



**FRAGRANCE GROUP LIMITED**

Company Registration No.: 200006656M

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# **FRAGRANCE GROUP LIMITED**

**UNAUDITED RESULTS AND DIVIDEND ANNOUNCEMENT  
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2014**

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# FRAGRANCE GROUP LIMITED

Company Registration No.: 200006656M

## Unaudited Results and Dividend Announcement for the Second Quarter and Half Year Ended 30/06/2014

### PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS – 30 JUNE 2014

1(a)(i) 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.

| GROUP                                    | Statement of comprehensive income                        |                    |               |                                                   |                    |               |
|------------------------------------------|----------------------------------------------------------|--------------------|---------------|---------------------------------------------------|--------------------|---------------|
|                                          | Second Quarter (Apr to Jun)<br>Three months ended 30 Jun |                    |               | Half Year (Jan to Jun)<br>Six months ended 30 Jun |                    |               |
|                                          | 2014                                                     | 2013<br>(Restated) | Change        | 2014                                              | 2013<br>(Restated) | Change        |
|                                          | \$'000                                                   | S\$'000            | %             | S\$'000                                           | S\$'000            | %             |
| Turnover                                 | 146,203                                                  | 137,013            | 6.7           | 257,698                                           | 233,458            | 10.4          |
| Cost of sales                            | (104,112)                                                | (79,514)           | 30.9          | (176,730)                                         | (139,901)          | 26.3          |
| <b>Gross profit</b>                      | <b>42,091</b>                                            | <b>57,499</b>      | <b>(26.8)</b> | <b>80,968</b>                                     | <b>93,557</b>      | <b>(13.5)</b> |
| Other operating income                   | 2,083                                                    | (113)              | N.M           | 1,796                                             | 2                  | N.M           |
| Other operating expenses                 | (8,001)                                                  | (6,429)            | 24.5          | (14,482)                                          | (12,360)           | 17.2          |
| Finance costs                            | (2,641)                                                  | (2,646)            | (0.2)         | (5,266)                                           | (4,396)            | 19.8          |
| <b>Profit before income tax</b>          | <b>33,532</b>                                            | <b>48,311</b>      | <b>(30.6)</b> | <b>63,016</b>                                     | <b>76,803</b>      | <b>(18.0)</b> |
| Taxation                                 | (5,239)                                                  | (8,234)            | (36.4)        | (10,857)                                          | (13,171)           | (17.6)        |
| <b>Profit from continuing operations</b> | <b>28,293</b>                                            | <b>40,077</b>      | <b>(29.4)</b> | <b>52,159</b>                                     | <b>63,632</b>      | <b>(18.0)</b> |
| Profit from discontinued operations      | 1,112                                                    | 4,960              | (77.6)        | 5,125                                             | 9,349              | (45.2)        |
| <b>Profit for the period</b>             | <b>29,405</b>                                            | <b>45,037</b>      | <b>(34.7)</b> | <b>57,284</b>                                     | <b>72,981</b>      | <b>(21.5)</b> |

|                               |        |        |        |        |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|
| Attributable to:              |        |        |        |        |        |        |
| Equity holders of the Company | 28,098 | 33,951 | (17.2) | 52,359 | 51,580 | 1.5    |
| Non-controlling interests     | 1,307  | 11,086 | (88.2) | 4,925  | 21,401 | (77.0) |

|                                                                                              |               |               |               |               |               |               |
|----------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Other comprehensive income</b>                                                            |               |               |               |               |               |               |
| Transfer of Depreciation on revaluation of leasehold land & buildings to Revaluation reserve | 318           | 856           | (62.9)        | 1,271         | 1,713         | (25.8)        |
| Exchange difference on translation of foreign operations                                     | (1)           | -             | N.M           | (1)           | -             | N.M           |
| <b>Net other comprehensive income</b>                                                        | <b>317</b>    | <b>856</b>    | <b>(63.0)</b> | <b>1,270</b>  | <b>1,713</b>  | <b>(25.9)</b> |
| <b>Total comprehensive income</b>                                                            | <b>29,722</b> | <b>45,893</b> | <b>(35.2)</b> | <b>58,554</b> | <b>74,694</b> | <b>(21.6)</b> |

|                               |        |        |        |        |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|
| Attributable to:              |        |        |        |        |        |        |
| Equity holders of the Company | 28,263 | 34,399 | (17.8) | 53,022 | 52,476 | 1.0    |
| Non-controlling interests     | 1,459  | 11,494 | (87.3) | 5,532  | 22,218 | (75.1) |

