



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 2013

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 FY2014) and half year (1H FY2014) ended 30 September 2013

| | Note | Second quarter | | | Half-year | | |
|--|------|---|---|---------|---|---|---------|
| | | 01.07.2013 to 30.09.2013 2Q FY2014 | 01.07.2012 to 30.09.2012 2Q FY2013 | Change | 01.04.2013 to 30.09.2013 1H FY2014 | 01.04.2012 to 30.09.2012 1H FY2013 | Change |
| | | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Revenue | | 87,765 | 122,803 | (28.5) | 249,442 | 228,016 | 9.4 |
| Cost of sales | | (56,178) | (76,605) | (26.7) | (156,819) | (143,000) | 9.7 |
| Gross profit | 1 | <u>31,587</u> | <u>46,198</u> | (31.6) | <u>92,623</u> | <u>85,016</u> | 8.9 |
| Other income | | 98 | 1 | 9,700.0 | 116 | 57 | 103.5 |
| Administrative expenses | | (615) | (613) | 0.3 | (1,442) | (1,282) | 12.5 |
| Other operating expense | | (1,080) | (1,167) | (7.5) | (2,247) | (2,391) | (6.0) |
| Profit from operations | | <u>29,990</u> | <u>44,419</u> | (32.5) | <u>89,050</u> | <u>81,400</u> | 9.4 |
| Finance income | 2 | 42 | 819 | (94.9) | 110 | 1,723 | (93.6) |
| Finance expense | | - | - | N.A. | - | (12) | (100.0) |
| Net finance income | | <u>42</u> | <u>819</u> | (94.9) | <u>110</u> | <u>1,711</u> | (93.6) |
| Profit before income tax ¹ | | <u>30,032</u> | <u>45,238</u> | (33.6) | <u>89,160</u> | <u>83,111</u> | 7.3 |
| Income tax expense | 3 | (4,677) | (7,328) | (36.2) | (14,616) | (17,518) | (16.6) |
| Profit for the period attributable to equity holders of the Company | | <u>25,355</u> | <u>37,910</u> | (33.1) | <u>74,544</u> | <u>65,593</u> | 13.6 |
| Other comprehensive income for the period, net of income tax | | - | - | - | - | - | - |
| Total comprehensive income for the period | | <u>25,355</u> | <u>37,910</u> | (33.1) | <u>74,544</u> | <u>65,593</u> | 13.6 |
| Earnings per share ² | | | | | | | |
| Basic earnings per share (cents) | | 9.79 | 14.64 | | 28.79 | 25.33 | |
| Diluted earnings per share (cents) | | 9.79 | 14.64 | | 28.79 | 25.33 | |

¹ Profit before income tax includes the following:

| | Second quarter | | | Half-year | | |
|--|---|---|-------------|---|---|-------------|
| | 01.07.2013 to 30.09.2013 2Q FY2014 \$'000 | 01.07.2012 to 30.09.2012 2Q FY2013 \$'000 | Change % | 01.04.2013 to 30.09.2013 1H FY2014 \$'000 | 01.04.2012 to 30.09.2012 1H FY2013 \$'000 | Change % |
| Depreciation and amortisation | (54) | (68) | (20.6) | (141) | (132) | 6.8 |
| Interest income | 42 | 60 | (30.0) | 110 | 193 | (43.0) |
| Interest expense | - | - | N.A. | - | (12) | (100.0) |
| Mark-to-market gain on derivative financial instruments | - | 759 | (100.0) | - | 1,530 | (100.0) |

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 9.

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

Note 1 – Gross profit

The lower gross profit for 2Q FY2014 as compared to 2Q FY2013 is mainly due to lower profit recognition on development projects. Overall increase in gross profit for 1H FY2014 as compared to 1H FY2013 is mainly due to higher profit recognition in 1Q FY2014.

Note 2 – Finance income

The decrease in finance income is mainly due to the absence of mark-to-market gain on interest rate swaps in 1H FY2014.

