



**FRAGRANCE GROUP LIMITED**

Company Registration No.: 200006656M

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# **FRAGRANCE GROUP LIMITED**

**UNAUDITED RESULTS AND DIVIDEND ANNOUNCEMENT  
FOR THE FULL YEAR ENDED 31 DECEMBER 2016**

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**FRAGRANCE GROUP LIMITED**

Company Registration No.: 200006656M

**Unaudited Results and Dividend Announcement for the Full Year Ended 31/12/2016****PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS – 31 DECEMBER 2016**

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 |               |               |
|-------------------------------------|-----------------------------------|---------------|---------------|
|                                     | Full Year                         |               |               |
|                                     | Twelve months ended 31 Dec        |               |               |
|                                     | 2016                              | 2015          | Change        |
|                                     | S\$'000                           | S\$'000       | %             |
| Turnover                            | 118,733                           | 285,727       | (58.4)        |
| Cost of sales                       | (75,411)                          | (194,462)     | (61.2)        |
| <b>Gross profit</b>                 | <b>43,322</b>                     | <b>91,265</b> | <b>(52.5)</b> |
| Other operating income              | 4,317                             | 31,067        | (86.1)        |
| Other operating expenses            | (22,809)                          | (27,427)      | (16.8)        |
| Finance costs                       | (17,502)                          | (12,514)      | 39.9          |
| Share of results of a joint venture | 1,311                             | (1,609)       | 181.5         |
| <b>Profit before income tax</b>     | <b>8,639</b>                      | <b>80,782</b> | <b>(89.3)</b> |
| Taxation                            | (864)                             | (9,430)       | (90.8)        |
| <b>Profit for the period</b>        | <b>7,775</b>                      | <b>71,352</b> | <b>(89.1)</b> |

|                               |       |        |        |
|-------------------------------|-------|--------|--------|
| Attributable to:              |       |        |        |
| Equity holders of the Company | 7,503 | 68,164 | (89.0) |
| Non-controlling interests     | 272   | 3,188  | (91.5) |

|                                                               |               |               |               |
|---------------------------------------------------------------|---------------|---------------|---------------|
| <b>Other comprehensive income</b>                             |               |               |               |
| Exchange difference on translation of foreign operations      | 3,870         | (10,904)      | 135.5         |
| Gain on revaluation of land and building                      | -             | 7,770         | (100.0)       |
| Income tax effect                                             | -             | 489           | (100.0)       |
| <b>Share of other comprehensive income of a joint venture</b> |               |               |               |
| Exchange difference on translation of foreign operations      | (3,403)       | (1,421)       | 139.5         |
| Fair value loss on investment securities                      | (69)          | (72)          | (4.2)         |
| Gain on revaluation of land and building                      | 2,028         | 10,603        | (80.9)        |
| Income tax effect                                             | 388           | (1,502)       | 125.8         |
| <b>Net other comprehensive income</b>                         | <b>2,814</b>  | <b>4,963</b>  | <b>(43.3)</b> |
| <b>Total comprehensive income</b>                             | <b>10,589</b> | <b>76,315</b> | <b>(86.1)</b> |

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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. - Continued*

| GROUP                         | Full Year<br>Twelve months ended 31 Dec |         |        |
|-------------------------------|-----------------------------------------|---------|--------|
|                               | 2016                                    | 2015    | Change |
|                               | S\$'000                                 | S\$'000 | %      |
| Attributable to:              |                                         |         |        |
| Equity holders of the Company | 10,317                                  | 73,127  | (85.9) |
| Non-controlling interests     | 272                                     | 3,188   | (91.5) |