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*1(a)(ii) Profit before taxation (from continuing operations) is determined after (charging)/crediting:-*

|                                                         | Second Quarter (Apr to Jun)<br>Three months ended 30 Jun |                  |            | Half Year (Jan to Jun)<br>Six months ended 30 Jun |                  |            |
|---------------------------------------------------------|----------------------------------------------------------|------------------|------------|---------------------------------------------------|------------------|------------|
|                                                         | 2014                                                     | 2013<br>Restated | Change     | 2014                                              | 2013<br>Restated | Change     |
|                                                         | S\$'000                                                  | S\$'000          | %          | S\$'000                                           | S\$'000          | %          |
| Amortisation and depreciation                           | (219)                                                    | (29)             | N.M        | (438)                                             | (65)             | N.M        |
| Finance costs                                           | (2,641)                                                  | (2,646)          | (0.2)      | (5,266)                                           | (4,396)          | 19.8       |
| <u>Other operating income</u>                           |                                                          |                  |            |                                                   |                  |            |
| Change in fair value of<br>held for trading investments | 313                                                      | (155)            | N.M        | (344)                                             | (364)            | (5.5)      |
| Gain on disposal of held<br>for trading investments     | 960                                                      | 2                | N.M        | 960                                               | 2                | N.M        |
| Gain on foreign exchange<br>difference                  | 270                                                      | -                | N.M        | 270                                               | -                | N.M        |
| Interest income                                         | 494                                                      | 43               | N.M        | 811                                               | 298              | 172.1      |
| Others                                                  | 46                                                       | (3)              | N.M        | 99                                                | 66               | 50.0       |
| <b>Total</b>                                            | <b>2,083</b>                                             | <b>(113)</b>     | <b>N.M</b> | <b>1,796</b>                                      | <b>2</b>         | <b>N.M</b> |

N.M – Not Meaningful



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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.

| Statement of financial position                         | Group            |                  | Company        |                |
|---------------------------------------------------------|------------------|------------------|----------------|----------------|
| S\$'000                                                 | 30-Jun-2014      | 31-Dec-2013      | 30-Jun-2014    | 31-Dec-2013    |
| <b><u>Non-current assets</u></b>                        |                  |                  |                |                |
| Property, plant and equipment                           | 7,248            | 1,199,153        | -              | -              |
| Investment properties                                   | 892,371          | 889,305          | -              | -              |
| Prepayment                                              | 10,079           | 10,469           | -              | -              |
| Investment in subsidiaries                              | -                | -                | 49,832         | 186,488        |
| Investment in joint operations                          | -                | -                | 7,766          | 7,766          |
| <b>Total non-current assets</b>                         | <b>909,698</b>   | <b>2,098,927</b> | <b>57,598</b>  | <b>194,254</b> |
| <b><u>Current assets</u></b>                            |                  |                  |                |                |
| Cash and cash equivalents                               | 138,493          | 127,791          | 25,417         | 59,451         |
| Trade and other receivables                             | 461,898          | 325,020          | 501,613        | 437,116        |
| Held for trading investments                            | 2,844            | 3,188            | 2,844          | 3,188          |
| Properties under development                            | 686,069          | 758,398          | -              | -              |
| Properties held for sale                                | 27,516           | 42,030           | -              | -              |
| <b>Total current assets</b>                             | <b>1,316,820</b> | <b>1,256,427</b> | <b>529,874</b> | <b>499,755</b> |
| <b><u>Current liabilities</u></b>                       |                  |                  |                |                |
| Trade and other payables                                | 172,438          | 121,279          | 183,893        | 132,180        |
| Term loans                                              | 144,474          | 210,942          | -              | -              |
| Income tax payables                                     | 31,584           | 18,460           | 159            | 34             |
| <b>Total current liabilities</b>                        | <b>348,496</b>   | <b>350,681</b>   | <b>184,052</b> | <b>132,214</b> |
| <b>Net current assets</b>                               | <b>968,324</b>   | <b>905,746</b>   | <b>345,822</b> | <b>367,541</b> |
| <b><u>Non-current liabilities</u></b>                   |                  |                  |                |                |
| Trade and other payables                                | -                | -                | 1,710          | 3,750          |
| Term loans                                              | 924,501          | 1,354,221        | -              | -              |
| Deferred taxation                                       | 16,681           | 70,473           | -              | -              |
| <b>Total non-current liabilities</b>                    | <b>941,182</b>   | <b>1,424,694</b> | <b>1,710</b>   | <b>3,750</b>   |
| <b>Net assets</b>                                       | <b>936,840</b>   | <b>1,579,979</b> | <b>401,710</b> | <b>558,045</b> |
| <b><u>Capital and reserves</u></b>                      |                  |                  |                |                |
| Share capital                                           | 150,000          | 150,000          | 150,000        | 150,000        |
| Treasury shares                                         | (565)            | (565)            | (565)          | (565)          |
| Performance share reserves                              | 201              | 201              | 201            | 201            |
| Revaluation reserves                                    | -                | 714,565          | -              | -              |
| Foreign currency translation reserve                    | (1)              | -                | -              | -              |
| Retained earnings                                       | 731,110          | 340,965          | 252,074        | 408,409        |
| <b>Equity attributable to the owners of the Company</b> | <b>880,745</b>   | <b>1,205,166</b> | <b>401,710</b> | <b>558,045</b> |
| Non-controlling interests                               | 56,095           | 374,813          | -              | -              |
| <b>Total Equity</b>                                     | <b>936,840</b>   | <b>1,579,979</b> | <b>401,710</b> | <b>558,045</b> |

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

|                                                    | As at<br>30 June 2014 | As at<br>31 December 2013 |
|----------------------------------------------------|-----------------------|---------------------------|
|                                                    | Secured               | Secured                   |
|                                                    | S\$'000               | S\$'000                   |
| Amount repayable in one year or less, or on demand | 144,474               | 210,942                   |
| Amount repayable after one year                    | 924,501               | 1,354,221                 |

Details of collaterals

The credit facilities for the Group are secured by the following:

- i) the legal mortgage of company's office premises, investment and development properties;
- ii) assignment of sale and rental proceeds, construction contracts, performance bonds and/or insurance policies; and
- iii) corporate guarantees by Fragrance Group Limited.



