



## 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 2018

#### 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 FY2018) and twelve months (FY2018) ended 31 March 2018

	Note	Fourth quarter			Twelve months		
		4Q FY2018	4Q FY2017	Change	FY2018	FY2017	Change
		01.01.2018 to 31.03.2018	01.01.2017 to 31.03.2017	%	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017	%
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		32,841	15,207	116.0	98,135	143,395	(31.6)
Cost of sales		(5,730)	(4,758)	20.4	(28,875)	(53,796)	(46.3)
<b>Gross profit</b>	1	<u>27,111</u>	<u>10,449</u>	159.5	<u>69,260</u>	<u>89,599</u>	(22.7)
Other income		94	31	203.2	194	142	36.6
Administrative expenses	2	(1,117)	(855)	30.6	(4,317)	(3,912)	10.4
Other operating expenses	3	(1,450)	(6,586)	(78.0)	(2,488)	(11,264)	(77.9)
<b>Profit from operations</b>		<u>24,638</u>	<u>3,039</u>	n.m.	<u>62,649</u>	<u>74,565</u>	(16.0)
Finance income	4	462	1,238	(62.7)	2,876	5,167	(44.3)
Finance expense	5	(33)	-	n.m.	(33)	-	n.m.
<b>Net finance income</b>		<u>429</u>	<u>1,238</u>	(65.3)	<u>2,843</u>	<u>5,167</u>	(45.0)
<b>Profit before tax</b> <sup>1</sup>		<u>25,067</u>	<u>4,277</u>	n.m.	<u>65,492</u>	<u>79,732</u>	(17.9)
Tax expense	6	(3,589)	(2,013)	78.3	(10,180)	(7,274)	40.0
<b>Profit and total comprehensive income for the period/year</b>		<u>21,478</u>	<u>2,264</u>	n.m.	<u>55,312</u>	<u>72,458</u>	(23.7)

n.m. - not meaningful

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

	Fourth quarter			Twelve months		
	4Q FY2018	4Q FY2017	Change	FY2018	FY2017	Change
	01.01.2018 to 31.03.2018 \$'000	01.01.2017 to 31.03.2017 \$'000	%	01.04.2017 to 31.03.2018 \$'000	01.04.2016 to 31.03.2017 \$'000	%
Depreciation and amortisation	(62)	(79)	(21.5)	(264)	(295)	(10.5)
Finance income	462	1,238	(62.7)	2,876	5,167	(44.3)
Finance expense	(33)	-	n.m.	(33)	-	n.m.
Allowance for foreseeable losses on development properties (recognised)/written back	-	(5,039)	n.m.	35,545	(5,039)	n.m.
Over provision in prior years taxation	875	-	n.m.	1,245	5,366	(76.8)
n.m. - not meaningful						

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

##### 4Q FY2018 vs 4Q FY2017

##### Note 1 – Gross profit

The increase in gross profit was mainly due to higher profit recognised on development projects based on the percentage of completion method.

##### Note 2 – Administrative expenses

The increase was mainly due to higher professional charges.

##### Note 3 – Other operating expenses

In 4Q FY2018, there was no allowance for foreseeable losses on development properties.

In 4Q FY2017, there was an allowance for foreseeable losses of \$5 m for Paterson Collection.

##### Note 4 – Finance income

The decrease in finance income was mainly due to the lower interest income earned from fixed deposits placed with banks.

##### Note 5 – Finance expense

The increase was due to the interest costs paid for the sale and purchase of Paterson Collection.