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

| GROUP                                                   | Full Year<br>Twelve months ended 31 Dec |               |               |
|---------------------------------------------------------|-----------------------------------------|---------------|---------------|
|                                                         | 2016                                    | 2015          | Change        |
|                                                         | S\$'000                                 | S\$'000       | %             |
| Allowance for doubtful debts                            | (56)                                    | -             | N.M           |
| Amortisation and depreciation                           | (1,458)                                 | (1,126)       | 29.5          |
| Finance costs                                           | (17,502)                                | (12,514)      | 39.9          |
| <u>Other operating income</u>                           |                                         |               |               |
| Change in fair value of<br>held for trading investments | 1,104                                   | 1,722         | (35.9)        |
| Net loss on disposal of held<br>for trading investments | (636)                                   | -             | N.M           |
| Net foreign exchange gain (loss)                        | 30                                      | (45)          | (166.7)       |
| Interest income                                         | 640                                     | 789           | (18.9)        |
| Fair value gain on<br>investment properties             | 2,208                                   | 28,187        | (92.2)        |
| Gain on foreign exchange options                        | 607                                     | -             | N.M           |
| Others                                                  | 364                                     | 414           | (12.1)        |
| Total                                                   | <b>4,317</b>                            | <b>31,067</b> | <b>(86.1)</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                               | 31-Dec-2016      | 31-Dec-2015      | 31-Dec-2016    | 31-Dec-2015    |
| <b><u>Non-current assets</u></b>      |                  |                  |                |                |
| Property, plant and equipment         | 18,903           | 19,166           | -              | -              |
| Other receivables                     | 1,238            | -                | 1,238          | -              |
| Investment properties                 | 1,172,223        | 1,141,782        | -              | -              |
| Prepayments                           | 8,128            | 8,908            | -              | -              |
| Subsidiaries                          | -                | -                | 750,152        | 633,324        |
| Investment in a joint venture         | 93,566           | 66,312           | 87,313         | 60,313         |
| Deferred tax asset                    | 1,254            | 743              | -              | -              |
| <b>Total non-current assets</b>       | <b>1,295,312</b> | <b>1,236,911</b> | <b>838,703</b> | <b>693,637</b> |
| <b><u>Current assets</u></b>          |                  |                  |                |                |
| Cash and cash equivalents             | 45,513           | 94,354           | 8,621          | 59,000         |
| Trade and other receivables           | 140,475          | 265,920          | 105,782        | 175,928        |
| Held for trading investments          | -                | 4,155            | -              | 4,155          |
| Development properties                | 476,476          | 442,811          | 181,795        | 216,554        |
| Properties held for sale              | 67,731           | 29,162           | 636            | -              |
| Asset held for sale                   | -                | 86,797           | -              | -              |
| <b>Total current assets</b>           | <b>730,195</b>   | <b>923,199</b>   | <b>296,834</b> | <b>455,637</b> |
| <b><u>Current liabilities</u></b>     |                  |                  |                |                |
| Trade and other payables              | 98,119           | 113,400          | 105,358        | 140,052        |
| Notes payable                         | 76,048           | 1,476            | 76,048         | 1,476          |
| Term loans                            | 151,734          | 439,887          | -              | 46,000         |
| Income tax payable                    | 16,848           | 20,599           | 11,440         | 310            |
| Derivative financial instrument       | 87               | -                | -              | -              |
| <b>Total current liabilities</b>      | <b>342,836</b>   | <b>575,362</b>   | <b>192,846</b> | <b>187,838</b> |
| <b>Net current assets</b>             | <b>387,359</b>   | <b>347,837</b>   | <b>103,988</b> | <b>267,799</b> |
| <b><u>Non-current liabilities</u></b> |                  |                  |                |                |
| Trade and other payables              | -                | -                | 2,000          | 1,411          |
| Notes payable                         | -                | 85,000           | -              | 85,000         |
| Term loans                            | 626,692          | 435,701          | 105,725        | 108,305        |
| Deferred taxation                     | 2,692            | 14,698           | 2,692          | 11,347         |
| <b>Total non-current liabilities</b>  | <b>629,384</b>   | <b>535,399</b>   | <b>110,417</b> | <b>206,063</b> |
| <b>Net Assets</b>                     | <b>1,053,287</b> | <b>1,049,349</b> | <b>832,274</b> | <b>755,373</b> |

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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. - Continued*

| Statement of financial position                         | Group            |                  | Company        |                |
|---------------------------------------------------------|------------------|------------------|----------------|----------------|
| S\$'000                                                 | 31-Dec-2016      | 31-Dec-2015      | 31-Dec-2016    | 31-Dec-2015    |
| <b>Shareholders' equity</b>                             |                  |                  |                |                |
| Share capital                                           | 150,000          | 150,000          | 150,000        | 150,000        |
| Treasury shares                                         | (999)            | (1,050)          | (999)          | (1,050)        |
| Performance share reserves                              | 318              | 308              | 318            | 308            |
| Revaluation reserves                                    | 35,682           | 33,266           | -              | -              |
| Foreign translation reserves                            | (26,254)         | (26,721)         | -              | -              |
| Investment revaluation reserve                          | (141)            | (72)             | -              | -              |
| Retained earnings                                       | 880,635          | 879,844          | 682,955        | 606,115        |
| <b>Equity attributable to the owners of the Company</b> | <b>1,039,241</b> | <b>1,035,575</b> | <b>832,274</b> | <b>755,373</b> |
| Non-controlling interests                               | 14,046           | 13,774           | -              | -              |
| <b>Total Equity</b>                                     | <b>1,053,287</b> | <b>1,049,349</b> | <b>832,274</b> | <b>755,373</b> |

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

|                                                    | As at<br>31 Dec 2016 |           | As at<br>31 Dec 2015 |           |
|----------------------------------------------------|----------------------|-----------|----------------------|-----------|
|                                                    | Secured              | Unsecured | Secured              | Unsecured |
|                                                    | S\$'000              | S\$'000   | S\$'000              | S\$'000   |
| Amount repayable in one year or less, or on demand | 151,734              | 76,048    | 439,887              | 1,476     |
| Amount repayable after one year                    | 626,692              | -         | 435,701              | 85,000    |