Note 3 – Income tax expense

The decrease in income tax expense in 1H FY2014 is mainly due to an adjustment in 1Q FY2013 for underprovision of current tax in FY2012.

Borrowing costs capitalised in development properties

Borrowing costs capitalised in development properties amounted to \$Nil for 1H FY2014 compared to \$6.3 million for 1H FY2013.

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 | |
|---|------|-------------------------|-------------------------|-----------------------|-----------------------|
| | | 30.09.2013 | 31.03.2013 | 30.09.2013 | 31.03.2013 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Non-current assets | | | | | |
| Investment property | | 4,442 | 4,522 | - | - |
| Property, plant and equipment | | 207 | 268 | - | - |
| Investments in subsidiaries | | - | - | 80,294 | 80,294 |
| Deferred tax assets | | 244 | 244 | - | - |
| | | <u>4,893</u> | <u>5,034</u> | <u>80,294</u> | <u>80,294</u> |
| Current assets | | | | | |
| Development properties | 1 | 1,198,021 | 1,083,290 | - | - |
| Trade and other receivables | 2 | 10,112 | 16,964 | 875,363 | 883,344 |
| Cash and cash equivalents | 3 | 77,818 | 142,080 | 2,450 | 12,802 |
| | | <u>1,285,951</u> | <u>1,242,334</u> | <u>877,813</u> | <u>896,146</u> |
| Total assets | | <u>1,290,844</u> | <u>1,247,368</u> | <u>958,107</u> | <u>976,440</u> |
| Equity attributable to shareholders of the Company | | | | | |
| Share capital | | 631,801 | 631,801 | 631,801 | 631,801 |
| Reserves | 4 | 563,463 | 527,756 | 127,461 | 166,510 |
| Total equity | | <u>1,195,264</u> | <u>1,159,557</u> | <u>759,262</u> | <u>798,311</u> |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | | 25,716 | 13,027 | 14 | 14 |
| | | <u>25,716</u> | <u>13,027</u> | <u>14</u> | <u>14</u> |
| Current liabilities | | | | | |
| Trade and other payables | 5 | 58,328 | 56,963 | 198,830 | 178,115 |
| Current tax payable | | 11,536 | 17,821 | 1 | - |
| | | <u>69,864</u> | <u>74,784</u> | <u>198,831</u> | <u>178,115</u> |
| Total liabilities | | <u>95,580</u> | <u>87,811</u> | <u>198,845</u> | <u>178,129</u> |
| Total equity and liabilities | | <u>1,290,844</u> | <u>1,247,368</u> | <u>958,107</u> | <u>976,440</u> |

Notes to the Statement of Financial Position of the Group:

Note 1 – Development properties

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

Note 2 – Trade and other receivables

The decrease is mainly due to lower outstanding progress billing receivables on the development projects.

Note 3 – Cash and cash equivalents

Please refer to Section 1(c) for cash flows for the period.

Note 4 – Reserves

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

Note 5 – Trade and other payables

The increase is mainly due to higher trade payables and accrued development expenditure relating to the construction costs of the development projects.

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

| | 30.09.2013 \$'000 | 31.03.2013 \$'000 |
|--|----------------------|----------------------|
| <u>Unsecured</u> | | |
| - Amount repayable in one year or less, or on demand | - | - |
| - Amount repayable after one year | - | - |
| <u>Secured</u> | | |
| - Amount repayable in one year or less, or on demand | - | - |
| - Amount repayable after one year | - | - |