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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.*

| Statement of cash flows                                        | Second Quarter<br>Ended 30 Jun |                    | Half Year<br>Ended 30 Jun |                    |
|----------------------------------------------------------------|--------------------------------|--------------------|---------------------------|--------------------|
| Group (S\$'000)                                                | 2014                           | 2013<br>(Restated) | 2014                      | 2013<br>(Restated) |
| <b>Operating activities</b>                                    |                                |                    |                           |                    |
| Profit before income tax –from continuing operations           | 33,532                         | 48,311             | 63,016                    | 76,803             |
| Profit before income tax –from discontinued operation          | 1,403                          | 6,201              | 6,261                     | 11,511             |
| <b>Profit before income tax</b>                                | <b>34,935</b>                  | <b>54,512</b>      | <b>69,277</b>             | <b>88,314</b>      |
| Adjustments for:                                               |                                |                    |                           |                    |
| Amortisation and depreciation                                  | 434                            | 1,132              | 1,633                     | 2,277              |
| Amortisation of land lease                                     | 195                            | -                  | 390                       | -                  |
| Interest income                                                | (478)                          | (54)               | (811)                     | (338)              |
| Interest expense                                               | 5,521                          | 6,078              | 11,743                    | 10,732             |
| Gain on disposal of held for trading investments               | (960)                          | (2)                | (960)                     | (2)                |
| Change in fair value of held for trading investments           | (312)                          | 155                | 344                       | 364                |
| Gain on foreign exchange difference                            | (270)                          | -                  | (270)                     | -                  |
| Allowance for doubtful debts/Bad debt written off              | -                              | (1)                | -                         | (1)                |
| Property, plant and equipment written off                      | 1                              | -                  | 1                         | -                  |
| <b>Operating cash flow before movements in working Capital</b> | <b>39,066</b>                  | <b>61,820</b>      | <b>81,347</b>             | <b>101,346</b>     |
| Trade and other receivables                                    | (81,973)                       | (51,395)           | (139,801)                 | (99,615)           |
| Development properties and properties held for sale            | 46,422                         | (121,360)          | 87,780                    | (88,492)           |
| Trade and other payables                                       | (1,846)                        | 38,389             | 33,975                    | 52,210             |
| <b>Net cash used in operations</b>                             | <b>1,669</b>                   | <b>(72,546)</b>    | <b>63,301</b>             | <b>(34,551)</b>    |
| Interest paid                                                  | (6,470)                        | (7,694)            | (13,380)                  | (14,643)           |
| Income taxes paid                                              | (4,360)                        | (5,802)            | (7,639)                   | (7,691)            |
| <b>Net cash from(used) in operating activities</b>             | <b>(9,161)</b>                 | <b>(86,042)</b>    | <b>42,282</b>             | <b>(56,885)</b>    |
| <b>Investing activities</b>                                    |                                |                    |                           |                    |
| Purchase of property, plant and equipment                      | (873)                          | (2,528)            | (4,836)                   | (4,572)            |
| Purchase of held for trading investments                       | -                              | (1,593)            | -                         | (1,974)            |
| Purchase of investment property                                | (1,652)                        | -                  | (3,066)                   | (95,030)           |
| Proceeds from disposal of held for trading investments         | 4,176                          | 916                | 4,176                     | 916                |
| Disposal of a subsidiary                                       | (12,416)                       | -                  | (12,416)                  | -                  |
| Interest received                                              | 478                            | 54                 | 811                       | 338                |
| <b>Net cash used in investing activities</b>                   | <b>(10,287)</b>                | <b>(3,151)</b>     | <b>(15,331)</b>           | <b>(100,322)</b>   |
| <b>Financing activities</b>                                    |                                |                    |                           |                    |
| Proceeds from borrowings                                       | 47,664                         | 151,563            | 53,059                    | 182,683            |
| Repayment of borrowings                                        | (25,930)                       | (49,187)           | (68,272)                  | (69,523)           |
| Dividend paid to non-controlling interest                      | (1,305)                        | (5,070)            | (1,305)                   | (6,074)            |
| Dividend paid                                                  | -                              | (8,392)            | -                         | (8,392)            |
| <b>Net cash from(used) in financing activities</b>             | <b>20,429</b>                  | <b>88,914</b>      | <b>(16,518)</b>           | <b>98,694</b>      |
| <b>Net increase/(decrease) in cash and cash equivalents</b>    | <b>981</b>                     | <b>(279)</b>       | <b>10,433</b>             | <b>(58,513)</b>    |
| Cash and cash equivalents at beginning of period               | 137,243                        | 94,461             | 127,791                   | 152,695            |
| Effect of currency translation on cash and cash equivalents    | 269                            | -                  | 269                       | -                  |
| <b>Cash and cash equivalents at end of period</b>              | <b>138,493</b>                 | <b>94,182</b>      | <b>138,493</b>            | <b>94,182</b>      |