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 and properties held for sale;
- 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<br>Group (\$'000)                      | Full Year<br>Twelve months ended 31 Dec |                 |
|----------------------------------------------------------------|-----------------------------------------|-----------------|
|                                                                | 2016                                    | 2015            |
| <b><u>Operating activities</u></b>                             |                                         |                 |
| Profit before income tax                                       | 8,639                                   | 80,782          |
| Adjustments for:                                               |                                         |                 |
| Amortisation and depreciation                                  | 486                                     | 154             |
| Amortisation of land lease                                     | 780                                     | 780             |
| Net amortisation of rental incentive granted                   | (721)                                   | (265)           |
| Amortisation of processing fee on debt note issued             | 192                                     | 192             |
| Interest income                                                | (640)                                   | (789)           |
| Interest expense                                               | 17,503                                  | 12,514          |
| Net gain on held for trading investments                       | (468)                                   | (1,722)         |
| Change in fair value of investment property                    | (2,208)                                 | (28,187)        |
| Net foreign exchange difference                                | (91)                                    | 311             |
| Performance share award                                        | 61                                      | 113             |
| Share of results of a joint venture                            | (1,311)                                 | 1,609           |
| Fair value on derivative financial instrument                  | 87                                      | -               |
| Allowance for doubtful debt                                    | 56                                      | -               |
| <b>Operating cash flow before movements in working capital</b> | <b>22,365</b>                           | <b>65,492</b>   |
| Trade and other receivables                                    | 113,625                                 | 75,341          |
| Development properties and properties held for sale            | (6,722)                                 | 82,903          |
| Trade and other payables                                       | 12,801                                  | 8,905           |
| <b>Net cash from operations</b>                                | <b>142,069</b>                          | <b>232,641</b>  |
| Interest paid                                                  | (22,246)                                | (24,554)        |
| Income taxes paid                                              | (17,127)                                | (30,320)        |
| <b>Net cash from operating activities</b>                      | <b>102,696</b>                          | <b>177,767</b>  |
| <b><u>Investing activities</u></b>                             |                                         |                 |
| Purchase of held for trading investments                       | (1,354)                                 | -               |
| Investment in a joint venture                                  | (27,000)                                | (60,313)        |
| Interest received                                              | 640                                     | 789             |
| Purchase of property, plant and equipment                      | (224)                                   | (53)            |
| Proceeds from disposal of FA                                   | 1                                       |                 |
| Additions to investment properties                             | (3,530)                                 | (22,781)        |
| Proceeds from disposal of held for trading investments         | 5,976                                   | -               |
| <b>Net cash used in investing activities</b>                   | <b>(25,491)</b>                         | <b>(82,358)</b> |

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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. – Continued*

| Statement of cash flows<br>Group (\$S'000)                  | Full Year<br>Twelve months ended 31 Dec |                 |
|-------------------------------------------------------------|-----------------------------------------|-----------------|
|                                                             | 2016                                    | 2015            |
| <b><u>Financing activities</u></b>                          |                                         |                 |
| Advance (to) from non-controlling interests                 | (11,880)                                | 2,900           |
| Proceeds from borrowings                                    | 65,357                                  | 44,000          |
| Proceeds from debt note issued                              | -                                       | 84,616          |
| Repurchase of debt note issued                              | (10,250)                                | -               |
| Repayment of borrowings                                     | (162,420)                               | (173,090)       |
| Repurchase of shares                                        | -                                       | (623)           |
| Dividend paid                                               | (6,712)                                 | (34,783)        |
| <b>Net cash used in financing activities</b>                | <b>(125,905)</b>                        | <b>(76,980)</b> |
| <b>Net (decrease) increase in cash and cash equivalents</b> | <b>(48,700)</b>                         | <b>18,429</b>   |
| Cash and cash equivalents at beginning of period            | 94,354                                  | 76,543          |
| Effect of exchange rate on foreign currency balances        | (141)                                   | (618)           |
| <b>Cash and cash equivalents at end of period</b>           | <b>45,513</b>                           | <b>94,354</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 | Investment Revaluation Reserve | Attributable to Equity Holders | Non-Controlling Interests | Total     |
|-------------------------------------------|---------------|-------------------|-----------------|----------------------------|----------------------|--------------------------------------|--------------------------------|--------------------------------|---------------------------|-----------|
| <b>Group (\$S'000)</b>                    |               |                   |                 |                            |                      |                                      |                                |                                |                           |           |
| Balance as at 1 January 2015              | 150,000       | 828,463           | (503)           | 271                        | 15,906               | (14,396)                             | -                              | 979,741                        | 58,586                    | 1,038,327 |
| Total comprehensive income for the period | -             | 68,164            | -               | -                          | 17,360               | (12,325)                             | (72)                           | 73,127                         | 3,188                     | 76,315    |
| Repurchase/award of shares                | -             | -                 | (547)           | 37                         | -                    | -                                    | -                              | (510)                          | -                         | (510)     |
| Dividend paid                             | -             | (16,783)          | -               | -                          | -                    | -                                    | -                              | (16,783)                       | (48,000)                  | (64,783)  |
| Balance as at 31 December 2015            | 150,000       | 879,844           | (1,050)         | 308                        | 33,266               | (26,721)                             | (72)                           | 1,035,575                      | 13,774                    | 1,049,349 |

