



BUKIT SEMBAWANG ESTATES LIMITED

(Company Registration Number: 196700177M)

(Incorporated in Singapore on 27 June 1967)

Financial Statement and Dividend Announcement for the Third Quarter and Nine Months ended 31 December 2016

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 third quarter (3Q FY2017) and nine months (9M FY2017) ended 31 December 2016

	Note	Third quarter			Nine months		
		3Q FY2017	3Q FY2016	Change	9M FY2017	9M FY2016	Change
		01.10.2016 to 31.12.2016	01.10.2015 to 31.12.2015	%	01.04.2016 to 31.12.2016	01.04.2015 to 31.12.2015	%
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		10,376	42,596	(75.6)	128,188	269,759	(52.5)
Cost of sales		(2,815)	(10,967)	(74.3)	(49,038)	(167,336)	(70.7)
Gross profit	1	<u>7,561</u>	<u>31,629</u>	(76.1)	<u>79,150</u>	<u>102,423</u>	(22.7)
Other income	2	45	586	(92.3)	111	780	(85.8)
Administrative expenses		(977)	(906)	7.8	(3,057)	(2,563)	19.3
Other operating expenses	3	(1,854)	(1,092)	69.8	(4,678)	(3,591)	30.3
Profit from operations		<u>4,775</u>	<u>30,217</u>	(84.2)	<u>71,526</u>	<u>97,049</u>	(26.3)
Finance income	4	<u>1,278</u>	<u>1,154</u>	10.7	<u>3,929</u>	<u>2,544</u>	54.4
Profit before tax¹		<u>6,053</u>	<u>31,371</u>	(80.7)	<u>75,455</u>	<u>99,593</u>	(24.2)
Tax expense	5	(701)	(7,029)	(90.0)	(5,261)	(14,518)	(63.8)
Profit and total comprehensive income for the period		<u>5,352</u>	<u>24,342</u>	(78.0)	<u>70,194</u>	<u>85,075</u>	(17.5)

¹ Profit before tax includes the following:

	Third quarter			Nine months		
	3Q FY2017	3Q FY2016	Change	9M FY2017	9M FY2016	Change
	01.10.2016 to 31.12.2016	01.10.2015 to 31.12.2015		01.04.2016 to 31.12.2016	01.04.2015 to 31.12.2015	
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation and amortisation	(83)	(63)	31.7	(216)	(185)	16.8
Interest income	1,278	1,154	10.7	3,929	2,544	54.4

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

3Q FY2017 vs 3Q FY2016

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 3Q FY2016 income from forfeiture of an abortive sale was recognised. There was no such income in FY2017.

Note 3 – Other operating expenses

The increase in other operating expenses was mainly due to higher maintenance charges incurred and property taxes paid for unsold properties units (Skyline Residences and Paterson Collection) that have obtained TOP.

Note 4 – Finance income

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

Note 5 – Tax expense

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

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	
		31.12.2016 \$'000	31.03.2016 \$'000	31.12.2016 \$'000	31.03.2016 \$'000
Non-current assets					
Investment property		4,013	4,135	-	-
Property, plant and equipment		141	79	-	-
Investments in subsidiaries		-	-	310,000	310,000
Deferred tax assets	1	22,954	7,324	-	-
		<u>27,108</u>	<u>11,538</u>	<u>310,000</u>	<u>310,000</u>
Current assets					
Development properties	2	976,364	941,883	-	-
Trade and other receivables	3	21,617	92,366	197,413	294,797
Cash and cash equivalents	4	383,290	411,908	332,864	355,253
		<u>1,381,271</u>	<u>1,446,157</u>	<u>530,277</u>	<u>650,050</u>
Total assets		<u>1,408,379</u>	<u>1,457,695</u>	<u>840,277</u>	<u>960,050</u>
Equity attributable to shareholders of the Company					
Share capital		631,801	631,801	631,801	631,801
Reserves		642,784	658,031	170,793	167,494
Total equity		<u>1,274,585</u>	<u>1,289,832</u>	<u>802,594</u>	<u>799,295</u>
Non-current liabilities					
Deferred tax liabilities	5	14	5,914	14	14
		<u>14</u>	<u>5,914</u>	<u>14</u>	<u>14</u>
Current liabilities					
Trade and other payables	6	110,544	141,048	37,669	160,225
Current tax payable	7	23,236	20,901	-	516
		<u>133,780</u>	<u>161,949</u>	<u>37,669</u>	<u>160,741</u>
Total liabilities		<u>133,794</u>	<u>167,863</u>	<u>37,683</u>	<u>160,755</u>
Total equity and liabilities		<u>1,408,379</u>	<u>1,457,695</u>	<u>840,277</u>	<u>960,050</u>

Notes to the Statement of Financial Position of the Group:**Note 1 – Deferred tax assets**

The increase was mainly due to higher deductible temporary differences available against future taxable profits resulting from expenses of development projects.

