



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 2017

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 FY2017) and twelve months (FY2017) ended 31 March 2017

	Fourth quarter			Twelve months		
	4Q FY2017	4Q FY2016	Change	FY2017	FY2016	Change
	01.01.2017 to 31.03.2017	01.01.2016 to 31.03.2016		01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016	
Note	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	15,207	12,238	24.3	143,395	281,997	(49.2)
Cost of sales	(4,758)	(2,662)	78.7	(53,796)	(169,998)	(68.4)
Gross profit	10,449	9,576	9.1	89,599	111,999	(20.0)
Other income	31	52	(40.4)	142	832	(82.9)
Administrative expenses	(855)	(882)	(3.1)	(3,912)	(3,445)	13.6
Other operating expenses	(6,586)	(2,619)	151.5	(11,264)	(6,210)	81.4
Profit from operations	3,039	6,127	(50.4)	74,565	103,176	(27.7)
Finance income	1,238	1,181	4.8	5,167	3,725	38.7
Profit before tax¹	4,277	7,308	(41.5)	79,732	106,901	(25.4)
Tax expense	(2,013)	(404)	398.3	(7,274)	(14,922)	(51.3)
Profit and total comprehensive income for the period/year	2,264	6,904	(67.2)	72,458	91,979	(21.2)

¹ Profit before tax includes the following:

	Fourth quarter			Twelve months		
	4Q FY2017	4Q FY2016	Change	FY2017	FY2016	Change
	01.01.2017 to 31.03.2017	01.01.2016 to 31.03.2016	%	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016	%
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation and amortisation	(79)	(50)	58.0	(295)	(235)	25.5
Interest income	1,238	1,181	4.8	5,167	3,725	38.7
Allowance for foreseeable losses on development properties	(5,039)	(503)	901.8	(5,039)	(503)	901.8
Over provision in prior years taxation	-	21	n.m.	5,366	3,512	52.8
n.m. - not meaningful						

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

4Q FY2017 vs 4Q FY2016

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 – Other income

In 4Q FY2016 income from forfeiture of booking fee was recognised. There was no such income in 4Q FY2017.

Note 3 – Other operating expenses

The increase was mainly due to additional allowance for foreseeable losses on development properties of \$5.8 m for Paterson Collection. This was partially offset by lower development costs expensed off for development projects pending development.

Note 4 – Finance income

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

Note 5 – 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	
		31.03.2017 \$'000	31.03.2016 \$'000	31.03.2017 \$'000	31.03.2016 \$'000
Non-current assets					
Investment property		3,973	4,135	-	-
Property, plant and equipment		102	79	-	-
Investments in subsidiaries		-	-	310,000	310,000
Deferred tax assets	1	23,760	7,324	-	-
		<u>27,835</u>	<u>11,538</u>	<u>310,000</u>	<u>310,000</u>
Current assets					
Development properties	2	997,020	941,883	-	-
Trade and other receivables	3	24,494	92,366	208,235	294,797
Cash and cash equivalents	4	365,378	411,908	345,246	355,253
		<u>1,386,892</u>	<u>1,446,157</u>	<u>553,481</u>	<u>650,050</u>
Total assets		<u>1,414,727</u>	<u>1,457,695</u>	<u>863,481</u>	<u>960,050</u>
Equity attributable to shareholders of the Company					
Share capital		631,801	631,801	631,801	631,801
Reserves		645,048	658,031	170,945	167,494
Total equity		<u>1,276,849</u>	<u>1,289,832</u>	<u>802,746</u>	<u>799,295</u>
Non-current liabilities					
Deferred tax liabilities	5	355	5,914	355	14
		<u>355</u>	<u>5,914</u>	<u>355</u>	<u>14</u>
Current liabilities					
Trade and other payables	6	111,810	141,048	59,850	160,225
Current tax payable	7	25,713	20,901	530	516
		<u>137,523</u>	<u>161,949</u>	<u>60,380</u>	<u>160,741</u>
Total liabilities		<u>137,878</u>	<u>167,863</u>	<u>60,735</u>	<u>160,755</u>
Total equity and liabilities		<u>1,414,727</u>	<u>1,457,695</u>	<u>863,481</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 costs incurred on development projects and allowance for foreseeable losses on development properties.