| Statement of changes in equity            | Share Capital | Retained Earnings | Treasury Shares | Performance Share Reserves | Revaluation Reserves | Foreign Currency Translation Reserve | Investment Revaluation Reserve | Attributable to Equity Holders | Non-Controlling Interests | Total     |
|-------------------------------------------|---------------|-------------------|-----------------|----------------------------|----------------------|--------------------------------------|--------------------------------|--------------------------------|---------------------------|-----------|
| <b>Group (\$S'000)</b>                    |               |                   |                 |                            |                      |                                      |                                |                                |                           |           |
| Balance as at 1 January 2016              | 150,000       | 879,844           | (1,050)         | 308                        | 33,266               | (26,721)                             | (72)                           | 1,035,575                      | 13,774                    | 1,049,349 |
| Total comprehensive income for the period | -             | 7,503             | -               | -                          | 2,416                | 467                                  | (69)                           | 10,317                         | 272                       | 10,589    |
| Repurchase/award of shares                | -             | -                 | 51              | 10                         | -                    | -                                    | -                              | 61                             | -                         | 61        |
| Dividend paid                             | -             | (6,712)           | -               | -                          | -                    | -                                    | -                              | (6,712)                        | -                         | (6,712)   |
| Balance as at 31 December 2016            | 150,000       | 880,635           | (999)           | 318                        | 35,682               | (26,254)                             | (141)                          | 1,039,241                      | 14,046                    | 1,053,287 |

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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. - Continued*

| 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 2015</b>       | <b>150,000</b> | <b>291,483</b>    | <b>(503)</b>    | <b>271</b>                 | <b>441,251</b> |
| Total comprehensive income for the period | -              | 331,415           | -               | -                          | 331,415        |
| Repurchase/award of shares                | -              | -                 | (547)           | 37                         | (510)          |
| Dividend paid                             | -              | (16,783)          | -               | -                          | (16,783)       |
| <b>Balance as at 31 December 2015</b>     | <b>150,000</b> | <b>606,115</b>    | <b>(1,050)</b>  | <b>308</b>                 | <b>755,373</b> |
| <b>Balance as at 1 January 2016</b>       | <b>150,000</b> | <b>606,115</b>    | <b>(1,050)</b>  | <b>308</b>                 | <b>755,373</b> |
| Total comprehensive income for the period | -              | 83,552            | -               | -                          | 83,552         |
| Repurchase/award of shares                | -              | -                 | 51              | 10                         | 61             |
| Dividend paid                             | -              | (6,712)           | -               | -                          | (6,712)        |
| <b>Balance as at 31 December 2016</b>     | <b>150,000</b> | <b>682,955</b>    | <b>(999)</b>    | <b>318</b>                 | <b>832,274</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.*

As at 31 December 2016, the Company's total issued shares is 6,720,000,000 (31 December 2015: 6,720,000,000) with 7,230,000 (31 December 2015: 7,600,000) shares held as treasury shares. There is no movement in the issued and paid-up capital of the Company since 31 December 2015.

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- 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>31 Dec 2016 | As at<br>31 Dec 2015 |
|-------------------------------------------------------|----------------------|----------------------|
| Total number of Ordinary Shares issued and fully paid | 6,720,000,000        | 6,720,000,000        |
| Treasury Shares                                       | (7,230,000)          | (7,600,000)          |
|                                                       | 6,712,770,000        | 6,712,400,000        |

- 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 2016                      | 7,600,000     |
| Add: Purchases during the year                    | -             |
| Less: Sales, transfers, disposals or cancellation | (370,000)     |
| Balance as at 31 December 2016                    | 7,230,000     |

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 third quarter announcement for the current financial period as those of the audited financial statements for the year ended 31 December 2015.

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.

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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 6,730,792,000 shares (2015: 6,713,512,000) (excluding treasury shares) | Full Year Ended<br>31 Dec |            |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------------|------------|
|                                                                                                                             | 2016                      | 2015       |
| Based on the weighted average number of ordinary shares in issue                                                            | 0.11 cents                | 1.02 cents |
| On a fully diluted basis                                                                                                    | 0.11 cents                | 1.02 cents |

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     |             |
|--------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
|                                                                                                                    | 31-Dec-2016 | 31-Dec-2015 | 31-Dec-2016 | 31-Dec-2015 |
| Net asset value per ordinary share based on 6,712,770,000 shares (2015: 6,712,400,000) (excluding treasury shares) | 15.5 cents  | 15.4 cents  | 12.4 cents  | 11.3 cents  |

