade and other receivables
The increase is mainly due to higher outstanding progress billing receivables on the development projects, including receivables held in trust.

Note 4 – Cash and cash equivalents
Please refer to Section 1(c) for cash flows for the period.

Note 5 – Share capital
The increase in share capital is due to the conversion of warrants pursuant to the Company's rights issue in April 2009. Please refer to Section 1(d)(i) for statement of changes in equity for the period.

Note 6 – Reserves
Please refer to Section 1(d)(i) for statement of changes in equity for the period.

Note 7 – Interest-bearing bank loans
The decrease in interest-bearing bank loans is mainly due to repayments of medium-term bank loans using proceeds from sale of development properties.

Note 8 – Derivative financial liabilities
This represents the fair value of interest rate swaps. The decrease is attributable to mark-to-market gain recognised on interest rate swaps for the period.

Note 9 – Trade and other payables
The decrease is mainly due to lower trade payables relating to the construction costs of the development projects.

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

	30.06.2011 $'000	31.03.2011 $'000
Unsecured		
- Amount repayable in one year or less, or on demand	-	-
- Amount repayable after one year	-	-
Secured		
- Amount repayable in one year or less, or on demand	-	-
- Amount repayable after one year	359,807	443,042

Details of any collateral
The secured borrowings are collateralised by:
- mortgages on certain development properties of the Group including certain assignment of rights and interest;
- charge over the project accounts of the Group; and
- guarantee by the Company and certain of its subsidiaries.

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

	First quarter 01.04.2011 to 30.06.2011 $'000	First quarter 01.04.2010 to 30.06.2010 (Restated) $'000
Cash flows from operating activities		
Profit before income tax	51,677	14,639
Adjustments for:		
Depreciation of investment property	44	40
Depreciation of property, plant and equipment	20	15
Dividend income from available-for-sale financial assets	(496)	(337)
Interest expense	450	564
Interest income	(95)	(65)
Mark-to-market gain on derivative financial instruments	(448)	-
Transfer of hedging reserve to profit or loss	1,108	-
Operating profit before working capital changes	52,260	14,856
Changes in working capital:		
Development properties	9,644	(7,071)
Trade and other receivables	(12,523)	(1,409)
Trade and other payables	(9,284)	(1,188)
Cash generated from operations	40,097	5,188
Interest received	97	13
Nat cash from operating activities	40,194	5,201
Cash flows from investing activities		
Dividends received	640	544
Purchase of property, plant and equipment	(8)	-
Net cash from investing activities	632	544
Cash flows from financing activities		
Interest paid (including amounts capitalised in development properties)	(4,195)	(4,774)
Proceeds from conversion of warrants	15,636	3,058
Proceeds from bank loans	-	7,800
Repayments of bank loans	(84,000)	-
Net cash (used in)/from financing activities	(72,559)	6,084
Net (decrease)/increase in cash and cash equivalents	(31,733)	11,829
Cash and cash equivalents at beginning of period	205,257	105,196
Cash and cash equivalents at end of period	173,524	117,025

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	Fair value reserve $'000	Hedging reserve $'000	Accumulated profits $'000	Dividend reserve $'000	Total $'000
At 1 April 2010, as previously reported	587,057	60,714	33,974	(775)	78,466	9,591	769,027
Effect of adopting INT FRS 115	-	-	-	-	(7,146)	-	(7,146)
At 1 April 2010, restated	587,057	60,714	33,974	(775)	71,320	9,591	761,881
Total comprehensive income for the period							
Profit for the period, restated	-	-	-	-	12,480	-	12,480
Other comprehensive income							
Change in fair value of available-for-sale financial assets	-	-	927	-	-	-	927
Effective portion of changes in fair value of cash flow hedges	-	-	-	(2,928)	-	-	(2,928)
Total comprehensive income for the period	-	-	927	(2,928)	12,480	-	10,479
Transactions with owners, recorded directly in equity							
Shares issued pursuant to warrants conversion	3,058	-	-	-	-	-	3,058
Total transactions with owners	3,058	-	-	-	-	-	3,058
At 30 June 2010	590,115	60,714	34,901	(3,703)	83,800	9,591	775,418

