



## BUKIT SEMBAWANG ESTATES LIMITED

(Company Registration Number: 196700177M)

(Incorporated in Singapore on 27 June 1967)

### Financial Statement and Dividend Announcement for the Fourth Quarter and Twelve Months ended 31 March 2014

#### 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 fourth quarter (4Q FY2014) and twelve months (FY2014) ended 31 March 2014

	Fourth quarter			Twelve months		
	4Q FY2014	4Q FY2013	Change	FY2014	FY2013	Change
	01.01.2014 to 31.03.2014	01.01.2013 to 31.03.2013		01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013	
Note	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	89,518	46,029	94.5	408,289	354,658	15.1
Cost of sales	1 (49,085)	(13,567)	261.8	(248,700)	(207,367)	19.9
<b>Gross profit</b>	2 40,433	32,462	24.6	159,589	147,291	8.3
Other income	334	1,145	(70.8)	478	1,327	(64.0)
Administrative expenses	3 (1,429)	(562)	154.3	(3,771)	(3,109)	21.3
Other operating expenses	4 (19,745)	(1,171)	1,586.2	(23,210)	(4,747)	388.9
<b>Profit from operations</b>	19,593	31,874	(38.5)	133,086	140,762	(5.5)
Finance income	5 95	70	35.7	238	2,210	(89.2)
Finance expense	-	-	N.A.	-	(12)	(100.0)
<b>Net finance income</b>	95	70	35.7	238	2,198	(89.2)
<b>Profit before income tax</b> <sup>1</sup>	19,688	31,944	(38.4)	133,324	142,960	(6.7)
Income tax expense	6 (1,470)	(6,236)	(76.4)	(22,066)	(28,316)	(22.1)
<b>Profit for the period/year attributable to equity holders of the Company</b>	18,218	25,708	(29.1)	111,258	114,644	(3.0)
Other comprehensive income for the period/year, net of income tax	-	-	-	-	-	-
<b>Total comprehensive income for the period/year</b>	18,218	25,708	(29.1)	111,258	114,644	(3.0)
<b>Earnings per share</b> <sup>2</sup>						
Basic earnings per share (cents)	7.04	9.93		42.97	44.28	
Diluted earnings per share (cents)	7.04	9.93		42.97	44.28	

<sup>1</sup> Profit before income tax includes the following:

	Fourth quarter			Twelve months		
	4Q FY2014	4Q FY2013	Change	FY2014	FY2013	Change
	01.01.2014 to 31.03.2014	01.01.2013 to 31.03.2013	%	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013	%
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation and amortisation	(51)	(65)	(21.5)	(239)	(261)	(8.4)
Interest income	95	70	35.7	238	318	(25.2)
Interest expense	-	-	N.A.	-	(12)	(100.0)
Mark-to-market gain on derivative financial instruments	-	-	N.A.	-	1,892	(100.0)
Provision for foreseeable loss on a development property	17,494	-	100.0	17,494	-	100.0

<sup>2</sup> 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 – Cost of sales

The higher cost of sales for FY2014 as compared to FY2013 is due to increase in land and construction cost.

##### Note 2 – Gross profit

The overall higher gross profit for FY2014 as compared to FY2013 is mainly due to higher profit recognition on development projects that have obtained TOP.

##### Note 3 – Administrative expenses

The higher administrative expenses in 4Q FY2014 as compared to 4Q FY2013 is mainly due to provision of performance bonus. Last year's bonus provision was made in 3Q FY2013. The overall increase in FY2014 as compared to FY2013 includes performance bonus and salary adjustment.

##### Note 4 – Other operating expenses

The overall higher other operating expenses in FY2014 is mainly due to the recognition of foreseeable loss on Paterson Collection development project amounting to \$17.5 million in 4Q FY2014.

Excluding the foreseeable loss, other operating expenses amounted to \$5.7 million for FY2014 as compared to \$4.7 million for FY2013. Other operating expenses for both periods relate mainly to property tax and other development costs on development projects pending development.