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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**

| <b>GROUP</b>                                       | <b>Full Year<br/>Twelve months ended 31 Dec</b> |                |                     |
|----------------------------------------------------|-------------------------------------------------|----------------|---------------------|
|                                                    | <b>2016</b>                                     | <b>2015</b>    | <b>Change<br/>%</b> |
| <b><u>REVENUE (\$S'000)</u></b>                    |                                                 |                |                     |
| Property development                               | 100,281                                         | 266,671        | (62.4)              |
| Property investment                                | 18,452                                          | 19,056         | (3.2)               |
| <b>Total</b>                                       | <b>118,733</b>                                  | <b>285,727</b> | <b>(58.4)</b>       |
| <b><u>GROSS PROFIT<br/>(\$S'000)</u></b>           |                                                 |                |                     |
| Property development                               | 24,870                                          | 72,209         | (65.6)              |
| Property investment                                | 18,452                                          | 19,056         | (3.2)               |
| <b>Total</b>                                       | <b>43,322</b>                                   | <b>91,265</b>  | <b>(52.5)</b>       |
| <b><u>GROSS PROFIT<br/>MARGIN</u></b>              |                                                 |                |                     |
| Property development                               | 24.8%                                           | 27.1%          |                     |
| Property investment                                | N.A                                             | N.A            |                     |
| <b>Consolidated Total</b>                          | <b>36.5%</b>                                    | <b>31.9%</b>   |                     |
| <b><u>PROFIT BEFORE<br/>TAXATION (\$S'000)</u></b> |                                                 |                |                     |
| Property development                               | 9,048                                           | 47,457         | (80.9)              |
| Property investment                                | (409)                                           | 33,325         | (101.2)             |
| <b>Total</b>                                       | <b>8,639</b>                                    | <b>80,782</b>  | <b>(89.3)</b>       |

N.A- Not Applicable



**Full Year (FY) 2016 Vs FY 2015**

*Revenue*

The Group recorded a turnover of \$118.73 million during FY 2016, a 58.4% decrease from \$285.73 million recorded in FY 2015. Both property development and property investment sectors attributed to this decrease.

- (a) Property development segment contributed \$100.28 million in FY 2016 which is 62.4% lower than \$266.67 million recorded in FY 2015. This was mainly due to less ongoing development projects as compared to FY 2015. Projects that contributed to revenue in FY 2016 included *City Gate, Kensington Square, Urban Vista* and *Novena Regency*.
- (b) Rental from our investment properties namely *Tower 15, The Punggol Point, Fragrance Empire Building and Victory Centre* were the main contributors to revenue from this segment in FY 2016. The lower rental income in FY 2016 was due mainly to lower occupancy status in *Tower 15*. The decrease is partly offset by increase in rental income from *Fragrance Empire Building and Victory Centre*.

*Gross Profit*

Our overall gross profit decreased by 52.5% to \$43.32 million in line with less ongoing development projects. There is a slight increase in gross profit margin to 36.5% in FY 2016 compared with 31.9% achieved in FY 2015.

*Other Operating Income*

The decrease in other operating income was largely due to the fair value gain recorded in FY 2015 when transferring *Victory Centre* to investment properties. No such significant transfers were recorded in FY 2016.

*Other Operating Expenses*

Other operating expenses decreased from \$27.43 million in FY 2015 to \$22.81 million in FY 2016. The decrease was mainly due to the following:

1. Decrease in commission and promotion expenses relating to the development projects;
2. Decrease in utilities expense due to the commencement of construction activities on *City Gate*;
3. Decrease in performance related bonuses to executive directors; and partly offset by
4. Increase in property tax expenses pertaining to the investment properties and the absentee land owner charge relating to the Group's two development properties in Melbourne, Australia; and
5. Increase in depreciation expenses relating to owner-occupied office premises.

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*Finance Costs*

Finance costs increased by \$4.99 million in FY 2016 mainly due to:

- i) full period interest expenses relating to *Fragrance Empire Building, Victory Centre and Icon @ Pasir Panjang* were expensed off following completion of development and issuance of Temporary Occupation Permit in 2016. However, major part of these interest costs were capitalised in 2015; and
- ii) general increase in overall interest rates across the floating rate borrowings.

*Share of Results of Joint Venture*

The share of results of a joint venture was attributable to the equity accounting of the Group's share of results in AF Global Limited, through AF Corporation Pte Ltd.

*Profit before Income Tax*

Overall profit before taxation decreased by 89.3% from \$80.78 million in FY 2015 to \$8.64 million in FY 2016.

**Statements of financial position & Statement of cash flows**

Non-current assets mainly comprise land and building of our investment properties and office. The Group's investment properties totaled at \$1,172.22 million as at 31 December 2016.

Investment in a joint venture comprises the Group's investment in AF Global Limited, through AF Corporation Pte Ltd.

Current assets comprise mainly development properties, trade and other receivables and properties held for sale. As at 31 December 2016, the Group's current assets totaled \$730.20 million.