##### Note 6 – Tax expense

The increase in tax expense was mainly due to higher gross 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	
		31.03.2018 \$'000	31.03.2017 \$'000	31.03.2018 \$'000	31.03.2017 \$'000
<b>Non-current assets</b>					
Investment property		3,811	3,973	-	-
Property, plant and equipment	1	241,284	102	-	-
Investments in subsidiaries		-	-	310,000	310,000
Deferred tax assets	2	16,814	23,760	-	-
		<u>261,909</u>	<u>27,835</u>	<u>310,000</u>	<u>310,000</u>
<b>Current assets</b>					
Development properties	3	857,742	997,020	-	-
Trade and other receivables	4	61,292	24,494	322,906	208,235
Cash and cash equivalents	5	145,634	365,378	99,341	345,246
		<u>1,064,668</u>	<u>1,386,892</u>	<u>422,247</u>	<u>553,481</u>
<b>Total assets</b>		<b><u>1,326,577</u></b>	<b><u>1,414,727</u></b>	<b><u>732,247</u></b>	<b><u>863,481</u></b>
<b>Equity attributable to shareholders of the Company</b>					
Share capital		631,801	631,801	631,801	631,801
Reserves		614,919	645,048	87,973	170,945
<b>Total equity</b>		<u>1,246,720</u>	<u>1,276,849</u>	<u>719,774</u>	<u>802,746</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities	6	2,511	355	49	355
		<u>2,511</u>	<u>355</u>	<u>49</u>	<u>355</u>
<b>Current liabilities</b>					
Trade and other payables	7	76,611	111,810	11,740	59,850
Current tax payable	8	735	25,713	684	530
		<u>77,346</u>	<u>137,523</u>	<u>12,424</u>	<u>60,380</u>
<b>Total liabilities</b>		<u>79,857</u>	<u>137,878</u>	<u>12,473</u>	<u>60,735</u>
<b>Total equity and liabilities</b>		<b><u>1,326,577</u></b>	<b><u>1,414,727</u></b>	<b><u>732,247</u></b>	<b><u>863,481</u></b>

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

## Note 1 – Property, plant and equipment

The increase was due to the transfer of the Paterson Collection project from development properties to property, plant and equipment, as the Group has retained the project.

## Note 2 – Deferred tax assets

The decrease was mainly due to utilisation of deferred tax asset balances.

## Note 3 – Development properties

The decrease was due to the transfer of the Paterson Collection project to property, plant and equipment which was offset by higher development costs capitalised during the year.

## Note 4 – Trade and other receivables

The increase was mainly due to payment of deposits for the en-bloc purchase of Katong Park Towers and Makeway View projects.

## Note 5 – Cash and cash equivalents

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

## Note 6 – Deferred tax liabilities

The increase was mainly due to higher deferred tax provision for units sold but under development.

## Note 7 – Trade and other payables

The decrease was mainly due to lower accrued costs relating to the construction costs of the development projects.

## Note 8 – Current tax payable

The decrease was mainly due to payments of tax during the year.

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

	31.03.2018 \$'000	31.03.2017 \$'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 FY2018	4Q FY2017	FY2018	FY2017
	01.01.2018 to 31.03.2018	01.01.2017 to 31.03.2017	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
Note	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	25,067	4,277	65,492	79,732
<b>Adjustments for:</b>				
Depreciation of investment property	40	40	162	162
Depreciation of property, plant and equipment	22	39	102	133
Gain on disposal of property, plant and equipment	-	-	(38)	-
Net finance income	(429)	(1,238)	(2,843)	(5,167)
Allowance for foreseeable losses on development properties recognised/(written back)	-	5,039	(35,545)	5,039
	<u>24,700</u>	<u>8,157</u>	<u>27,330</u>	<u>79,899</u>
Changes in:				
Development properties	(45,995)	(25,695)	(65,357)	(60,176)
Trade and other receivables	(56,496)	(2,166)	(38,577)	69,700
Trade and other payables	(2,996)	1,264	(35,199)	(29,238)
Cash (used in)/generated from operations	<u>(80,787)</u>	<u>(18,440)</u>	<u>(111,803)</u>	<u>60,185</u>
Interest received	356	528	4,655	3,339
Taxes refunded/(paid)	15	-	(26,056)	(24,457)
<b>Net cash (used in)/from operating activities</b>	<u>1 (80,416)</u>	<u>(17,912)</u>	<u>(133,204)</u>	<u>39,067</u>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	-	-	45	-
Additions to property, plant and equipment	<u>(892)</u>	<u>-</u>	<u>(1,111)</u>	<u>(156)</u>
<b>Net cash used in investing activities</b>	<u>(892)</u>	<u>-</u>	<u>(1,066)</u>	<u>(156)</u>
<b>Cash flows from financing activities</b>				
Interest paid	(33)	-	(33)	-
Proceeds from borrowings	200,000	-	200,000	-
Repayment of borrowings	(200,000)	-	(200,000)	-
Dividends paid	-	-	(85,441)	(85,441)
<b>Net cash used in financing activities</b>	<u>(33)</u>	<u>-</u>	<u>(85,474)</u>	<u>(85,441)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(81,341)</u>	<u>(17,912)</u>	<u>(219,744)</u>	<u>(46,530)</u>
Cash and cash equivalents at beginning of the period/year	<u>226,975</u>	<u>383,290</u>	<u>365,378</u>	<u>411,908</u>
<b>Cash and cash equivalents at end of the period/year</b>	<u>145,634</u>	<u>365,378</u>	<u>145,634</u>	<u>365,378</u>

Note 1

The deficit for the 4Q FY2018 and FY2018 were mainly due to payments of deposits for the new properties and payments made for the 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.