##### Note 5 – Finance income

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

##### Note 6 – Income tax expense

The decrease in income tax expense in 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 FY2014 compared to \$7.5 million for 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	
		31.03.2014 \$'000	31.03.2013 \$'000	31.03.2014 \$'000	31.03.2013 \$'000
<b>Non-current assets</b>					
Investment property		4,362	4,522	-	-
Property, plant and equipment		204	268	-	-
Investments in subsidiaries		-	-	80,294	80,294
Deferred tax assets		244	244	-	-
		<u>4,810</u>	<u>5,034</u>	<u>80,294</u>	<u>80,294</u>
<b>Current assets</b>					
Development properties	1	1,118,445	1,083,290	-	-
Trade and other receivables	2	5,610	16,964	803,155	883,344
Cash and cash equivalents	3	204,896	142,080	89,319	12,802
		<u>1,328,951</u>	<u>1,242,334</u>	<u>892,474</u>	<u>896,146</u>
<b>Total assets</b>		<b><u>1,333,761</u></b>	<b><u>1,247,368</u></b>	<b><u>972,768</u></b>	<b><u>976,440</u></b>
<b>Equity attributable to shareholders of the Company</b>					
Share capital		631,801	631,801	631,801	631,801
Reserves	4	600,177	527,756	127,431	166,510
<b>Total equity</b>		<u>1,231,978</u>	<u>1,159,557</u>	<u>759,232</u>	<u>798,311</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities		10,422	13,027	14	14
		<u>10,422</u>	<u>13,027</u>	<u>14</u>	<u>14</u>
<b>Current liabilities</b>					
Trade and other payables	5	65,746	56,963	213,522	178,115
Current tax payable		25,615	17,821	-	-
		<u>91,361</u>	<u>74,784</u>	<u>213,522</u>	<u>178,115</u>
<b>Total liabilities</b>		<u>101,783</u>	<u>87,811</u>	<u>213,536</u>	<u>178,129</u>
<b>Total equity and liabilities</b>		<b><u>1,333,761</u></b>	<b><u>1,247,368</u></b>	<b><u>972,768</u></b>	<b><u>976,440</u></b>

**Notes to the Statement of Financial Position of the Group:**

## Note 1 – Development properties

The increase is due to lower progress billings for uncompleted development projects.

## 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

Cash balances and cash generated from operations are used to pay for construction costs and dividends.

## Note 4 – Reserves

The increase is due to profit after tax for the year net of dividend payment.

## 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.**

	31.03.2014 \$'000	31.03.2013 \$'000
<b><u>Unsecured</u></b>		
- Amount repayable in one year or less, or on demand	Nil	Nil
- Amount repayable after one year	Nil	Nil
<b><u>Secured</u></b>		
- 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.