Development properties include land costs, development costs, interest capitalised and other related costs and these accounted for \$476.48 million or 65.3% of total current assets as at 31 December 2016. The increase of \$33.67 million compared to the balance as at 31 December 2015 was mainly due to additional costs incurred during the period, and the reclassification of development costs relating to the property at 555 Collins Street, Melbourne, Victoria from Asset held for Sale, following a change in business plans. The planning permit for this property was obtained from the local authority in September 2016. This increase is partially offset by the progressive recognition of costs to the income statement.

Trade and other receivables of \$140.48 million include \$99.88 million of revenue from our property development projects in Singapore which are recognised based on the percentage of completion method and have yet to be billed. Billing is based on the payment schedule in the standard sale and purchase agreement. Decrease of 47.2% compared to the balance as at 31 December 2015 was mainly due to the collections from the buyers partly offset by additional revenue recognised, yet to be billed.

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Trade and other payables, which mainly comprise trade creditors, amount due to joint operator and accrual for project costs decreased from \$113.40 million as at 31 December 2015 to \$98.12 million due to less ongoing development projects.

Progressive collections from development properties have been used to repay some bank loans resulting in decrease in the Group's total borrowings by 11.1% to \$778.43 million from \$875.59 million as at 31 December 2015.

During the year ended 31 December 2016, the Group generated net cash inflow of \$102.70 million from operating activities. Cash outflow from investing activities amounted to \$25.49 million which was substantially used towards investing in AF Corporation Pte Ltd. Net cash outflow from financing activities amounted to \$125.91 million which comprise cash outflow on the repayment of borrowings partly offset by proceeds from project related loans. Cash and cash equivalents stood at \$45.51 million as at the end of 31 December 2016 compared to \$94.35 million as at the end of 31 December 2015.

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 that the Group is expected to remain profitable in FY2016 as disclosed to shareholders in the previous results announcements.

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 Segment:******Singapore:***

For the whole of 2016, the prices of non-landed private residential properties decreased by a total of 2.6%, as per statistics released by Urban Redevelopment Authority. With the impact of the property cooling measures and the upward pressure of interest rates, the outlook for private residential property is expected to remain subdued.

The Group has sold almost all of its residential units in Singapore. The Group has only one ongoing development project currently in Singapore which is as follows.

| Project name                                 | Type                     | Total No. of units | Percentage of units sold <sup>1</sup> |
|----------------------------------------------|--------------------------|--------------------|---------------------------------------|
| <i>City Gate</i><br>(Group has 50% interest) | Flats & Commercial units | 499                | 86% Sold                              |

<sup>1</sup> Sales info represents the % of sold units over total units and is updated with Option to Purchase which has already been exercised up to 22 February 2017.

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Construction works for City Gate commenced during the second quarter of 2016. The Group has started to, and will progressively recognise revenue from sales of about \$331 million (our 50% share of the joint operations), based on the percentage of completion method.

*Australia:*

The Group has the following properties held for development in Australia.

| Project Name/Location                                                                  | Type                                | Tenure   | Land Area (Sq ft) |
|----------------------------------------------------------------------------------------|-------------------------------------|----------|-------------------|
| <i>NV Apartments &amp; Hotel</i><br>374-396 Murray Street,<br>Perth, Western Australia | Mixed-use<br>Development            | Freehold | 53,023            |
| 39-47 Milligan Street and<br>453-471 Murray Street,<br>Perth, Western Australia        | Mixed-use<br>Development            | Freehold | 38,320            |
| <i>Premier Tower</i><br>134-160 Spencer Street<br>Melbourne, Victoria                  | Mixed-use Skyscraper<br>Development | Freehold | 19,375            |
| 555 Collins Street<br>Melbourne, Victoria                                              | Mixed-use<br>Development            | Freehold | 24,757            |
| 173-177 Macquarie Street<br>Hobart, Tasmania                                           | Hotel<br>Development                | Freehold | 21,528            |
| 28 – 30 Davey Street<br>Hobart, Tasmania                                               | Hotel<br>Development                | Freehold | 12,411            |
| 171 Macquarie Street<br>Hobart, Tasmania                                               | Commercial<br>Development           | Freehold | 5,651             |
| 2-6 Collins Street<br>Hobart, Tasmania                                                 | Hotel<br>Development                | Freehold | 32,389            |
| 234-250 Elizabeth Street<br>Hobart, Tasmania                                           | Mixed-use<br>Development            | Freehold | 37,680            |

Of the above, Premier Tower and NV Apartments have been launched for sale and about 71% and 20% of residential units are sold, respectively<sup>2</sup>. Slated for completion in 2021, demolition works for Premier Tower started in early December 2016 and the ground breaking ceremony was held on 18 January 2017. Based on the nature of the sales and purchase agreement and payment terms, revenue and profits from sale of properties in Australia will be recognised on completion of development in accordance with financial reporting standards.

The development works at 173-177 Macquarie Street, Hobart is progressing well for the development of a hotel building with 296 rooms, with retail/restaurant and full amenities.

<sup>2</sup> Sales status presents the % of units sold as of 22 February 2017.

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The Group is actively working on the redevelopment plans/works for the rest of the Australian portfolio of properties.