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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.

| Statement of changes in equity               | Share Capital  | Retained Earnings | Treasury Shares | Performance Share Reserves | Revaluation Reserves | Foreign Currency Translation Reserve | Attributable to Equity Holders | Non-Controlling Interests | Total            |
|----------------------------------------------|----------------|-------------------|-----------------|----------------------------|----------------------|--------------------------------------|--------------------------------|---------------------------|------------------|
| <b>Group (\$S'000)</b>                       |                |                   |                 |                            |                      |                                      |                                |                           |                  |
| <b>Balance as at 1 January 2013</b>          | <b>150,000</b> | <b>147,942</b>    | <b>(616)</b>    | <b>137</b>                 | <b>581,563</b>       | <b>-</b>                             | <b>879,026</b>                 | <b>218,851</b>            | <b>1,097,877</b> |
| Total comprehensive income for the period    | -              | 17,629            | -               | -                          | 448                  | -                                    | 18,077                         | 10,724                    | 28,801           |
| Dividend paid to non-controlling interest    | -              | -                 | -               | -                          | -                    | -                                    | -                              | (5,070)                   | (5,070)          |
| Dividend paid                                | -              | (8,392)           | -               | -                          | -                    | -                                    | (8,392)                        | -                         | (8,392)          |
| <b>Balance as at 31 March 2013</b>           | <b>150,000</b> | <b>157,179</b>    | <b>(616)</b>    | <b>137</b>                 | <b>582,011</b>       | <b>-</b>                             | <b>888,711</b>                 | <b>224,505</b>            | <b>1,113,216</b> |
| Total comprehensive income for the period    | -              | 33,951            | -               | -                          | 448                  | -                                    | 34,399                         | 11,494                    | 45,893           |
| <b>Balance as at 30 June 2013</b>            | <b>150,000</b> | <b>191,130</b>    | <b>(616)</b>    | <b>137</b>                 | <b>582,459</b>       | <b>-</b>                             | <b>923,110</b>                 | <b>235,999</b>            | <b>1,159,109</b> |
| <b>Balance as at 1 January 2014</b>          | <b>150,000</b> | <b>340,965</b>    | <b>(565)</b>    | <b>201</b>                 | <b>714,565</b>       | <b>-</b>                             | <b>1,205,166</b>               | <b>374,813</b>            | <b>1,579,979</b> |
| Total comprehensive income for the period    | -              | 24,261            | -               | -                          | 498                  | -                                    | 24,759                         | 4,073                     | 28,832           |
| Dividend paid to non-controlling interest    | -              | -                 | -               | -                          | -                    | -                                    | -                              | (1,305)                   | (1,305)          |
| Dividend paid                                | -              | (26,857)          | -               | -                          | -                    | -                                    | (26,857)                       | -                         | (26,857)         |
| <b>Balance as at 31 March 2014</b>           | <b>150,000</b> | <b>338,369</b>    | <b>(565)</b>    | <b>201</b>                 | <b>715,063</b>       | <b>-</b>                             | <b>1,203,068</b>               | <b>377,581</b>            | <b>1,580,649</b> |
| Total comprehensive income for the period    | -              | 28,098            | -               | -                          | 166                  | (1)                                  | 28,263                         | 1,459                     | 29,722           |
| Dividend paid                                | -              | (134,284)         | -               | -                          | -                    | -                                    | (134,284)                      | -                         | (134,284)        |
| Effect on disposal of discontinued operation | -              | 498,927           | -               | -                          | (715,229)            | -                                    | (216,302)                      | (322,945)                 | (539,247)        |
| <b>Balance as at 30 June 2014</b>            | <b>150,000</b> | <b>731,110</b>    | <b>(565)</b>    | <b>201</b>                 | <b>-</b>             | <b>(1)</b>                           | <b>880,745</b>                 | <b>56,095</b>             | <b>936,840</b>   |

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| Statement of changes in equity            | Share Capital  | Retained Earnings | Treasury Shares | Performance Share Reserves | Total            |
|-------------------------------------------|----------------|-------------------|-----------------|----------------------------|------------------|
| <b>Company (S\$'000)</b>                  |                |                   |                 |                            |                  |
| <b>Balance as at 1 January 2013</b>       | <b>150,000</b> | <b>415,354</b>    | <b>(616)</b>    | <b>137</b>                 | <b>564,875</b>   |
| Total comprehensive income for the period | -              | 6,548             | -               | -                          | <b>6,548</b>     |
| Dividend paid                             | -              | (8,392)           | -               | -                          | <b>(8,392)</b>   |
| <b>Balance as at 31 March 2013</b>        | <b>150,000</b> | <b>413,510</b>    | <b>(616)</b>    | <b>137</b>                 | <b>563,031</b>   |
| Total comprehensive income for the period | -              | 633               | -               | -                          | <b>633</b>       |
| <b>Balance as at 30 June 2013</b>         | <b>150,000</b> | <b>414,143</b>    | <b>(616)</b>    | <b>137</b>                 | <b>563,664</b>   |
| <b>Balance as at 1 January 2014</b>       | <b>150,000</b> | <b>408,409</b>    | <b>(565)</b>    | <b>201</b>                 | <b>558,045</b>   |
| Total comprehensive income for the period | -              | 2,040             | -               | -                          | <b>2,040</b>     |
| Dividend paid                             | -              | (26,857)          | -               | -                          | <b>(26,857)</b>  |
| <b>Balance as at 31 March 2014</b>        | <b>150,000</b> | <b>383,592</b>    | <b>(565)</b>    | <b>201</b>                 | <b>533,228</b>   |
| Total comprehensive income for the period | -              | 2,766             | -               | -                          | <b>2,766</b>     |
| Dividend paid                             | -              | (134,284)         | -               | -                          | <b>(134,284)</b> |
| <b>Balance as at 30 June 2014</b>         | <b>150,000</b> | <b>252,074</b>    | <b>(565)</b>    | <b>201</b>                 | <b>401,710</b>   |