	Fourth quarter		Twelve months	
	4Q FY2014	4Q FY2013	FY2014	FY2013
	01.01.2014 to 31.03.2014	01.01.2013 to 31.03.2013	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	19,688	31,944	133,324	142,960
<b>Adjustments for:</b>				
Depreciation of investment property	40	41	160	161
Depreciation of property, plant and equipment	11	25	79	100
Interest expense	-	-	-	12
Interest income	(95)	(70)	(238)	(318)
Mark-to-market gain on derivative financial instruments	-	-	-	(1,892)
Provision for foreseeable loss on a development property	17,494	-	17,494	-
<b>Operating profit before working capital changes</b>	<u>37,138</u>	<u>31,940</u>	<u>150,819</u>	<u>141,023</u>
Changes in working capital:				
Development properties	61,003	(24,627)	(52,649)	48,199
Trade and other receivables	(1,379)	(12,971)	11,364	(1,090)
Trade and other payables	10,035	(7,364)	8,783	8,452
Cash generated from/(used in) operations	106,797	(13,022)	118,317	196,584
Interest received	35	38	228	329
Income tax refund/(paid)	3	(2,288)	(16,877)	(23,435)
<b>Net cash from/(used in) operating activities</b>	<u>106,835</u>	<u>(15,272)</u>	<u>101,668</u>	<u>173,478</u>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(12)	-	(15)	(249)
<b>Net cash (used in)/from investing activities</b>	<u>(12)</u>	<u>-</u>	<u>(15)</u>	<u>(249)</u>
<b>Cash flows from financing activities</b>				
Interest paid (including amounts capitalised in development properties)	-	(181)	-	(5,983)
Repayments of bank loans	-	-	-	(277,000)
Dividends paid	-	-	(38,837)	(46,604)
<b>Net cash used in financing activities</b>	<u>-</u>	<u>(181)</u>	<u>(38,837)</u>	<u>(329,587)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	106,823	(15,453)	62,816	(156,358)
Cash and cash equivalents at beginning of the period/year	98,073	157,533	142,080	298,438
<b>Cash and cash equivalents at end of the period/year</b>	<u>204,896</u>	<u>142,080</u>	<u>204,896</u>	<u>142,080</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
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	114,644	-	114,644
<b>Transactions with owners, recorded directly in equity</b>					
Dividends to equity holders:					
- final/special dividends for the previous year, paid	-	-	-	(46,604)	(46,604)
- final/special dividends for the year, proposed	-	-	(38,837)	38,837	-
At 31 March 2013	<u>631,801</u>	<u>60,714</u>	<u>428,205</u>	<u>38,837</u>	<u>1,159,557</u>
At 1 April 2013	631,801	60,714	428,205	38,837	1,159,557
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	111,258	-	111,258
<b>Transactions with owners, recorded directly in equity</b>					
Dividends to equity holders:					
- final/special dividends for the previous year, paid	-	-	-	(38,837)	(38,837)
- final/special dividends for the year, proposed	-	-	(41,426)	41,426	-
At 31 March 2014	<u>631,801</u>	<u>60,714</u>	<u>498,037</u>	<u>41,426</u>	<u>1,231,978</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
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	2,417	-	2,417
<b>Transactions with owners, recorded directly in equity</b>					
Dividends to equity holders:					
- final/special dividends for the previous year, paid	-	-	-	(46,604)	(46,604)
- final/special dividends for the year, proposed	-	-	(38,837)	38,837	-
At 31 March 2013	<u>631,801</u>	<u>61,908</u>	<u>65,765</u>	<u>38,837</u>	<u>798,311</u>
At 1 April 2013	631,801	61,908	65,765	38,837	798,311
<b>Total comprehensive income for the year</b>					
Loss for the year	-	-	(242)	-	(242)
<b>Transactions with owners, recorded directly in equity</b>					
Dividends to equity holders:					
- final/special dividends for the previous year, paid	-	-	-	(38,837)	(38,837)
- final/special dividends for the year, proposed	-	-	(41,426)	41,426	-
At 31 March 2014	<u>631,801</u>	<u>61,908</u>	<u>24,097</u>	<u>41,426</u>	<u>759,232</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 March 2014.

There were no outstanding convertibles that may result in the issuance of shares as at 31 March 2014 and 31 March 2013.

The Company had no treasury shares as at 31 March 2014 and 31 March 2013.

- 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 March 2014 and 31 March 2013.

The Company had no treasury shares as at 31 March 2014 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 year 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/year attributable to equity holders of the Company and the weighted average number of ordinary shares set out below.

	Fourth quarter		Twelve months	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Basic earnings per share (cents)	7.04	9.93	42.97	44.28
Diluted earnings per share (cents)	7.04	9.93	42.97	44.28

	Fourth quarter		Twelve months	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
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	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Net asset value per ordinary share	\$4.76	\$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 FY2014 is \$408.3 million as compared to \$354.7 million in FY2013.

The higher gross profit for FY2014 as compared to FY2013 is mainly due to higher profit recognition on development projects that have obtained TOP.