Group	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Hedging reserve $'000	Accumulated profits $'000	Dividend reserve $'000	Total $'000
At 1 April 2011, as previously reported	616,160	60,714	41,806	(5,205)	217,798	31,069	962,342
Effect of adopting INT FRS 115	-	-	-	-	(1,701)	-	(1,701)
At 1 April 2011, restated	616,160	60,714	41,806	(5,205)	216,097	31,069	960,641
Total comprehensive income for the period							
Profit for the period	-	-	-	-	44,371	-	44,371
Other comprehensive income							
Change in fair value of available-for-sale financial assets	-	-	725	-	-	-	725
Transfer of hedging reserve to profit or loss	-	-	-	1,108	-	-	1,108
Total comprehensive income for the period	-	-	725	1,108	44,371	-	46,204
Transactions with owners, recorded directly in equity							
Shares issued pursuant to warrants conversion	15,636	-	-	-	-	-	15,636
Total transactions with owners	15,636	-	-	-	-	-	15,636
At 30 June 2011	631,796	60,714	42,531	(4,097)	260,468	31,069	1,022,481

Company	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Hedging reserve $'000	Accumulated profits $'000	Dividend reserve $'000	Total $'000
At 1 April 2010	587,057	61,908	33,884	(775)	142,126	9,591	833,791
Total comprehensive income for the period							
Profit for the period	-	-	-	-	250	-	250
Other comprehensive income							
Change in fair value of available-for-sale financial assets	-	-	927	-	-	-	927
Effective portion of changes in fair value of cash flow hedges	-	-	-	(2,928)	-	-	(2,928)
Total comprehensive income for the period	-	-	927	(2,928)	250	-	(1,751)
Transactions with owners, recorded directly in equity							
Shares issued pursuant to warrants conversion	3,058	-	-	-	-	-	3,058
Total transactions with owners	3,058	-	-	-	-	-	3,058
At 30 June 2010	590,115	61,908	34,811	(3,703)	142,376	9,591	835,098

Company	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Hedging reserve $'000	Accumulated profits $'000	Dividend reserve $'000	Total $'000
At 1 April 2011	616,160	61,908	41,806	(5,205)	112,856	31,069	858,594
Total comprehensive income for the period							
Profit for the period	-	-	-	-	(264)	-	(264)
Other comprehensive income							
Change in fair value of available-for-sale financial assets	-	-	725	-	-	-	725
Transfer of hedging reserve to profit or loss	-	-	-	1,108	-	-	1,108
Total comprehensive income for the period	-	-	725	1,108	(264)	-	1,569
Transactions with owners, recorded directly in equity							
Shares issued pursuant to warrants conversion	15,636	-	-	-	-	-	15,636
Total transactions with owners	15,636	-	-	-	-	-	15,636
At 30 June 2011	631,796	61,908	42,531	(4,097)	112,592	31,069	875,799

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 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.**

During the quarter ended 30 June 2011, the Company issued 6,802,850 new ordinary shares from the exercise of 6,802,850 warrants at an issue price of $2.30 per share arising from the warrants issue on 8 April 2009.

In accordance with the terms and conditions of the warrants, the rights to subscribe for new ordinary shares in the capital of the Company comprised in the warrants expired at 5.00 p.m. on 8 April 2011. Any subscription rights comprised in the warrants which have not been exercised have lapsed and the warrants have ceased to be valid for any purpose whatsoever. Accordingly, the number of outstanding warrants as at 30 June 2011 is Nil (2010: 18,191,467).

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 2011 (2010: 240,767,274).

The Company had no treasury shares as at 30 June 2011 and 30 June 2010.

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.**

Except as disclosed in Section 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 2011.

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 and the Company have adopted various new and revised Financial Reporting Standards ("FRSs") and Interpretations of FRSs ("INT FRSs") which took effect for the financial year beginning on 1 April 2011. The adoption of these new and revised FRSs and INT FRSs did not have any significant impact on the Group's and the Company's financial position or results, except for INT FRS 115 *Agreements for the Construction of Real Estate* ("INT FRS 115") which is effective for financial periods commencing on 1 January 2011.