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 | |
|---|---|---|---|---|
| | 01.07.2013 to 30.09.2013 2Q FY2014 \$'000 | 01.07.2012 to 30.09.2012 2Q FY2013 \$'000 | 01.04.2013 to 30.09.2013 1H FY2014 \$'000 | 01.04.2012 to 30.09.2012 1H FY2013 \$'000 |
| Cash flows from operating activities | | | | |
| Profit before income tax | 30,032 | 45,238 | 89,160 | 83,111 |
| Adjustments for: | | | | |
| Depreciation of investment property | 40 | 40 | 80 | 80 |
| Depreciation of property, plant and equipment | 14 | 28 | 61 | 52 |
| Interest income | (42) | (60) | (110) | (193) |
| Mark-to-market gain on derivative financial instruments | - | (759) | - | (1,530) |
| Operating profit before working capital changes | <u>30,044</u> | <u>44,487</u> | <u>89,191</u> | <u>81,520</u> |
| Changes in working capital: | | | | |
| Development properties | (60,324) | (53,770) | (114,731) | 62,495 |
| Trade and other receivables | (578) | 74,735 | 6,820 | 1,543 |
| Trade and other payables | (4,942) | 9,619 | 1,365 | 15,789 |
| Cash generated from operations | <u>(35,800)</u> | <u>75,071</u> | <u>(17,355)</u> | <u>161,347</u> |
| Interest received | 63 | 85 | 142 | 253 |
| Income tax paid | (8,212) | (10,678) | (8,212) | (10,678) |
| Net cash (used in)/from operating activities | <u>(43,949)</u> | <u>64,478</u> | <u>(25,425)</u> | <u>150,922</u> |
| Cash flows from investing activities | | | | |
| Purchase of property, plant and equipment | - | (250) | - | (250) |
| Net cash used in investing activities | <u>-</u> | <u>(250)</u> | <u>-</u> | <u>(250)</u> |
| Cash flows from financing activities | | | | |
| Interest paid (including amounts capitalised in development properties) | - | (2,162) | - | (4,947) |
| Repayments of bank loans | - | (190,000) | - | (227,000) |
| Dividends paid | (38,837) | (46,604) | (38,837) | (46,604) |
| Net cash used in financing activities | <u>(38,837)</u> | <u>(238,766)</u> | <u>(38,837)</u> | <u>(278,551)</u> |
| Net decrease in cash and cash equivalents | <u>(82,786)</u> | <u>(174,538)</u> | <u>(64,262)</u> | <u>(127,879)</u> |
| Cash and cash equivalents at the beginning of the period | <u>160,604</u> | <u>345,097</u> | <u>142,080</u> | <u>298,438</u> |
| Cash and cash equivalents at the end of the period | <u>77,818</u> | <u>170,559</u> | <u>77,818</u> | <u>170,559</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 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 | Dividend reserve \$'000 | Total \$'000 |
|--|-------------------------|---------------------------|-------------------------------|----------------------------|------------------|
| At 1 April 2012 | 631,801 | 60,714 | 352,398 | 46,604 | 1,091,517 |
| Total comprehensive income for the period | | | | | |
| Profit for the period | - | - | 65,593 | - | 65,593 |
| Transactions with owners, recorded directly in equity | | | | | |
| Dividends to equity holders: | | | | | |
| - final/ special dividends for the previous year, paid | - | - | - | (46,604) | (46,604) |
| At 30 September 2012 | <u>631,801</u> | <u>60,714</u> | <u>417,991</u> | <u>-</u> | <u>1,110,506</u> |
| At 1 April 2013 | 631,801 | 60,714 | 428,205 | 38,837 | 1,159,557 |
| Total comprehensive income for the period | | | | | |
| Profit for the period | - | - | 74,544 | - | 74,544 |
| Transactions with owners, recorded directly in equity | | | | | |
| Dividends to equity holders: | | | | | |
| - final/ special dividends for the previous year, paid | - | - | - | (38,837) | (38,837) |
| At 30 September 2013 | <u>631,801</u> | <u>60,714</u> | <u>502,749</u> | <u>-</u> | <u>1,195,264</u> |