<b>Group</b>	Share capital \$'000	Capital reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 April 2016	631,801	60,714	597,317	1,289,832
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	72,458	72,458
<b>Transactions with owners, recorded directly in equity</b>				
<b><i>Contributions by and distributions to equity holders</i></b>				
Dividends paid	-	-	(85,441)	(85,441)
<b>Total contributions by and distributions to equity holders</b>	-	-	(85,441)	(85,441)
<b>Changes in ownership interests in subsidiaries</b>				
Transfer of reserves on liquidation of subsidiaries	-	(3,806)	3,806	-
<b>Total changes in ownership interests in subsidiaries</b>	-	(3,806)	3,806	-
<b>Total transactions with owners</b>	-	(3,806)	(81,635)	(85,441)
At 31 March 2017	631,801	56,908	588,140	1,276,849
At 1 April 2017	631,801	56,908	588,140	1,276,849
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	55,312	55,312
<b>Transactions with owners, recorded directly in equity</b>				
<b><i>Contributions by and distributions to equity holders</i></b>				
Dividends paid	-	-	(85,441)	(85,441)
<b>Total contributions by and distributions to equity holders</b>	-	-	(85,441)	(85,441)
<b>Total transactions with owners</b>	-	-	(85,441)	(85,441)
At 31 March 2018	631,801	56,908	558,011	1,246,720

<b>Company</b>	<b>Share capital \$'000</b>	<b>Capital reserve \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Total \$'000</b>
At 1 April 2016	631,801	61,908	105,586	799,295
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	88,892	88,892
<b>Transactions with owners, recorded directly in equity</b>				
<b><i>Contributions by and distributions to equity holders</i></b>				
Dividends paid	-	-	(85,441)	(85,441)
<b>Total contributions by and distributions to equity holders</b>	-	-	(85,441)	(85,441)
<b>Changes in ownership interests in subsidiaries</b>				
Transfer of reserves on liquidation of subsidiaries	-	(5,000)	5,000	-
<b>Total changes in ownership interests in subsidiaries</b>	-	(5,000)	5,000	-
<b>Total transactions with owners</b>	-	(5,000)	(80,441)	(85,441)
At 31 March 2017	631,801	56,908	114,037	802,746
At 1 April 2017	631,801	56,908	114,037	802,746
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	2,469	2,469
<b>Transactions with owners, recorded directly in equity</b>				
<b><i>Contributions by and distributions to equity holders</i></b>				
Dividends paid	-	-	(85,441)	(85,441)
<b>Total contributions by and distributions to equity holders</b>	-	-	(85,441)	(85,441)
<b>Total transactions with owners</b>	-	-	(85,441)	(85,441)
At 31 March 2018	631,801	56,908	31,065	719,774

- 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 2018.

There were no outstanding convertibles that may result in the issuance of shares as at 31 March 2018 and 31 March 2017.

The Company had no treasury shares as at 31 March 2018 and 31 March 2017.

- 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 2018 and 31 March 2017.

The Company had no treasury shares as at 31 March 2018 and 31 March 2017.

- 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 FY2017.

- 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 and the weighted average number of ordinary shares set out below.

	Fourth quarter		Twelve months	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Basic and diluted earnings per share (cents)	8.30	0.87	21.36	27.99

	Fourth quarter		Twelve months	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Net asset value per ordinary share	\$4.82	\$4.93	\$2.78	\$3.10

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.**

#### 4Q FY2018 vs 4Q FY2017

For 4Q FY2018, revenue and cost of sales increased by 116.0% and 20.4% respectively as compared to 4Q FY2017. Gross profit increased by 159.5% as compared to 4Q FY2017. The increase was mainly due to higher sales and higher profit recognition on development projects.