***Property Investment Segment:******Singapore:***

Based on the statistics released by Urban Redevelopment Authority, for the whole of 2016, the rental of office space has declined by a further 8.2%, following the 6.5% decrease for the whole of 2015. Office vacancy rate also saw an increase from 9.5% at the end of FY2015 to 11.1% at the end of FY2016. Office rentals and occupancy will continue to face pressure as more supply is in the pipeline for FY2017.

Despite the challenges ahead, the Group's two major properties *Tower 15* and *Fragrance Empire Building*, are located in/near CBD thus giving us the competitive edge in our marketing efforts.

The table below summarises the Group's portfolio of investment properties.

| Name/Location                                                              | Type                                 | Occupancy Status <sup>3</sup> |
|----------------------------------------------------------------------------|--------------------------------------|-------------------------------|
| <i>Fragrance Empire Building</i><br>456 Alexandra Road<br>(Freehold)       | Office/Retail/<br>Medical Suites/F&B | 50%                           |
| <i>Tower 15</i><br>15 Hoe Chiang road<br>(Freehold)                        | Office/Hotel/F&B                     | 69%                           |
| <i>Fragrance Building</i><br>168 Changi Road<br>(Freehold)                 | Office/Retail/Café                   | 77%                           |
| <i>The Colonial Settlement</i><br>3 Punggol Point Road<br>(15-years lease) | F&B                                  | 80%                           |
| Victory Centre<br>110 LOR 23 Geylang Road<br>(60-years lease)              | Business 1/<br>Industrial            | 51%                           |
| Commercial units at <i>Novena Regency</i><br>(Freehold)                    | Restaurant/Shop                      | 27%                           |
| Commercial units at <i>Icon @ Pasir Panjang</i><br>(Freehold)              | Restaurant/Shop                      | 7%                            |
| Commercial unit at <i>Kensington Village</i><br>(Freehold)                 | Retail                               | 100%                          |

<sup>3</sup> Occupancy Status represents the % of committed lettable space over total lettable space in the building as of 22 February 2017.



United Kingdom:

**Imperial Hotel, Blackpool**

The Group, through its subsidiary – Fragrance UK-Blackpool, entered into a contract to acquire The Imperial Hotel, Blackpool (the “Imperial Hotel”) in January 2017. This acquisition was recently completed on 20 February 2017. The Imperial Hotel is expected to contribute positively to the results of the Group for the financial year ending 31 December 2017.

**The Municipal offices Building, Liverpool**

The Group’s subsidiary, Fragrance UK-Liverpool, participated and has emerged as the top contender from the tender exercise to acquire the property located at Dale Street, Liverpool, L2 2DH, United Kingdom. The Property was offered for sale by the Liverpool City Council through a public tender exercise. The Property was sold by way of a lease for a term of 250 years with an option to purchase the freehold title upon completion of certain works on the property.

***Overall Summary***

In summary, in the recent past few years, the Group has remained resilient to the challenges in local market and sold almost all of its residential properties in Singapore. The Group is now well positioned to seize new opportunities in Singapore should there be encouraging signs of market recovery. Meanwhile, with the timely diversification of operations into Australia and the United Kingdom, the Group has laid a good foundation for sustainable growth in future years.

However, the revenue stream and profitability of the Group for FY2017 will be subject to potentially significant amount of fluctuations due to the following factors:

- i) Construction of City Gate has commenced in mid 2016. Approximately \$260 million of balance attributable revenue, from the units sold, will be recognised progressively henceforth and attributable profits will be recognised in FY2017.
- ii) Revenue from property investment segment will be highly dependent on the occupancy rate of the investment properties. The Group is working closely with marketing agents to increase the occupancy rate.
- iii) As for Australian property portfolio, as of 22 February 2017, sales of units in Premier Tower and NV Apartments amounts to approximately \$458 million. Such revenue will only be recognised on completion of development of the respective properties. No revenue and profits are expected to be reported in FY2017.

In view of the above, the Group may report net losses for certain quarters in FY2017.

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**11. Dividend***(a) Current Financial Period Reported on*

Any dividend declared for the current financial period reporting on:

Final Dividend : No

Interim Dividend Paid for FY2016:

|                                                      |                                           |
|------------------------------------------------------|-------------------------------------------|
| 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>6,712,400,000</b>                      |
| Total Dividend Amount                                | <b>S\$6,712,400/-</b>                     |
| Tax Rate                                             | <b>Tax-exempt (one-tier tax) dividend</b> |
| Date of payment                                      | <b>1 December 2016</b>                    |

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

|                                                      |                                           |
|------------------------------------------------------|-------------------------------------------|
| Name of Dividend                                     | <b>Interim (ordinary)</b>                 |
| Dividend Type                                        | <b>Cash</b>                               |
| Dividend Amount per share                            | <b>S\$0.0015 per share</b>                |
| No of shares in issue<br>(excluding treasury shares) | <b>6,711,850,000</b>                      |
| Total Dividend Amount                                | <b>S\$10,067,775/-</b>                    |
| Tax Rate                                             | <b>Tax-exempt (one-tier tax) dividend</b> |
| Date of payment                                      | <b>8 September 2015</b>                   |

*(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/recommended.