Note 2 – Development properties

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

Note 3 – Trade and other receivables

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

Note 4 – Cash and cash equivalents

The decrease was mainly due to payment of construction costs of the development projects.

Note 5 – Deferred tax liabilities

The decrease was mainly due to reversal of deferred tax provision upon billing of sold property units.

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 increase was mainly due to provision of current tax payable on a development project (Luxus Hills Phase 7) which had obtained TOP and additional sales of development projects during the period, partially offset by tax paid.

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

	31.12.2016 \$'000	31.03.2016 \$'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.**

	Third quarter		Nine months	
	3Q FY2017	3Q FY2016	9M FY2017	9M FY2016
	01.10.2016	01.10.2015	01.04.2016	01.04.2015
	to	to	to	to
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Note	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	6,053	31,371	75,455	99,593
Adjustments for:				
Depreciation of investment property	41	42	122	122
Depreciation of property, plant and equipment	42	21	94	63
Interest income	(1,278)	(1,154)	(3,929)	(2,544)
	<u>4,858</u>	<u>30,280</u>	<u>71,742</u>	<u>97,234</u>
Changes in:				
Development properties	(62,845)	(29,772)	(34,481)	83,377
Trade and other receivables	54,539	51,510	71,866	(5,118)
Trade and other payables	(2,571)	3,311	(30,502)	(1,492)
Cash (used in)/generated from operations	(6,019)	55,329	78,625	174,001
Interest received	862	637	2,811	2,320
Income tax paid	(12,141)	(11,771)	(24,457)	(28,035)
Net cash (used in)/from operating activities	<u>1 (17,298)</u>	<u>44,195</u>	<u>56,979</u>	<u>148,286</u>
Cash flows from investing activities				
Capital expenditure on investment property	-	(95)	-	(95)
Purchase of property, plant and equipment	(7)	(13)	(156)	(18)
Net cash used in investing activities	<u>(7)</u>	<u>(108)</u>	<u>(156)</u>	<u>(113)</u>
Cash flows from financing activities				
Dividends paid	-	-	(85,441)	(85,441)
Net cash used in financing activities	<u>-</u>	<u>-</u>	<u>(85,441)</u>	<u>(85,441)</u>
Net (decrease)/increase in cash and cash equivalents	(17,305)	44,087	(28,618)	62,732
Cash and cash equivalents at beginning of the period	400,595	348,066	411,908	329,421
Cash and cash equivalents at end of the period	<u>383,290</u>	<u>392,153</u>	<u>383,290</u>	<u>392,153</u>

Note 1

The deficit for the 3Q FY2017 and the decrease in 9M FY2017 were 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 2015	631,801	60,714	590,779	1,283,294
Total comprehensive income for the period				
Profit for the period	-	-	85,075	85,075
Transactions with owners, recorded directly in equity				
Dividends to equity holders: - final/special dividends for the previous year, paid	-	-	(85,441)	(85,441)
At 31 December 2015	<u>631,801</u>	<u>60,714</u>	<u>590,413</u>	<u>1,282,928</u>
At 1 April 2016	631,801	60,714	597,317	1,289,832
Effect of liquidation of subsidiaries		(3,806)	3,806	-
Total comprehensive income for the period				
Profit for the period	-	-	70,194	70,194
Transactions with owners, recorded directly in equity				
Dividends to equity holders: - final/special dividends for the previous year, paid	-	-	(85,441)	(85,441)
At 31 December 2016	<u>631,801</u>	<u>56,908</u>	<u>585,876</u>	<u>1,274,585</u>