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.

Nil

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.

|                                                       | As at<br>30 Jun 2014 | As at<br>31 Dec 2013 |
|-------------------------------------------------------|----------------------|----------------------|
| Total number of Ordinary Shares issued and fully paid | 6,720,000,000        | 6,720,000,000        |
| Treasury Shares                                       | (5,775,000)          | (5,775,000)          |
|                                                       | 6,714,225,000        | 6,714,225,000        |

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

|                                                   | No. of shares |
|---------------------------------------------------|---------------|
| Balance as at 1 January 2014                      | 5,775,000     |
| Add: Purchases during the year                    | -             |
| Less: Sales, transfers, disposals or cancellation | -             |
| Balance as at 30 June 2014                        | 5,775,000     |

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2. *Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.*

The figures have neither been audited nor reviewed by the Company's 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 has applied the same accounting policies and methods of computation in the second quarter announcement for the current financial period as those of the audited financial statements for the year ended 31 December 2013, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 January 2014. The adoption of these new and revised FRSs has no material effect on the second quarter announcement for the current financial period.

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.*

Please refer to paragraph 4 above.

6. *Earnings per ordinary share (EPS) 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.*

| Earnings per share for the financial period based on 6,714,225,000 shares (excluding treasury shares) | Second Quarter Ended<br>30 Jun |           | Half Year Ended<br>30 Jun |           |
|-------------------------------------------------------------------------------------------------------|--------------------------------|-----------|---------------------------|-----------|
|                                                                                                       | 2014                           | 2013      | 2014                      | 2013      |
| <u>From continuing and discontinued operations:</u>                                                   |                                |           |                           |           |
| Based on the weighted average number of ordinary shares in issue                                      | 0.4 cents                      | 0.5 cents | 0.8 cents                 | 0.8 cents |
| On a fully diluted basis                                                                              | 0.4 cents                      | 0.5 cents | 0.8 cents                 | 0.8 cents |
| <u>From continuing operations:</u>                                                                    |                                |           |                           |           |
| Based on the weighted average number of ordinary shares in issue                                      | 0.4 cents                      | 0.5 cents | 0.7 cents                 | 0.7 cents |
| On a fully diluted basis                                                                              | 0.4 cents                      | 0.5 cents | 0.7 cents                 | 0.7 cents |



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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 period reported on and (b) immediately preceding financial year.*

|                                                                                              | GROUP       |             | COMPANY     |             |
|----------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                                                              | 30-Jun-2014 | 31-Dec-2013 | 30-Jun-2014 | 31-Dec-2013 |
| Net asset value per ordinary share based on 6,714,225,000 shares (excluding treasury shares) | 13.1 cents  | 18.0 cents  | 6.0 cents   | 8.3 cents   |

8. *A review of 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.*

## REVIEW OF GROUP PERFORMANCE

| GROUP                                  | Second Quarter Ended 30 Jun |                    |               | Half Year Ended 30 Jun |                    |               |
|----------------------------------------|-----------------------------|--------------------|---------------|------------------------|--------------------|---------------|
|                                        | 2014                        | 2013<br>(Restated) | Change<br>%   | 2014                   | 2013<br>(Restated) | Change<br>%   |
| <b>REVENUE (\$'000)</b>                |                             |                    |               |                        |                    |               |
| Property development                   | 138,621                     | 129,654            | 6.9           | 242,787                | 221,083            | 9.8           |
| Property investment                    | 7,582                       | 7,359              | 3.0           | 14,911                 | 12,375             | 20.5          |
| <b>Total</b>                           | <b>146,203</b>              | <b>137,013</b>     | <b>6.7</b>    | <b>257,698</b>         | <b>233,458</b>     | <b>10.4</b>   |
| <b>GROSS PROFIT (\$'000)</b>           |                             |                    |               |                        |                    |               |
| Property development                   | 34,509                      | 50,140             | (31.2)        | 66,057                 | 81,182             | (18.6)        |
| Property investment                    | 7,582                       | 7,359              | 3.0           | 14,911                 | 12,375             | 20.5          |
| <b>Total</b>                           | <b>42,091</b>               | <b>57,499</b>      | <b>(26.8)</b> | <b>80,968</b>          | <b>93,557</b>      | <b>(13.5)</b> |
| <b>GROSS PROFIT MARGIN</b>             |                             |                    |               |                        |                    |               |
| Property development                   | 24.9%                       | 38.7%              |               | 27.2%                  | 36.7%              |               |
| Property investment <sup>1</sup>       | N.A                         | N.A                |               | N.A                    | N.A                |               |
| <b>Consolidated Total</b>              | <b>28.8%</b>                | <b>42.0%</b>       |               | <b>31.4%</b>           | <b>40.1%</b>       |               |
| <b>PROFIT BEFORE TAXATION (\$'000)</b> |                             |                    |               |                        |                    |               |
| Property development                   | 29,883                      | 44,499             | (32.9)        | 55,881                 | 70,677             | (20.9)        |
| Property investment                    | 3,649                       | 3,812              | (4.3)         | 7,135                  | 6,126              | 16.5          |
| <b>Total</b>                           | <b>33,532</b>               | <b>48,311</b>      | <b>(30.6)</b> | <b>63,016</b>          | <b>76,803</b>      | <b>(18.0)</b> |