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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).*

Not applicable.

15. *Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)*

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

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

16. *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.*

*(a) Business Segments*

| GROUP                          | CONTINUING OPERATIONS   |                        | TOTAL<br>S\$'000 |
|--------------------------------|-------------------------|------------------------|------------------|
|                                | PROPERTY<br>DEVELOPMENT | PROPERTY<br>INVESTMENT |                  |
|                                | S\$'000                 | S\$'000                |                  |
| <b>FY2016</b>                  |                         |                        |                  |
| <b>REVENUE</b>                 | <b>100,281</b>          | <b>18,452</b>          | <b>118,733</b>   |
| <b>RESULT</b>                  |                         |                        |                  |
| Segment result                 | 24,870                  | 18,452                 | 43,322           |
| Other operating income, net    | 1,569                   | 2,748                  | 4,317            |
| Other operating expenses       | (14,582)                | (8,227)                | (22,809)         |
| Profit from operations         | 11,857                  | 12,973                 | 24,830           |
| Finance costs                  | (4,120)                 | (13,382)               | (17,502)         |
| Share of results of JV         | 1,311                   | -                      | 1,311            |
| Profit before income tax       | 9,048                   | (409)                  | 8,639            |
| Income tax                     |                         |                        | (864)            |
| <b>Profit after income tax</b> |                         |                        | <b>7,775</b>     |
| <b>FY2015</b>                  |                         |                        |                  |
| <b>REVENUE</b>                 | <b>266,671</b>          | <b>19,056</b>          | <b>285,727</b>   |
| <b>RESULT</b>                  |                         |                        |                  |
| Segment result                 | 72,209                  | 19,056                 | 91,265           |
| Other operating income, net    | 2,662                   | 28,405                 | 31,067           |
| Other operating expenses       | (22,324)                | (5,103)                | (27,427)         |
| Profit from operations         | 52,547                  | 42,358                 | 94,905           |
| Finance costs                  | (3,481)                 | (9,033)                | (12,514)         |
| Share of results of JV         | (1,609)                 | -                      | (1,609)          |
| Profit before income tax       | 47,457                  | 33,325                 | 80,782           |
| Income tax                     |                         |                        | (9,430)          |
| <b>Profit after income tax</b> |                         |                        | <b>71,352</b>    |

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16. *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.*  
- Continued

*(b) Geographical information*

| SUMMARY BY COUNTRY<br>GROUP | REVENUE<br>S\$'000 | %          | NON-CURRENT<br>ASSETS<br>S\$'000 | %          |
|-----------------------------|--------------------|------------|----------------------------------|------------|
| <b><u>FY2016</u></b>        |                    |            |                                  |            |
| Singapore                   | 116,341            | 98.0       | 1,294,058                        | 99.9       |
| Australia                   | 2,392              | 2.0        | 1,254                            | 0.1        |
| <b>Total</b>                | <b>118,733</b>     | <b>100</b> | <b>1,295,312</b>                 | <b>100</b> |
| <b><u>FY2015</u></b>        |                    |            |                                  |            |
| Singapore                   | 283,442            | 99.2       | 1,236,168                        | 99.9       |
| Australia                   | 2,285              | 0.8        | 743                              | 0.1        |
| <b>Total</b>                | <b>285,727</b>     | <b>100</b> | <b>1,236,911</b>                 | <b>100</b> |

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

Please refer to paragraph 8 and 10.

18. *A breakdown of sales*

| GROUP                                                        | FY 2016<br>S\$'000 | FY 2015<br>S\$'000 | % Increase/<br>(Decrease) |
|--------------------------------------------------------------|--------------------|--------------------|---------------------------|
| (a) Sales reported for first half year                       | 53,385             | 180,551            | (70.4)                    |
| (b) Operating profit after tax reported for first half year  | 9,486              | 33,447             | (71.6)                    |
| (c) Sales reported for the second half year                  | 65,348             | 105,176            | (37.9)                    |
| (d) Operating profit after tax reported for second half year | (1,711)            | 37,905             | (104.5)                   |

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

|                         | <b>FY 2016</b>   | <b>FY 2015</b>   |
|-------------------------|------------------|------------------|
| <b>Ordinary</b>         | <b>(S\$'000)</b> | <b>(S\$'000)</b> |
| Interim Dividend        | 6,712            | 10,068           |
| Special Dividend        | -                | -                |
| Proposed Final Dividend | -                | -                |
| <b>Total</b>            | <b>6,712</b>     | <b>10,068</b>    |

20. *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.*

There is no 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.

BY ORDER OF THE BOARD

**KOH WEE MENG**

Executive Chairman and CEO

**PERIAKARUPPAN ARAVINDAN**

Executive Director

22 February 2017