Company	Share capital \$'000	Capital reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 April 2015	631,801	61,908	125,403	819,112
Total comprehensive income for the period				
Profit for the period	-	-	113,362	113,362
Transactions with owners, recorded directly in equity				
Dividends to equity holders: - final/special dividends for the previous year, paid	-	-	(85,441)	(85,441)
At 31 December 2015	<u>631,801</u>	<u>61,908</u>	<u>153,324</u>	<u>847,033</u>
At 1 April 2016	631,801	61,908	105,586	799,295
Effect of liquidation of subsidiaries		(5,000)	5,000	-
Total comprehensive income for the period				
Profit for the period	-	-	88,740	88,740
Transactions with owners, recorded directly in equity				
Dividends to equity holders: - final/special dividends for the previous year, paid	-	-	(85,441)	(85,441)
At 31 December 2016	<u>631,801</u>	<u>56,908</u>	<u>113,885</u>	<u>802,594</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 31 December 2016.

There were no outstanding convertibles that may result in the issuance of shares as at 31 December 2016 and 31 December 2015.

The Company had no treasury shares as at 31 December 2016 and 31 December 2015.

- 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 31 December 2016 and 31 March 2016.

The Company had no treasury shares as at 31 December 2016 and 31 March 2016.

- 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 FY2016.

- 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.

	Third quarter		Nine months	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Basic and diluted earnings per share (cents)	2.07	9.40	27.11	32.86

	Third quarter		Nine months	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
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	
	31.12.2016	31.03.2016	31.12.2016	31.03.2016
Net asset value per ordinary share	\$4.92	\$4.98	\$3.10	\$3.09

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.**

3Q FY2017 vs 3Q FY2016

- (1) For 3Q FY2017, revenue and cost of sales decreased by 75.6% and 74.3% respectively as compared to 3Q FY2016. The decrease was due to lower profit margins recognised in 3Q FY2017 than in 3Q FY2016.
- (2) For 3Q FY2017, gross profit decreased by 76.1% as compared to 3Q FY2016. The decrease was mainly due to lower sales and lower profit recognition on development projects. In 3Q FY2017, profits were recognised for Luxus Hills Phase 7 and Skyline Residences. For 3Q FY2016, profits were recognised for Luxus Hills Phase 6 and 7 and Skyline Residences.

9M FY2017 vs 9M FY2016

- (3) Revenue and cost of sales decreased by 52.5% and 70.7% respectively as compared to 9M FY2016. For FY2017, profits were recognised for Luxus Hills Phase 6 and 7 and Skyline Residences. For FY2016, profits were recognised for Luxus Hills Phase 6 and 7, Skyline Residences, The Vermont on Cairnhill and Paterson Suites. Gross profit decreased by 22.7% as compared to 9M FY2016.
- (4) Other income decreased by 85.8% as compared to 9M FY 2016. The decrease was mainly due to income from write-off of unclaimed dividend accounts and forfeiture of an abortive sale in 9M FY2016. There was no write-off of unclaimed dividend accounts and abortive sales in 9M FY2017.
- (5) Administrative expenses increased by 19.3% as compared to 9M FY2016 mainly due to higher professional charges and adjustment of provision of bonus for the previous year.
- (6) Other operating expenses increased by 30.3% as compared to 9M FY2016 mainly due to higher maintenance charges incurred and property taxes paid for unsold properties units (Skyline Residences, Paterson Collection and Paterson Phase 3) that have obtained TOP.
- (7) Finance income was \$3.9 m, an increase of 54.4% as compared to \$2.5 m in 9M FY2016. This was due to higher interest income earned from additional fixed deposits placed with banks.
- (8) Lower tax expense was due to write back of deferred tax liabilities no longer required. Net profit after tax was \$70.2 m, a decrease of 17.5% as compared to \$85.1 m in 9M FY2016.

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.**

The real estate statistics released by URA showed that overall private residential property prices declined by 0.5% in the 4th Quarter 2016, compared with 1.5% decrease in the previous quarter. This was the thirteenth consecutive quarter of decline in private residential property prices. For the whole of 2016 overall private residential property prices fell by 3.1%, compared with the 3.7% decline in 2015.

The government has reiterated that property cooling measures continue to be relevant and it is unlikely to ease in the short term. Buying sentiment for the Singapore residential property is expected to remain subdued in the current year with the continuing effects of cooling measures and slowing economic growth.

- 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 nine months ended 31 December 2016.

- 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 Third 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 third quarter financial results ended 31 December 2016 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 FEBRUARY 2017**