



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 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 third quarter (3Q FY2019/20) and nine months (9M FY2019/20) ended 31 December 2019 #

	Note	Third quarter			Nine months		
		3Q FY2019/20	3Q FY2018/19	Change	9M FY2019/20	9M FY2018/19	Change
		01.10.2019 to 31.12.2019	01.10.2018 to 31.12.2018	%	01.04.2019 to 31.12.2019	01.04.2018 to 31.12.2018	%
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		78,384	122,293	-36	297,108	301,372	-1
Cost of sales		(44,073)	(64,352)	-32	(161,982)	(155,479)	4
Gross profit	1	34,311	57,941	-41	135,126	145,893	-7
Other income		-	338	n.m.	6	372	-98
Administrative expenses	2	(2,111)	(1,647)	28	(6,133)	(4,415)	39
Other operating expenses	3	(2,194)	(2,643)	-17	(9,742)	(7,312)	33
Profit from operations		30,006	53,989	-44	119,257	134,538	-11
Finance income	4	595	23	n.m.	1,352	367	269
Finance costs	5	(2,641)	(44)	n.m.	(9,830)	(81)	n.m.
Net finance (costs)/income		(2,046)	(21)	n.m.	(8,478)	286	n.m.
Profit before tax ¹		27,960	53,968	-48	110,779	134,824	-18
Tax expense	6	(4,282)	(9,321)	-54	(20,471)	(21,979)	-7
Profit after tax and total comprehensive income for the period		23,678	44,647	-47	90,308	112,845	-20

n.m. - not meaningful

The company does not intend to continue with quarterly reporting with effect from the next financial year commencing 1 April 2020.

¹ Profit before tax includes the following:

	Third quarter			Nine months		
	3Q FY2019/20	3Q FY2018/19		9M FY2019/20	9M FY2018/19	
	01.10.2019	01.10.2018		01.04.2019	01.04.2018	
	to	to	Change	to	to	Change
	31.12.2019	31.12.2018		31.12.2019	31.12.2018	
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation	(1,034)	(50)	n.m.	(4,592)	(198)	n.m.
Interest income	595	23	n.m.	1,352	367	268
Interest expense	(2,406)	(44)	n.m.	(9,040)	(81)	n.m.
Amortisation of transaction costs on bank loans	(235)	-	n.m.	(790)	-	n.m.
Property, plant and equipment written off	-	(11)	n.m.	-	(11)	n.m.
Gain on disposal of property, plant and equipment	-	-	n.m.	3	-	n.m.

n.m. - not meaningful

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

3Q FY2019/20 vs 3Q FY2018/19

Note 1 – Gross profit

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

Note 2 – Administrative expenses

The increase was mainly due to administrative and payroll related expenses of Fraser Residence Orchard, Singapore ("FROS") and depreciation of right-of-use assets following the adoption of SFRS(I) 16 Leases on 1 April 2019.

In 3Q FY2018/19, there were no such expenses.

Note 3 – Other operating expenses

The decrease was mainly due to lower maintenance charges for development properties.

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 – Finance costs

The increase was mainly due to borrowing costs on loan relating to Katong Park Towers.

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	
		31.12.2019 \$'000	31.03.2019 \$'000	31.12.2019 \$'000	31.03.2019 \$'000
Non-current assets					
Investment property		3,525	3,649	-	-
Property, plant and equipment	1	255,299	258,277	-	-
Investments in subsidiaries		-	-	313,000	313,000
Deferred tax assets		4,870	2,461	-	-
		<u>263,694</u>	<u>264,387</u>	<u>313,000</u>	<u>313,000</u>
Current assets					
Development properties	2	1,270,525	1,304,129	-	-
Contract costs		-	363	-	-
Contract assets		70,599	124,299	-	-
Consumable stocks		432	224	-	-
Trade and other receivables	3	30,627	15,929	440,221	444,243
Cash and cash equivalents	4	245,205	72,219	202,384	25,218
		<u>1,617,388</u>	<u>1,517,163</u>	<u>642,605</u>	<u>469,461</u>
Total assets		<u>1,881,082</u>	<u>1,781,550</u>	<u>955,605</u>	<u>782,461</u>
Equity attributable to owners of the Company					
Share capital		631,801	631,801	631,801	631,801
Reserves		706,036	672,732	53,771	110,345
Total equity		<u>1,337,837</u>	<u>1,304,533</u>	<u>685,572</u>	<u>742,146</u>
Non-current liabilities					
Interest-bearing bank loans	5	387,561	367,242	-	-
Other payables	6	24,679	14,832	-	-
Lease liabilities	7	321	-	-	-
Provision		78	73	-	-
Deferred tax liabilities	8	5,189	15,976	2	2
		<u>417,828</u>	<u>398,123</u>	<u>2</u>	<u>2</u>
Current liabilities					
Trade and other payables	9	91,171	63,367	270,031	40,186
Lease liabilities	7	290	-	-	-
Contract liabilities		474	-	-	-
Interest-bearing bank loans	5	-	15,400	-	-
Current tax payable	10	33,482	127	-	127
		<u>125,417</u>	<u>78,894</u>	<u>270,031</u>	<u>40,313</u>
Total liabilities		<u>543,245</u>	<u>477,017</u>	<u>270,033</u>	<u>40,315</u>
Total equity and liabilities		<u>1,881,082</u>	<u>1,781,550</u>	<u>955,605</u>	<u>782,461</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 which commenced in April 2019.

