BUKIT SEMBAWANG ESTATES LIMITED

(Company Registration Number: 196700177M)
(Incorporated in Singapore on 27 June 1967)

Financial Statement and Dividend Announcement for the First Quarter ended 30 June 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 first quarter ended 30 June 2018 (1Q FY2018/19)

	Note	First quarter **1Q FY2018/19** 01.04.2018 to 30.06.2018 $'000	 **1Q FY2017/18** 01.04.2017 to 30.06.2017 (Restated)* $'000	Change %
Revenue		65,365	15,847	312.5
Cost of sales		(33,146)	(12,651)	162.0
Gross profit	1	32,219	3,196	908.1
Other income		32	7	357.1
Administrative expenses	2	(1,254)	(970)	29.3
Other operating expenses	3	(2,440)	(1,338)	82.4
Profit from operations		28,557	895	3,090.7
Finance income	4	254	1,087	(76.6)
Finance expense		(18)	-	n.m.
Net finance income		236	1,087	(78.3)
Profit before tax [1]		28,793	1,982	1,352.7
Tax expense	5	(5,646)	(850)	564.2
Profit and total comprehensive income for the period		**23,147**	**1,132**	**1,944.8**

n.m. - not meaningful

* Comparative figures have been restated to take into account the retrospective adjustments arising from the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)) as detailed in Section 5 of page 8 and 9.

[1] Profit before tax includes the following:

	First quarter		
	1Q FY2018/19	**1Q FY2017/18**	
	01.04.2018 to 30.06.2018	01.04.2017 to 30.06.2017	Change
	$'000	$'000	%
Depreciation and amortisation	(71)	(80)	(11.3)
Finance income	254	1,087	(76.6)
Finance expense	(18)	-	n.m.

n.m. - not meaningful

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

Note 1 – Gross profit
The increase in gross profit was mainly due to higher profit recognised on development projects.

Note 2 – Administrative expenses
The increase was mainly due to higher professional fees and higher salaries as a result of increase in staff.

Note 3 – Other operating expenses
The increase was mainly due to higher maintenance charges incurred and property tax paid for 8 St Thomas which has obtained TOP.

Note 4 – Finance income
The decrease in finance income was due to decrease in 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.**

		Group		Company	
		30.06.2018	31.03.2018	30.06.2018	31.03.2018
			(Restated)*		
	Note	$'000	$'000	$'000	$'000
Non-current assets					
Investment property		3,771	3,811	-	-
Property, plant and equipment		241,781	241,284	-	-
Investments in subsidiaries		-	-	312,200	310,000
Deferred tax assets	1	12,998	16,516	-	-
		258,550	261,611	312,200	310,000
Current assets					
Development properties	2	1,090,756	860,491	-	-
Trade and other receivables	3	12,421	63,416	400,574	322,906
Cash and cash equivalents	4	107,678	145,634	16,756	99,341
		1,210,855	1,069,541	417,330	422,247
Total assets		**1,469,405**	**1,331,152**	**729,530**	**732,247**
Equity attributable to shareholders of the Company					
Share capital		631,801	631,801	631,801	631,801
Reserves		641,192	618,045	87,959	87,973
Total equity		1,272,993	1,249,846	719,760	719,774
Non-current liabilities					
Deferred tax liabilities	5	4,981	2,853	49	49
		4,981	2,853	49	49
Current liabilities					
Trade and other payables	6	73,096	77,718	9,037	11,740
Interest-bearing bank loan	7	117,600	-	-	-
Current tax payable		735	735	684	684
		191,431	78,453	9,721	12,424
Total liabilities		196,412	81,306	9,770	12,473
Total equity and liabilities		**1,469,405**	**1,331,152**	**729,530**	**732,247**

* Comparative figures have been restated to take into account the retrospective adjustments arising from the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)) as detailed in Section 5 of page 8 and 9.

Notes to the Statement of Financial Position of the Group:

Note 1 – Deferred tax assets
The decrease was mainly due to utilisation of deferred tax asset balances.