| Company | Share capital \$'000 | Capital reserve \$'000 | Accumulated profits \$'000 | Dividend reserve \$'000 | Total \$'000 |
|---|----------------------------|------------------------------|----------------------------------|-------------------------------|-----------------|
| At 1 April 2012 | 631,801 | 61,908 | 102,185 | 46,604 | 842,498 |
| Total comprehensive income for the period | | | | | |
| Profit for the period | - | - | 1,423 | - | 1,423 |
| Transactions with owners, recorded directly in equity | | | | | |
| Dividends to equity holders: - final/ special dividends for the previous year, paid | - | - | - | (46,604) | (46,604) |
| At 30 September 2012 | <u>631,801</u> | <u>61,908</u> | <u>103,608</u> | <u>-</u> | <u>797,317</u> |
| At 1 April 2013 | 631,801 | 61,908 | 65,765 | 38,837 | 798,311 |
| Total comprehensive income for the period | | | | | |
| Loss for the period | - | - | (212) | - | (212) |
| Transactions with owners, recorded directly in equity | | | | | |
| Dividends to equity holders: - final/ special dividends for the previous year, paid | - | - | - | (38,837) | (38,837) |
| At 30 September 2013 | <u>631,801</u> | <u>61,908</u> | <u>65,553</u> | <u>-</u> | <u>759,262</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 2013.

There were no outstanding convertibles that may result in the issuance of shares as at 30 September 2013 and 30 September 2012.

The Company had no treasury shares as at 30 September 2013 and 30 September 2012.

- 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 2013 and 31 March 2013.

The Company had no treasury shares as at 30 September 2013 and 31 March 2013.

- 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 period as those applied in the Group's and the Company's most recently audited financial statements for FY2013.

- 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 attributable to equity holders of the Company and the weighted average number of ordinary shares set out below.

| | Second quarter | | Half-year | |
|------------------------------------|----------------|------------|------------|------------|
| | 30.09.2013 | 30.09.2012 | 30.09.2013 | 30.09.2012 |
| Basic earnings per share (cents) | 9.79 | 14.64 | 28.79 | 25.33 |
| Diluted earnings per share (cents) | 9.79 | 14.64 | 28.79 | 25.33 |

| | Second quarter | | Half-year | |
|---|----------------|-------------|-------------|-------------|
| | 30.09.2013 | 30.09.2012 | 30.09.2013 | 30.09.2012 |
| Weighted average number of shares for calculation of: | | | | |
| - Basic earnings per share | 258,911,326 | 258,911,326 | 258,911,326 | 258,911,326 |
| - 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 | |
|------------------------------------|------------|------------|------------|------------|
| | 30.09.2013 | 31.03.2013 | 30.09.2013 | 31.03.2013 |
| Net asset value per ordinary share | \$4.62 | \$4.48 | \$2.93 | \$3.08 |

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.

The Group's revenue for 1H FY2014 is \$249.4 million as compared to \$228.0 million in 1H FY2013.

The lower gross profit for 2Q FY2014 as compared to 2Q FY2013 is mainly due to lower profit recognition on development projects. Overall increase in gross profit for 1H FY2014 as compared to 1H FY2013 is mainly due to higher profit recognition in 1Q FY2014.

The 7.3% increase in net profit before tax from \$83.1 million in 1H FY2013 to \$89.2 million in 1H FY2014 is in line with the increase in gross profit.

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

In accordance with the Group's 1Q FY2014 announcement to launch Luxus Hills Phase 6 in the 2nd half of 2013, the project has been launched in November 2013.

- 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.**

Prices of private residential units in Singapore increased marginally by 0.4% quarter-on-quarter in 3Q 2013 which is lower than the 1% increase in the previous quarter. Sales of new private residential units fell to 2,430 units in 3Q 2013 compared to 4,538 units in 2Q 2013.

The successive cooling measures implemented by the Singapore Government, in particular, the introduction of Total Debt Servicing Ratio for housing loans by the Monetary Authority of Singapore, have dampened the demand for residential properties. The Group expects the residential market conditions to be challenging and this will negatively affect the Group's sales performance in the year ahead.

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 2013.

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.**

The Group does not have any Interested Person Transactions.

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 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**TAN GUAT NGOH
COMPANY SECRETARY
14 NOVEMBER 2013**