Note 2 – 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 3 – Trade and other receivables

The increase was mainly due to higher receivables relating to projects which had obtained 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, Luxus Hills Phases 8 and 9.

Note 5 – Interest-bearing bank loans

The increase was mainly due to loan drawn down to finance development costs of Katong Park Towers offset against repayment of short-term loan.

Note 6 – Other payables

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

Note 7 – Lease liabilities

The increase was due to the adoption of SFRS(I) 16 *Leases* with effect from 1 April 2019 whereby the obligations to make future lease payments are recognised in the statement of financial position. The lease liabilities relate to an office premise and office equipment.

Note 8 – Deferred tax liabilities

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

Note 9 – Trade and other payables

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

Note 10 – Current tax payable

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

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

	31.12.2019 \$'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	387,561	249,897
<u>Secured</u>		
- Amount repayable in one year or less, or on demand	Nil	Nil
- Amount repayable after one year	Nil	117,345

Details of any collaterals

As at 31 December 2019, 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.**

	Third quarter		Nine months	
	3Q FY2019/20	3Q FY2018/19	9M FY2019/20	9M FY2018/19
	01.10.2019	01.10.2018	01.04.2019	01.04.2018
	to	to	to	to
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	27,960	53,968	110,779	134,824
Adjustments for:				
Depreciation of investment property	43	40	124	121
Depreciation of property, plant and equipment	991	10	4,468	77
Property, plant and equipment written off	-	11	-	11
Gain on disposal of property, plant and equipment	-	-	(3)	-
Interest income	(595)	(23)	(1,352)	(367)
Interest expense	2,641	44	9,830	81
	31,040	54,050	123,846	134,747
Changes in:				
Consumable stocks	(5)	-	(208)	-
Development properties	(44,025)	54,800	33,604	(119,235)
Contract costs	71	-	363	-
Contract assets	5,951	(28,945)	53,700	(111,251)
Trade and other receivables	23,458	(51,584)	(15,118)	(16,135)
Trade and other payables	553	(5,291)	37,019	(12,037)
Contract liabilities	474	7,752	474	6,844
Cash generated from/(used in) operations	17,517	30,782	233,680	(117,067)
Interest received	525	55	1,190	678
Tax paid	(151)	(263)	(312)	(622)
Net cash generated from/(used in) operating activities	17,891	30,574	234,558	(117,011)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	-	110	-
Additions to property, plant and equipment	(410)	(18,221)	(809)	(22,163)
Net cash used in investing activities	(410)	(18,221)	(699)	(22,163)
Cash flows from financing activities				
Dividends paid	-	-	(56,960)	(46,604)
Proceeds from borrowings	20,196	-	137,796	248,200
Repayment of borrowings	-	(13,000)	(133,000)	(130,600)
Interest paid	(2,343)	(901)	(8,469)	(2,107)
Payment for lease liability	(89)	-	(240)	-
Net cash generated from/(used in) financing activities	17,764	(13,901)	(60,873)	68,889
Net increase/(decrease) in cash and cash equivalents	35,245	(1,548)	172,986	(70,285)
Cash and cash equivalents at beginning of the period	209,960	76,897	72,219	145,634
Cash and cash equivalents at end of the period	245,205	75,349	245,205	75,349

- 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	-	-	112,845	112,845
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to owners</i>				
Dividends paid	-	(46,604)	-	(46,604)
Total contributions by and distributions to owners	-	(46,604)	-	(46,604)
Total transactions with owners	-	(46,604)	-	(46,604)
At 31 December 2018	631,801	10,304	673,982	1,316,087
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	-	-	90,308	90,308
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to owners</i>				
Dividends paid	-	(10,304)	(46,656)	(56,960)
Total contributions by and distributions to owners	-	(10,304)	(46,656)	(56,960)
Total transactions with owners	-	(10,304)	(46,656)	(56,960)
At 31 December 2019	631,801	-	706,036	1,337,837