Note 2 – Development properties
The increase was mainly due to increase in development costs capitalised during the period including the purchase of Makeway View.

Note 3 – Trade and other receivables
The decrease was mainly due to the utilisation of deposit on the completion of the purchase of Makeway view.

Note 4 – Cash and cash equivalents
The decrease was mainly due to payment for the purchase of Makeway View and payments for construction costs of development projects.

Note 5 – Deferred tax liabilities
The increase was mainly due to higher deferred tax provision for units sold but under development.

Note 6 – Trade and other payables
The decrease was mainly due to lower trade payables relating to construction costs of the development projects.

Note 7 – Interest-bearing bank loan
This is a short-term bridging loan taken to finance the purchase of Makeway View.

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

	30.06.2018 $'000	31.03.2018 $'000
Unsecured		
- Amount repayable in one year or less, or on demand	117,600	Nil
- Amount repayable after one year	Nil	Nil
Secured		
- 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.**

	Note	1Q FY2018/19 01.04.2018 to 30.06.2018 $'000	1Q FY2017/18 01.04.2017 to 30.06.2017 (Restated) $'000
		First quarter	
Cash flows from operating activities			
Profit before tax		28,793	1,982
Adjustments for:			
Depreciation of investment property		40	41
Depreciation of property, plant and equipment		31	39
Net finance income		(236)	(1,087)
		28,628	975
Changes in:			
Development properties		(230,265)	1,648
Trade and other receivables		50,724	(9,577)
Trade and other payables		(4,622)	(7,568)
Cash used in operations		(155,535)	(14,522)
Interest received		507	2,521
Taxes refunded		-	16
Net cash used in operating activities	1	(155,028)	(11,985)
Cash flows from investing activities			
Additions to property, plant and equipment		(528)	(189)
Net cash used in investing activities		(528)	(189)
Cash flows from financing activities			
Proceeds from borrowings		117,600	-
Net cash generated from financing activities		117,600	-
Net decrease in cash and cash equivalents		(37,956)	(12,174)
Cash and cash equivalents at beginning of the period		145,634	365,378
Cash and cash equivalents at end of the period		107,678	353,204

Note 1

The deficit for the 1Q FY2018/19 was mainly due to payment for the purchase of Makeway View and 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 2017, as previously reported	631,801	56,908	588,140	1,276,849
Effect of adopting SFRS(I) 15	-	-	7,720	7,720
At 1 April 2017, restated	631,801	56,908	595,860	1,284,569
Total comprehensive income for the period				
Profit for the period, restated	-	-	1,982	1,982
At 30 June 2017	631,801	56,908	597,842	1,286,551
At 31 March 2018, as previously reported	631,801	56,908	558,011	1,246,720
Effect of adopting SFRS(I) 15	-	-	3,126	3,126
As 31 March 2018, restated/1 April 2018	631,801	56,908	561,137	1,249,846
Total comprehensive income for the period				
Profit for the period	-	-	23,147	23,147
At 30 June 2018	631,801	56,908	584,284	1,272,993

Company	Share capital $'000	Capital reserve $'000	Accumulated profits $'000	Total $'000
At 1 April 2017	631,801	56,908	114,037	802,746
Total comprehensive income for the period				
Profit for the period	-	-	923	923
At 30 June 2017	631,801	56,908	114,960	803,669
At 1 April 2018	631,801	56,908	31,065	719,774
Total comprehensive income for the period				
Loss for the period	-	-	(14)	(14)
At 30 June 2018	631,801	56,908	31,051	719,760

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 30 June 2018.

There were no outstanding convertibles that may result in the issuance of shares as at 30 June 2018 and 30 June 2017.

The Company had no treasury shares as at 30 June 2018 and 30 June 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 30 June 2018 and 31 March 2018.

The Company had no treasury shares as at 30 June 2018 and 31 March 2018.

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.**

Except as disclosed in Section 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 2018.

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 adopted the new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)"), and various new standards, amendments to standards and interpretations, which are effective for the financial year beginning on 1 April 2018. Except as disclosed below, the adoption of the new financial reporting framework and the new standards did not result in significant impact on the financial statements of the Group.