Note 1 - Not Applicable, as gross profit equates revenue.



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### Half Year – Jan to Jun (Six months) 2014 Vs 2013

The Group has disposed its hotel operations (previously owned through Global Premium Hotels Limited) with effect on 2 May 2014. As the result, there will be a change in segmental reporting of the Group which will now comprise of i) property development; and ii) property investment.

#### *Revenue*

The Group recorded a turnover of \$257.70 million during the first half of FY2014 which represents a 10.4% increase from \$233.46 million recorded in the corresponding period in 2013. Both property development and property investment divisions contributed to this increase.

Property development sector contributed \$242.79 million in the first half of 2014 which is 9.8% higher than \$221.08 million recorded in the corresponding period of 2013. This was mainly due to the revenue contribution from *Urban Vista*, *Kensington Square* and *Novena Regency*. Our other mixed developments projects namely, *Le Regal*, *Suites @ Bukit Timah*, and *Icon @ Pasir Panjang* as well as completed residential projects namely *Bungalows by the Sea*, *Suites @ Paya Lebar* and *Suites @ East Coast* have also contributed to the revenue during this period.

Property investment sector contributed \$14.91 million in the first half of 2014 which is 20.5% higher than \$12.38 million recorded in the corresponding period of 2013. The additional revenue was mainly due to the recognition of full period rental revenue from our Alexandra Road Property, which did not occur during the corresponding period. Our newly completed investment property located at Punggol Point, which has more than 90% tenancy, has made its maiden contribution to the revenue during this period and will continue to add on to the revenue stream going forward.

#### *Gross Profit*

Despite the higher revenue, our overall gross profit has decreased by 13.5% to \$80.97 million. Gross profit margin of property development sector has decreased to 27.2% during the first half year of 2014 from the 36.7% achieved in the corresponding period of 2013. This was mainly due to the lower selling price of property units contributing to the revenue during this period.

#### *Profit before taxation*

Other operating income increased by \$1.80 million mainly due to disposal of the remaining shares in GPLH as well as increase in interest income.

Other operating expenses increased from \$12.36 million in first half of 2013 to \$14.48 million in first half of 2014 mainly because of the following factors:

1. Increase in commission expenses due to the higher commission expenses recognised in line with the progress of construction;
2. Increase in amortisation costs pertaining to the leasehold land at Punggol Point;
3. Increase in staff costs;



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4. Increase in property tax expenses pertaining to investment properties which derive rental income to the Group, namely *Tower 15*, *Punggol Settlement* and *NOL building*; and
5. Increase in professional fee pertaining to company's expansion plans and restructuring exercise; and partly offset by
6. Decrease in Advertising and promotional expenses; and
7. Decrease in Performance bonuses to Directors.

Finance costs increased by \$0.87 million in the first half of 2014 mainly due to the full period recognition of interest costs on terms loans pertaining to the investment properties deriving rental income for the Group.

Overall profit before taxation decreased by 18.0% from \$76.80 million in the first half of 2013 to \$63.02 million in the same period of 2014.

### **Second quarter 2014 Vs Second quarter 2013**

#### *Revenue*

The Group recorded a turnover of \$146.20 million in the second quarter of 2014, a 6.7% increase from \$137.01 million recorded in the corresponding period in 2013.

Property development sector contributed \$138.62 million or 94.8% of the consolidated revenue. This is an increase of about 6.9% from the \$129.65 million contribution in the second quarter of 2013. The main contributor to the revenue during this period was the progressive recognition of income from development projects namely *Urban Vista*, *Novena Regency* and *Kensington Square*. Other projects that made significant revenue contribution included *Le Regal*, *Suites @ Bukit Timah*, *Bungalow by the Sea*, *Suites @ Paya Lebar* and *Icon @ Pasir Panjang*.

Property investment sector contributed \$7.58 million or 5.2% to the total consolidated turnover. This represents an increase of 3.0% from the \$7.36 million recorded in the corresponding period of 2013. This was mainly due to the recognition of full period rental revenue from our investment property located at *NOL building*.

#### *Gross Profit*

Gross profit margin from property development sector has decreased to 24.9% during second quarter of 2014 compared to the 38.7% achieved during the corresponding period of 2013. This was mainly due to lower selling price of property development units that contributed to the revenue during this period.