INT FRS 115 clarifies when revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. INT FRS 115 clarifies that contracts which are not classified as construction contracts under FRS 11 *Construction Contracts* can only be accounted for under the percentage of completion method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work-in-progress in its current state as construction progresses.

The Group's current accounting policy for residential property development projects is to recognise revenue based on the percentage of completion method which is an allowed alternative method under Recommended Accounting Practice 11 *Pre-completion Contracts for the Sale of Development Property* ("RAP 11"). RAP 11 will be withdrawn following the adoption of INT FRS 115.

The Group has considered the application of INT FRS 115 and the accompanying practice note issued specifically in the context of the sale of its development properties. For development properties under the progressive payment scheme, the Group will continue to recognise revenue and related expenses based on the percentage of completion method. For development properties under deferred payment scheme, revenue and related expenses will be accounted for under the completion of construction method.

This change in accounting policy was applied retrospectively and the impact on the Group's comparative figures arising from the adoption of INT FRS 115 is set out below:

Consolidated Statement of Comprehensive Income

	First quarter 01.04.2010 to 30.06.2010 $'000
Decrease in revenue	(405)
Decrease in cost of sales	236
Decrease in profit before income tax	(169)
Decrease in income tax expense	29
Decrease in profit attributable to equity holders of the Company	(140)
Decrease in basic earnings per share (cents)	(0.06)
Decrease in diluted earnings per share (cents)	(0.06)

Consolidated Statement of Financial Position

	31.03.2011 $'000	31.03.2010 $'000
Decrease in development properties	(2,050)	(8,610)
Decrease in accumulated profits	(1,701)	(7,146)
Decrease in deferred tax liabilities	(349)	(1,464)

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 for the current year is computed based on net profit attributable to shareholders and the weighted average number of ordinary shares set out below. The weighted average number of ordinary shares has been adjusted to take into account the rights issue and warrants exercised during the period.

	First quarter	
	30.06.2011	30.06.2010 (Restated)
Basic earnings per share (cents)	17.17	5.19
Diluted earnings per share (cents)	17.17	5.00

	First quarter	
	30.06.2011	30.06.2010
Weighted average number of shares for calculation of:		
- Basic earnings per share	258,369,275	240,353,016
- Diluted earnings per share	258,369,275	249,507,685

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**	
	30.06.2011	31.03.2011 (Restated)	30.06.2011	31.03.2011
Net asset value per ordinary share	$3.95	$3.81	$3.38	$3.41

Net asset value per share is calculated based on 258,911,326 and 252,108,476 ordinary shares as at the end of the current period and the immediately preceding financial year respectively.

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.

The Group's revenue for the first quarter ended 30 June 2011 was $120.9 million as compared to $34.0 million in the prior corresponding period. Accordingly, the net profit before tax increased by 253.0% from $14.6 million in the prior corresponding period to $51.7 million for the quarter ended 30 June 2011.

The higher gross profit for the quarter ended 30 June 2011 as compared to the prior corresponding period is mainly due to more units of Paterson Suites, a completed development project, sold during the quarter ended 30 June 2011, as well as higher profit recognition on more development projects based on the percentage of completion method.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

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.**

Based on the Singapore Government's statistics, private residential property prices rose by 2% in the second quarter of 2011. The Singapore Government has placed 16 residential sites and 1 commercial/residential site on the Government Land Sales Programme for confirmed sale in the second half of the year. They will yield an estimated 8,100 housing units, including 1,200 executive condominium units. The Singapore Government has revised the GDP growth forecast downwards from 5 – 7% to 5 – 6%.

The Group has launched Skyline Residences (Phase 1) at Telok Blangah Road in July 2011. The Group will continue to closely monitor the property market and will time the launch of Luxus Hills Phase 5 in the current financial 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 2011.

13 **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 2011 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

TAN GUAT NGOH
COMPANY SECRETARY
10 AUGUST 2011