The 6.7% decrease in net profit before tax from \$143.0 million in FY2013 to \$133.3 million in FY2014 despite an increase in gross profit is due to the recognition of foreseeable loss on Paterson Collection development project amounting to \$17.5 million as a result of the weakening property market, especially in the high-end segment. Excluding the foreseeable loss, net profit before tax for FY2014 amounted to \$150.8 million.

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

No forecast for the year ended 31 March 2014 was previously provided.

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 cumulative effects of the Singapore Government's property cooling measures and implementation of the Total Debt Servicing Ratio rules for housing loans have dampened the demand and the pricing of private residential properties. The sales of new private residential units fell 32% to 1,744 units in 1Q 2014 compared to 2,568 units sold in the last quarter of 2013.

Prices of private residential units in Singapore dipped by 1.3% quarter-to-quarter in 1Q 2014 according to Urban Redevelopment Authority statistics. Prices of non-landed private residential properties for high-end segment in the Core Central Region fell 1.1% in 1Q 2014 after the 2.1% decrease in the preceding quarter.

The market conditions for landed and high-end residential property remain challenging and this will adversely affect the Group's sales performance in the current year.

11 **Dividend**

	31.03.2014	31.03.2013
Name of dividend	Final Ordinary	Final Ordinary
Dividend type	Cash	Cash
Dividend rate	4 cents	4 cents
Tax rate	Tax exempt (One-tier)	Tax exempt (One-tier)
Name of dividend	Final Special	Final Special
Dividend type	Cash	Cash
Dividend rate	12 cents	11 cents
Tax rate	Tax exempt (One-tier)	Tax exempt (One-tier)

The Board of Directors has recommended a final dividend of 4 cents per ordinary share and a special dividend of 12 cents per ordinary share for the year ended 31 March 2014. The proposed final and special dividends, if approved by the shareholders of the Company at the 48<sup>th</sup> Annual General Meeting, will be paid on 15 August 2014.

**Books closure date**

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed on 6 August 2014, for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 up to the close of business at 5.00 p.m. on 5 August 2014 will be registered to determine shareholders' entitlement to the above dividend. In respect of shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the said dividend will be paid by the Company to CDP, which will in turn distribute the dividend entitlement to holders of shares in accordance with its practice.

The 48<sup>th</sup> Annual General Meeting of the Company will be held at Amara Singapore Hotel, Ballroom 2, Level 3, 165 Tanjong Pagar Road, Singapore 088539 on 25 July 2014 at 10:30 a.m.

12 **If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

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.

## PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Development properties		Investment holding		Total	
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	407,812	354,206	477	452	408,289	354,658
Finance income	153	262	85	6,146	238	6,408
Finance expense	-	(12)	-	(4,198)	-	(4,210)
Depreciation	79	100	160	161	239	261
Reportable segment profit/(loss) before tax	133,421	140,416	(69)	2,568	133,352	142,984
Other material non-cash item: - Provision for foreseeable loss on a development property	(17,494)	-	-	-	(17,494)	-
Capital expenditure	15	250	-	-	15	250

- 15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Note 8.

- 16 A breakdown of sales as follows:-

Group	01.04.2013 to 31.03.2014 \$'000	01.04.2012 to 31.03.2013 \$'000	Change %
(a) Sales reported for first half year	249,442	228,016	9.4
(b) Operating profit after tax before deducting minority interests reported for first half year	74,544	65,593	13.6
(c) Sales reported for second half year	158,847	126,642	25.4
(d) Operating profit after tax before deducting minority interests reported for second half year	36,714	49,051	(25.2)

- 17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Total annual dividend	Latest 12 months \$'000	Previous 12 months \$'000
Ordinary Preference	41,426 -	38,837 -
Total	41,426	38,837

- 18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that, to the best of its knowledge, belief and information, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or the chief executive officer or a substantial shareholder of the Company.

BY ORDER OF THE BOARD

TAN GUAT NGOH  
COMPANY SECRETARY  
27 MAY 2014