#### *Profit before taxation*

Other operating expenses increased from \$6.43 million in second quarter of 2013 to \$8.00 million in second quarter of 2014 mainly because of the following factors:

1. Increase in commission expenses;
2. Increase in advertising expenses mainly pertaining to our newly launched project, *City Gate*;
3. Increase in amortisation costs pertaining to the leasehold land at *Punggol Point*;

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4. Increase in staff costs;
5. Increase in property tax expenses pertaining to investment properties which derive rental income to the Group, namely Tower 15, Punggol Settlement and NOL building; and
6. Increase in professional fee pertaining to company expansion and restructuring exercise that the Group undertook; and partly offset by
7. Decrease in Performance bonuses to Directors.

Finance costs in the second quarter of 2014 remained almost flat compared to the corresponding period in 2013.

Overall profit before taxation decreased by 30.6% from \$48.31 million in the second quarter 2013 to \$33.53 million in the same period of 2014.

*Statements of financial position & Statement of cash flows*

Following of the disposal of GPLH, Non-current assets now mainly comprise of land and building of our investment properties and office. It currently stood at \$909.70 million as at 30 June 2014. Group's two investment properties, namely Tower 15 and NOL building, currently stood at \$885.21 million as at 30 June 2014. Current assets comprise mainly of development properties, trade debtors, other receivables and cash. As at 30 June 2014, the Group's current assets totaled \$1,316.82 million. Development properties include land costs, development costs, interest capitalized and other related costs and this accounted for \$686.07 million or 52.1% of total current assets as at 30 June 2014. This is a decrease of about 9.5% compared to the balance as at 31 December 2013 mainly due to the progressive recognition of costs to the income statement partly offset by the additional costs incurred on our development properties.

Trade debtors, mainly the unbilled revenue portion of the recognised sales of our property units stood at \$461.90 million. This was an increase of 42.1% compared to the balance as at 31 December 2013 and this was mainly due to additional revenue recognition partly offset by the collections from the buyers. Unbilled revenue relates to the revenue recognised on our development properties. Revenue from our property development projects are recognised based on the percentage of completion method. However the respective purchasers will only be billed in accordance with the terms of the payment scheme. Consequently, unbilled revenue will arise in circumstances whereby revenue has been recognised based on the percentage of completion but the purchaser has not been billed as billing is not due as per the terms of the payment scheme.

Trade creditors increased from \$39.71 million as at 31 December 2013 to \$79.73 million mainly due to the progress billings received from our development projects, in particular, Urban Vista. The Group's total borrowings decreased by 31.7% to \$1,068.98 million from \$1,565.16 million as at 31 December 2013 mainly due to the elimination of the loans pertaining to the hotel sector.

During the first half ended 30 June 2014, the Group generated a net cash flow of \$42.28 million in operating activities which was mainly due to the progressive recognition of development properties into sales. Cash outflow from financing activities amounted to \$16.52 million which was primarily used towards repayment of borrowings. The Group has

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also paid a dividend to non-controlling interest of \$1.31 million during this period. Cash and cash equivalents stood at S\$138.49 million as at the end of 30 June 2014 compared to \$127.79 million as at the end of 31 December 2013.

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

The current announced results are in line with the general prospect commentary previously disclosed to shareholders in the results announcement for the first quarter ended 31 March 2014.

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.*

Property Development:

As per the real estate statistics released by the Urban Redevelopment Authority, the private residential property index fell by 1.1% in the second quarter of 2014, compared to the 1.3% decline in the previous quarter. This is the third continuous quarter of price decrease. The Monetary Authority of Singapore has recently indicated that it is too early to ease the property cooling measures. The low interest rate environment continues to be the catalyst to the market.

The Group is expanding its operations into overseas and has recently made its foray into the Australian property market with the acquisition of four plots of land in prime CBD locations in three different cities.

The Group owns a diversified portfolio of properties, as follows:

***Singapore:***Development properties

| Project name/ Location                        | Type                     | Total No. of units | Sales info <sup>1</sup> |
|-----------------------------------------------|--------------------------|--------------------|-------------------------|
| Suites @ Bukit Timah                          | Flats & Commercial units | 114                | 100% Sold               |
| Urban Vista<br>(Group has 50% interest)       | Condominium              | 585                | 99% Sold                |
| Le Regal                                      | Flats & Commercial units | 136                | 99% Sold                |
| Kensington Square<br>(Group has 60% interest) | Flats & Commercial units | 198                | 88% sold                |
| Novena Regency                                | Flats & Commercial units | 100                | 73% Sold                |
| Icon @ Pasir Panjang                          | Flats & Commercial units | 49                 | 61% Sold                |

<sup>1</sup> Sales info represents the % of sold units over total units and is updated with Option to Purchase granted up to 30 July 2014.

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City Gate, our newly launched project in which the Group has 50% interest, received warm response from the market with good take up rates. Situated on the former Key Point land site, it comprises of 311 residential units and 188 commercial units.