Note 2 – Development properties

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

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 the 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 year, partially offset by tax paid.

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

	31.03.2017 \$'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.**

	Fourth quarter		Twelve months	
	4Q FY2017	4Q FY2016	FY2017	FY2016
	01.01.2017 to 31.03.2017	01.01.2016 to 31.03.2016	01.04.2016 to 31.03.2017	01.04.2015 to 31.03.2016
Note	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before tax	4,277	7,308	79,732	106,901
Adjustments for:				
Depreciation of investment property	40	40	162	162
Depreciation of property, plant and equipment	39	10	133	73
Interest income	(1,238)	(1,181)	(5,167)	(3,725)
Allowance for foreseeable losses on development properties	5,039	503	5,039	503
	<u>8,157</u>	<u>6,680</u>	<u>79,899</u>	<u>103,914</u>
Changes in:				
Development properties	(25,695)	14,954	(60,176)	98,331
Trade and other receivables	(2,166)	(72,158)	69,700	(77,276)
Trade and other payables	1,264	67,758	(29,238)	66,266
Cash (used in)/generated from operations	<u>(18,440)</u>	<u>17,234</u>	<u>60,185</u>	<u>191,235</u>
Interest received	528	1,631	3,339	3,950
Income tax refunded/(paid)	-	892	(24,457)	(27,142)
Net cash (used in)/from operating activities	<u>1 (17,912)</u>	<u>19,757</u>	<u>39,067</u>	<u>168,043</u>
Cash flows from investing activities				
Capital expenditure on investment property	-	-	-	(95)
Purchase of property, plant and equipment	-	(2)	(156)	(20)
Net cash used in investing activities	<u>-</u>	<u>(2)</u>	<u>(156)</u>	<u>(115)</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	<u>(17,912)</u>	<u>19,755</u>	<u>(46,530)</u>	<u>82,487</u>
Cash and cash equivalents at beginning of the period/year	<u>383,290</u>	<u>392,153</u>	<u>411,908</u>	<u>329,421</u>
Cash and cash equivalents at end of the period/year	<u>365,378</u>	<u>411,908</u>	<u>365,378</u>	<u>411,908</u>

Note 1

The deficit for the 4Q FY2017 and the decrease in 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 year				
Profit for the year	-	-	91,979	91,979
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to equity holders</i>				
Dividends paid	-	-	(85,441)	(85,441)
Total contributions by and distributions to equity holders	-	-	(85,441)	(85,441)
Total transactions with owners	-	-	(85,441)	(85,441)
At 31 March 2016	631,801	60,714	597,317	1,289,832
At 1 April 2016	631,801	60,714	597,317	1,289,832
Total comprehensive income for the year				
Profit for the year	-	-	72,458	72,458
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to equity holders</i>				
Dividends paid	-	-	(85,441)	(85,441)
Total contributions by and distributions to equity holders	-	-	(85,441)	(85,441)
Changes in ownership interests in subsidiaries				
Liquidation of subsidiaries	-	(3,806)	3,806	-
Total changes in ownership interests in subsidiaries	-	(3,806)	3,806	-
Total transactions with owners	-	(3,806)	(81,635)	(85,441)
At 31 March 2017	631,801	56,908	588,140	1,276,849

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 year				
Profit for the year	-	-	65,624	65,624
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to equity holders</i>				
Dividends paid	-	-	(85,441)	(85,441)
Total contributions by and distributions to equity holders	-	-	(85,441)	(85,441)
Total transactions with owners	-	-	(85,441)	(85,441)
At 31 March 2016	631,801	61,908	105,586	799,295
At 1 April 2016	631,801	61,908	105,586	799,295
Total comprehensive income for the year				
Profit for the year	-	-	88,892	88,892
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to equity holders</i>				
Dividends paid	-	-	(85,441)	(85,441)
Total contributions by and distributions to equity holders	-	-	(85,441)	(85,441)
Changes in ownership interests in subsidiaries				
Liquidation of subsidiaries	-	(5,000)	5,000	-
Total changes in ownership interests in subsidiaries	-	(5,000)	5,000	-
Total transactions with owners	-	(5,000)	(80,441)	(85,441)
At 31 March 2017	631,801	56,908	114,037	802,746

- 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 2017.