SFRS(I) 15 *Revenue from contracts with customers*

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. The Group has adopted SFRS(I) 15 using the retrospective approach with practical expedients.

(i) Success-based sales commissions

The Group pays sales commissions to property sales agents for securing property sales contracts for the Group on a success basis. In the past, the Group recognised sales commissions as an expense when incurred. Under SFRS(I) 15, the Group capitalises such incremental costs as a contract cost asset as they are recoverable. These costs are amortised to profit or loss as the Group recognises the related revenue.

(ii) Accounting for contract costs relating to development properties

The Group previously recognised both revenue and cost of sales (including land cost) on development properties sold by reference to the stage of completion of construction activity at the end of the reporting period (percentage of completion method).

Under SFRS(I) 15, the Group recognises revenue from sale of development properties and land cost of the sold units using the percentage of completion method. Construction costs incurred for sold units are, however, no longer recognised as cost of sales using the percentage of completion method. Instead, such costs are recognised as cost of sales as and when they are incurred to the extent of units sold.

Impact on the comparatives figures arising from the adoption of new SFRS(I) is as follows:

Consolidated Statement of Comprehensive Income

	First quarter 1Q FY2017/18 01.04.2017 to 30.06.2017 $'000
Increase of cost of sales	(5,822)
Decrease in tax expense	990
Decrease in profit and total comprehensive income	(4,832)

Consolidated Statement of Financial Position

	31.03.2018 $'000	31.03.2017 $'000
Decrease in deferred tax assets	(298)	(1,581)
Increase/(decrease) in development properties	2,749	(537)
Increase in trade and other receivables	2,124	-
Increase in accumulated profits	3,126	7,720
Increase in deferred tax liabilities	342	-
Increase/(decrease) in trade and other payables	1,107	(9,838)

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.

	First quarter	
	30.06.2018	30.06.2017 (Restated)
Basic and diluted earnings per share (cents)	8.94	0.44

	First quarter	
	30.06.2018	30.06.2017
Weighted average number of shares for calculation of:		
- Basic and diluted earnings per share	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	
	30.06.2018	31.03.2018 (Restated)	30.06.2018	31.03.2018
Net asset value per ordinary share	$4.92	$4.83	$2.78	$2.78

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.

(1) For 1Q FY2018/19, revenue and cost of sales increased by 312.5% and 162.0% respectively as compared to 1Q FY2017/18.
Correspondingly, gross profit increased by 908.1% as compared to 1Q FY2017/18. The increase was mainly due to higher sales and higher profit recognition on development projects.
In 1Q FY2018/19, profits were recognised for Nim Collection Phase 1 and Watercove. For 1Q FY2017/18, profits were recognised for Skyline Residences and Watercove.

(2) Finance income was $0.3 m, a decrease of 76.6% as compared to $1.1 m in 1Q FY2017/18. This was due to lower fixed deposits placed with banks.

(3) Higher tax expense in 1Q FY2018/19 as compared to 1Q FY2017/18 was mainly due to higher profit. Net profit after tax was $23.1 m, an increase of 1,944.8% as compared to $1.1 m in 1Q FY2017/18.

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 3.4% in the 2nd quarter 2018, compared to 3.9% increase in the previous quarter. The total number of new residential units sold in the 2nd quarter 2018 was 2,366 units, compared to 1,581 units sold in the previous quarter.

The tighter property cooling measures introduced by the Government in July 2018 will likely temper buying sentiment in the Singapore residential property market.

11 **Dividend**

(a) Current financial period reported on

None.

(b) Corresponding period of the immediately preceding financial year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the first quarter ended 30 June 2018.

13 **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

There is no general mandate from shareholders for IPTs.

14 **Negative Assurance on First 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 first quarter financial results ended 30 June 2018 to be false or misleading in any material aspect.

15 **Confirmation of undertakings under Rule 720(1)**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1).

BY ORDER OF THE BOARD

DENNIS LOH SIEW KEEN
COMPANY SECRETARY
13 AUGUST 2018