*Investment properties:*

| Location/Tenure                       | Type                       | Land Area<br>(Sq ft) | GFA<br>(Sq ft) | Group's<br>Interest |
|---------------------------------------|----------------------------|----------------------|----------------|---------------------|
| Alexandra road<br>(Freehold)          | Commercial &<br>investment | 108,060              | 302,568        | 100%                |
| Hoe Chiang road<br>(Freehold)         | Commercial &<br>investment | 39,337               | 253,455        | 100%                |
| Punggol Point<br>(15 years leasehold) | Commercial &<br>investment | 11,607               | 32,290         | 100%                |
| Sims Drive<br>(60-years leasehold)    | Industrial<br>development  | 67,945               | 169,861        | 100%                |

The Group is currently carrying out additions and alteration works to the property at Alexandra Road following the expiration of the tenancy on 30 June 2014. The works are expected to be completed in the first half of 2015 and marketing efforts are currently ongoing to lease out the commercial space in the building.

Properties at Punggol Point and Hoe Chiang Road are currently deriving rental income to the Group while the property at Sims Drive is currently undergoing the development works.

*Australia:*

The Group has entered into contracts to acquire the following properties in Australia.

| Location                                           | Type                                   | Tenure   | Land Area<br>(Sq ft) | Land Cost<br>(AUD) |
|----------------------------------------------------|----------------------------------------|----------|----------------------|--------------------|
| 173-177 Macquarie Street<br>Hobart, Tasmania       | Commercial                             | Freehold | 21,528               | \$4,120,000        |
| 555 Collins Street<br>Melbourne, Victoria          | Mixed-use<br>Skyscraper<br>Development | Freehold | 24,757               | \$78,000,000       |
| 134-160 Spencer Street<br>Melbourne, Victoria      | Mixed-use<br>Skyscraper<br>Development | Freehold | 19,375               | \$44,500,000       |
| 374-396 Murray Street,<br>Perth, Western Australia | Mixed-use<br>Development               | Freehold | 53,023               | \$40,000,000       |

These properties, subject to the Group obtaining all necessary regulatory approvals and depending upon the level of sales and progress of construction, will contribute significantly to the Group's revenue and profits in the future years.

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**11. Dividend****(a) Current Financial Period Reported on**Any dividend declared for the current financial period reporting on: **YES**

|                                                      |                                           |
|------------------------------------------------------|-------------------------------------------|
| Name of Dividend                                     | <b>Interim (ordinary)</b>                 |
| Dividend Type                                        | <b>Cash</b>                               |
| Dividend Amount per share                            | <b>S\$0.001 per share</b>                 |
| No of shares in issue<br>(excluding treasury shares) | <b>6,714,225,000</b>                      |
| Total Dividend Amount                                | <b>S\$6,714,225/-</b>                     |
| Tax Rate                                             | <b>Tax-exempt (one-tier tax) dividend</b> |
| Date of payment                                      | <b>28 October 2014</b>                    |

*Dividend declared for current financial period and has already been distributed:*

|                                                      |                                           |
|------------------------------------------------------|-------------------------------------------|
| Name of Dividend                                     | <b>Interim (special)</b>                  |
| Dividend Type                                        | <b>Dividend –in –Specie</b>               |
| Dividend Amount per share                            | <b>S\$0.0200 per share</b>                |
| No of shares in issue<br>(excluding treasury shares) | <b>6,714,225,000</b>                      |
| Total Dividend Amount                                | <b>S\$134,284,500</b>                     |
| Tax Rate                                             | <b>Tax-exempt (one-tier tax) dividend</b> |
| Date Distributed                                     | <b>20 May 2014</b>                        |

**(b) Corresponding Period of the Immediately Preceding Financial Year:**

|                                                      |                                    |
|------------------------------------------------------|------------------------------------|
| Name of Dividend                                     | Interim (ordinary)                 |
| Dividend Type                                        | Cash                               |
| Dividend Amount per share                            | S\$0.0010 per share                |
| No of shares in issue<br>(excluding treasury shares) | 6,713,700,000                      |
| Total Dividend Amount                                | S\$6,713,700/-                     |
| Tax Rate                                             | Tax-exempt (one-tier tax) dividend |
| Date of payment                                      | 18 September 2013                  |

**(c) Date payable : 28 October 2014****(d) Books closure date**

Notice is hereby given that the Register of Members of Transfer Books of the Company will be closed at the close of market day on 15 October 2014 for the purpose of determining shareholders' entitlements to dividends.

Registrable transfers received by the Company's Registrar, Tricor Singapore Pte Ltd at 80 Robinson Road #02-00 Singapore 068898, up to 5:00 p.m. on 15 October 2014 will be registered before entitlements to the dividend are determined.

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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 IPT, 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 has not obtained a general mandate from Shareholders for Interested Person Transactions ("IPT").

14. *Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results).*

The Directors confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the second quarter and half year ended 30 June 2014 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

**KOH WEE MENG**

Executive Chairman and CEO

**PERIAKARUPPAN ARAVINDAN**

Executive Director

**FRAGRANCE GROUP LIMITED**

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**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

15. *Segmented revenue and results for operating 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.*

Not applicable.

16. *In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.*

Not applicable

17. *A breakdown of sales*

Not applicable

18. *A breakdown of total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.*

Not applicable

19. *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) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.*

Not applicable

BY ORDER OF THE BOARD

**PERIAKARUPPAN ARAVINDAN**

Executive Director

30 July 2014