Company	Share capital \$'000	Capital reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 April 2018	631,801	56,908	31,065	719,774
Total comprehensive income for the period				
Loss for the period	-	-	(310)	(310)
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to owners</i>				
Dividends paid	-	(46,604)	-	(46,604)
Total contributions by and distributions to owners	-	(46,604)	-	(46,604)
Transactions with owners	-	(46,604)	-	(46,604)
At 31 December 2018	631,801	10,304	30,755	672,860
At 1 April 2019	631,801	10,304	100,041	742,146
Total comprehensive income for the period				
Profit for the period	-	-	386	386
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to owners</i>				
Dividends paid	-	(10,304)	(46,656)	(56,960)
Total contributions by and distributions to owners	-	(10,304)	(46,656)	(56,960)
Total transactions with owners	-	(10,304)	(46,656)	(56,960)
At 31 December 2019	631,801	-	53,771	685,572

- 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 3 months ended 31 December 2019.

There were no outstanding convertibles that may result in the issuance of shares as at 31 December 2019 and 31 December 2018.

The Company had no treasury shares and subsidiary holdings as at 31 December 2019 and 31 December 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 31 December 2019 and 31 March 2019.

The Company had no treasury shares as at 31 December 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.

- 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 2019 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.**

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 *Leases* 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 *Leases* replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

The Group applied the modified retrospective approach with no restatement of comparative information and the practical expedient for recognition exemptions for short-term leases and leases of low-value items.

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 *Leases* 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.

	Third quarter		Nine months	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Basic and diluted earnings per share (cents)	9.15	17.24	34.88	43.58

	Third quarter		Nine months	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
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 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	
	31.12.2019	31.03.2019	31.12.2019	31.03.2019
Net asset value per ordinary share	\$5.17	\$5.04	\$2.65	\$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.

3Q FY2019/20 vs 3Q FY2018/19

- (1) Revenue and cost of sales decreased by 36% and 32% respectively as compared to 3Q FY2018/19. Gross profit decreased by 41% as compared to 3Q FY2018/19.

In 3Q FY2019/20, profits were recognised for 8 St Thomas, Luxus Hills Phases 8 and 9, Nim Collection Phase 2, and Watercove.

In 3Q FY2018/19, profits were recognised for 8 St Thomas, Nim Collection Phases 1 and 2 and Watercove.

- (2) Net profit after tax was \$23.7 m, decrease of 47% as compared to \$44.6 m in 3Q FY2018/19.

9M FY2019/20 vs 9M FY2018/19

- (3) Revenue decreased marginally by 1% and cost of sales increased by 4% as compared to 9M FY2018/19. Gross profit decreased by 7% as compared to 9M FY2018/19.

In 9M FY2019/20, profits were recognised for 8 St Thomas, Luxus Hills Phases 8 and 9, Nim Collection Phases 1 and 2, and Watercove.

In 9M FY2018/19, profits were recognised for 8 St Thomas, Nim Collection Phases 1 and 2 and Watercove.

- (4) Administrative expenses increased by 39% mainly due to administrative and payroll-related expenses of FROS which commenced soft opening in April 2019 and depreciation of right-of-use assets. There were no such expenses in 9M FY2018/19.
- (5) Other operating expenses increased by 33% mainly due to depreciation of property, plant and equipment of FROS.
- (6) The increase of finance costs of \$9.7 m was due to borrowing costs on loans relating to Katong Park Towers and The Atelier.
- (7) Lower tax expense in 9M FY2019/20 mainly due to lower profit as compared to 9M FY2018/19.
- (8) Net profit after tax was \$90.3 m, decrease of 20% as compared to \$112.8 m in 9M 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 0.5% in the 4th quarter 2019, compared to 1.3% increase in the previous quarter. For the whole of 2019, overall private residential property prices rose by 2.7% compared with a 7.9% increase in 2018. The total number of new residential units sold in 2019 was 9,912 units, 12.7% higher than 8,795 units sold in 2018.

The residential property market has proven to be resilient in 2019 in spite of the cooling measures introduced in July 2018. However, the Group believes that the demand for housing properties in Singapore may be impacted by the uncertainty in the economic outlook as a result of the continuing trade tension between United States of America and China as well as the ongoing global public health crisis following the outbreak of the Covid-19 in Wuhan. The Group will keep abreast of the evolving dynamics of the residential property market in preparation for the launch of 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 third quarter ended 31 December 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 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 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
13 FEBRUARY 2020**