In 4Q FY2018, profits were recognised for Watercove and Nim Collection Phase 1. For 4Q FY2017, profits were recognised for Luxus Hills Phase 6 and 7 and Skyline Residences.

#### FY2018 vs FY2017

- (1) Revenue and cost of sales decreased by 31.6% and 46.3% respectively as compared to FY2017. Gross profit decreased by 22.7% as compared to FY2017.

For FY2018, profits were recognised mainly for Watercove and Nim Collection Phase 1 and 4 units of Skyline Residences. For FY2017, profits were recognised for Luxus Hills Phase 6 and 7 and Skyline Residences.

- (2) Administrative expenses increased by 10.4% due to higher professional charges and other office expenses.
- (3) Other operating expenses decreased by 77.9% as compared to FY2017 mainly due to write-back for foreseeable losses for the Paterson Collection project of \$35.5 m. In FY2017, there was an allowance for foreseeable losses of \$5.0 m for the same project. This was offset by Additional Buyer's Stamp Duty of \$31.8 m incurred in FY2018 for the same project.
- (4) Finance income was \$2.9 m, compared to \$5.2 m in FY2017. This was due to lower interest income earned from fixed deposits balances placed with banks.
- (5) Higher tax expense was mainly due to higher deferred tax provision for units sold but under development.
- (6) Net profit before tax was \$65.5 m, a decrease of 17.9% from \$79.7 m in FY2017. Net profit after tax was \$55.3 m, a decrease of 23.7% from \$72.5 m in FY2017.

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 3.9% in the 1st quarter 2018, compared with 0.8% increase in the previous quarter. This was the third consecutive quarter of increase in private residential property prices. The number of new residential units sold in the 1st quarter 2018 was 1,581 units, compared with 1,864 units sold in the previous quarter.

In March 2018, the Group have successfully tendered for the collective sales of 2 residential properties – Freehold Makeway View on Makeway Avenue and 99 years leasehold Katong Park Towers on Arthur Road.

The Group will monitor closely the changing dynamics of the residential property market for timely launching of new residential projects for sale.

- 11 **Dividend**

	31.03.2018	31.03.2017
Name of dividend	Final	Final
Dividend type	Cash	Cash
Dividend rate	4 cents	4 cents
Tax rate	Tax exempt (One-tier)	Tax exempt (One-tier)
Name of dividend	Special	Special
Dividend type	Cash	Cash
Dividend rate	14 cents	29 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 14 cents per ordinary share for the year ended 31 March 2018. The proposed final and special dividends are subject to the approval of shareholders of the Company at the forthcoming Annual General Meeting.

#### **Books closure date**

The books closure date and date payable for the dividends will be announced at a later date.

- 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.**

There is no general mandate from shareholders for IPTs.

## 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		* Property owner		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	97,559	142,820	576	575	-	-	98,135	143,395
Finance income	60	-	2,816	5,167	-	-	2,876	5,167
Finance expense	-	-	-	-	(33)	-	(33)	-
Depreciation	(102)	(133)	(162)	(162)	-	-	(264)	(295)
Reportable segment profit/(loss) before tax	94,425	74,622	3,125	5,110	(32,058)	-	65,492	79,732
Other material non-cash item:								
- Allowance for foreseeable losses on development properties written back/(recognised)	35,545	(5,039)	-	-	-	-	35,545	(5,039)
Other segment information:								
- Capital expenditure	236	156	-	-	875	-	1,111	156

\* Holding of Paterson Collection project for own use.

- 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.**

The Paterson Collection project was transferred from development properties to property, plant and equipment, as the Group has retained the project. It is now classified under the new business segment "Property Owner". The loss in this segment included an amount of \$31.8 m of Additional Buyer's Stamp Duty paid.

For other explanations, please refer to paragraph 8.

16 **A breakdown of sales as follows:-**

Group	01.04.2017 to 31.03.2018 \$'000	01.04.2016 to 31.03.2017 \$'000	Change %
(a) Sales reported for first half year	47,763	117,812	(59.5)
(b) Operating profit after tax before deducting minority interests reported for first half year	23,136	64,842	(64.3)
(c) Sales reported for second half year	50,372	25,583	96.9
(d) Operating profit after tax before deducting minority interests reported for second half year	32,176	7,616	322.5

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
Final	10,356	10,356
Special	36,248	75,085
Total	46,604	85,441

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.

19 **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  
24 MAY 2018**