There were no outstanding convertibles that may result in the issuance of shares as at 31 March 2017 and 31 March 2016.

The Company had no treasury shares as at 31 March 2017 and 31 March 2016.

- 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 2017 and 31 March 2016.

The Company had no treasury shares as at 31 March 2017 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/year and the weighted average number of ordinary shares set out below.

	Fourth quarter		Twelve months	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Basic and diluted earnings per share (cents)	0.87	2.67	27.99	35.53

	Fourth quarter		Twelve months	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
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	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Net asset value per ordinary share	\$4.93	\$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.**

4Q FY2017 vs 4Q FY2016

For 4Q FY2017, revenue and cost of sales increased by 24.3% and 78.7% respectively as compared to 4Q FY2016. Gross profit increased by 9.1% as compared to 4Q FY2016. The increase was mainly due to higher sales and higher profit recognition on development projects.

In 4Q FY2017, profits were recognised for Luxus Hills Phase 6 and 7 and Skyline Residences. For 4Q FY2016, profits were recognised for Luxus Hills Phase 7 and Skyline Residences.

FY2017 vs FY2016

- (1) Revenue and cost of sales decreased by 49.2% and 68.4% respectively as compared to 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, the penthouse at Paterson Suites, Skyline Residences and The Vermont on Cairnhill. Gross profit decreased by 20.0% as compared to FY2016.
- (2) Other income decreased by 82.9% as compared to FY2016. The decrease was mainly due to income from unclaimed dividend accounts write-off and forfeiture of an abortive sale in FY2016. There was no such amounts in FY2017.
- (3) Administrative expenses increased by 13.6% as compared to FY2016 mainly due to higher professional charges and higher depreciation.
- (4) Other operating expenses increased by 81.4% as compared to FY2016 mainly due to additional allowance for foreseeable losses on development properties of \$5.8 m for Paterson Collection.
- (5) Finance income was \$5.2 m, compared to \$3.7 m in FY2016. This was due to higher interest income earned from fixed deposits balances placed with banks.
- (6) Lower tax expense was due to lower profits.
- (7) Net profit before tax was \$79.7 m, a decrease of 25.4% from \$106.9 m in FY2016. Net profit after tax was \$72.5 m, a decrease of 21.2% from \$92.0 m in 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.**

According to URA real estate statistics the overall private residential property prices decreased by 0.4% in the 1st Quarter 2017, compared with 0.5% decline in the previous quarter. This was the fourteenth consecutive quarter of decline in private residential property prices. The number of new residential units sold in 1st Quarter 2017 was 2,962 units, an increase from the 2,316 units sold in the previous quarter.

The residential property market conditions continue to remain challenging in the current year with the property measures still in place and slowing economic growth.

- 11 **Dividend**

	31.03.2017	31.03.2016
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	29 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 29 cents per ordinary share for the year ended 31 March 2017. 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		Total	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	142,820	281,426	575	571	143,395	281,997
Finance income	-	210	5,167	3,515	5,167	3,725
Depreciation	133	73	162	162	295	235
Reportable segment profit before tax	74,622	103,724	5,110	3,177	79,732	106,901

- 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 paragraph 8.

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

Group	01.04.2016 to 31.03.2017 \$'000	01.04.2015 to 31.03.2016 \$'000	Change %
(a) Sales reported for first half year	117,812	227,163	(48.1)
(b) Operating profit after tax before deducting minority interests reported for first half year	64,842	60,733	6.8
(c) Sales reported for second half year	25,583	54,834	(53.3)
(d) Operating profit after tax before deducting minority interests reported for second half year	7,616	31,246	(75.6)

- 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	85,441 -	85,441 -
Total	85,441	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
26 MAY 2017**