



FRAGRANCE GROUP LIMITED

Company Registration No.: 200006656M

FRAGRANCE GROUP LIMITED

**UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FULL YEAR ENDED 31 DECEMBER 2019**

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR
THE FULL YEAR ENDED
31 DECEMBER 2019

1(a)(i) **Consolidated Statement of Profit and Loss and Other Comprehensive Income**

	Group		
	FY 2019	FY 2018	Change
	S\$'000	S\$'000 (Restated)	%
Revenue	58,156	326,228	(82.2)
Cost of sales ¹	(15,771)	(195,458)	(91.9)
Gross profit	42,385	130,770	(67.6)
Other operating income	99,007	227,177	(56.4)
Other operating expenses	(29,578)	(43,321)	(31.7)
Finance costs ¹	(31,549)	(31,432)	0.4
Share of results of a joint venture ²	7,371	(326)	N.M
Profit before income tax	87,636	282,868	(69.0)
Taxation	(8,150)	(16,133)	(49.5)
Profit for the year	79,486	266,735	(70.2)
Profit attributable to:			
Equity holders of the Company	79,852	267,181	(70.1)
Non-controlling interests	(366)	(446)	(17.9)
Other comprehensive loss			
Exchange difference on translation of foreign operations	(11,216)	(39,773)	(71.8)
Share of other comprehensive income of a joint venture			
Exchange difference on translation of foreign operations	3,783	(1,315)	N.M
Fair value gain (loss) on investment securities	3	(460)	N.M
Revaluation of land and buildings	262	868	(69.8)
Income tax effect	45	(210)	N.M
Net other comprehensive loss	(7,123)	(40,890)	(82.6)
Total comprehensive profit	72,363	225,845	(68.0)
Total comprehensive income attributable to:			
Equity holders of the Company	72,729	226,291	(67.9)
Non-controlling interests	(366)	(446)	(17.9)

N.M – Not Meaningful

Notes:

1. An agenda decision on a clarification in relation to capitalisation of borrowing costs by property developer under IFRS(I) 15 Revenue from Contracts with Customers was finalised by the International Financial Reporting Standards Interpretations Committee during the year. As the financial reporting framework applied by the Group is equivalent to International Financial Reporting Standards, the agenda decision has relevant impact to the Group's property development segment in Singapore. Consequently, the results for the financial year ended 31 December 2018 are restated. Details are disclosed in section 4.

2. The share of results of a joint venture arising from AF Corporation Pte Ltd.

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR
THE FULL YEAR ENDED
31 DECEMBER 2019

1(a)(ii) **Notes to Statement of Comprehensive Income:-**

	Group		
	FY 2019	FY 2018	Change
	S\$'000	S\$'000	%
		(Restated)	
<u>Profit before taxation is determined after (charging)/crediting:-</u>			
(Write off)/write back of bad debts	(5)	45	N.M
Amortisation and depreciation	(3,101)	(3,009)	3.1
Finance costs	(31,549)	(31,432)	0.4
<u>Other operating income</u>			
Net foreign exchange gain/(loss)	1,734	(3,091)	N.M
Interest income	1,621	1,889	(14.2)
Gain on disposal of financial assets at fair value through profit or loss	167	26	542.3
Gain on settlement of financial liabilities	1,020	-	N.M
Change in fair value of financial assets at fair value through profit or loss	52	(52)	N.M
Change in fair value of financial liabilities at fair value through profit or loss	36	-	N.M
Fair value gain on investment Properties, net [#]	100,861	245,555	(58.9)
Loss on forward foreign exchange contracts	(7,302)	(17,820)	(59.0)
Loss on disposal of fixed assets	-	(8)	N.M
Others	818	678	20.6
Total	99,007	227,177	(56.4)

N.M – Not Meaningful

[#] The Group has obtained a Grant of Provisional Permission for its investment property located on Lot 01958P MK01 for a hotel development. The change of use has resulted in a substantial uplift to the fair value of the property of \$116.9 million in 3Q 2019. The fair value gain in 3Q 2019 was offset by changes in fair value of group investment properties in 4Q 2019.

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR
THE FULL YEAR ENDED
31 DECEMBER 2019

1(b)(i) **Statements of Financial Position as at 31 Dec 2019 vs 31 Dec 2018**

	Group			Company		
	31 Dec 2019 S\$'000	31 Dec 2018 S\$'000 (Restated)	1 Jan 2018 S\$'000 (Restated)	31 Dec 2019 S\$'000	31 Dec 2018 S\$'000 (Restated)	1 Jan 2018 S\$'000 (Restated)
<u>Non-current assets</u>						
Property, plant and equipment	205,233	97,875	104,532	-	-	-
Other receivables and prepayment	28,791	18,388	7,839	743	1,258	491
Investment properties	1,823,976	1,578,208	1,290,235	-	-	-
Subsidiaries	-	-	-	663,848	987,796	834,193
Investment in a joint venture	67	113,444	113,737	76	90,313	89,163
Deferred tax assets	-	4,259	2,494	-	-	-
Total non-current assets	2,058,067	1,812,174	1,518,837	664,667	1,079,367	923,847
<u>Current assets</u>						
Cash and cash equivalents	69,452	136,129	121,530	32,848	95,691	93,068
Trade and other receivables	25,703	82,598	159,263	399,658	74,396	98,752
Development properties	788,282	692,541	425,109	-	-	101,807
Financial assets at fair value through profit or loss	4,018	1,419	-	4,018	1,419	-
Properties held for sale	89,971	94,066	58,908	31,847	35,965	636
Investment in a joint venture	-	-	-	-	-	-
Assets held for distribution ¹	115,539	-	-	104,900	-	-
Derivative financial instruments	4,183	-	-	2,157	-	-
Inventories	119	97	132	-	-	-
Total current assets	1,097,267	1,006,850	764,942	575,428	207,471	294,263
<u>Current liabilities</u>						
Trade and other payables	48,699	70,681	42,627	16,060	34,404	33,715
Notes interest payable	2,821	2,802	1,452	2,821	2,802	1,452
Term loans	172,362	273,241	469,952	22,623	64,000	84,225
Income tax payable	8,813	20,131	1,608	8,760	10,942	607
Derivative financial instruments	-	7,576	904	-	4,759	474
Total current liabilities	232,695	374,431	516,543	50,264	116,907	120,473
Net current assets	864,572	632,419	248,399	525,164	90,564	173,790
<u>Non-current liabilities</u>						
Trade and other payables	17	25	-	4,646	3,417	2,193
Notes payable	274,587	302,931	180,941	274,587	302,931	180,941
Term loans	1,245,541	811,066	463,438	-	-	45,000
Deferred tax liabilities	11,160	11,660	16,365	-	1,874	8,170
Total non-current liabilities	1,531,305	1,125,682	660,744	279,233	308,222	236,304
Net assets	1,391,334	1,318,911	1,106,492	910,598	861,709	861,333

Note:

1. Investment in AF Global Limited which will be distributed as dividend-in-specie.

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR
THE FULL YEAR ENDED
31 DECEMBER 2019

1(b)(i) **Statements of Financial Position as at 31 Dec 2019 vs 31 Dec 2018- Continued**

	Group			Company		
	31 Dec 2019 S\$'000	31 Dec 2018 S\$'000 (Restated)	1 Jan 2018 S\$'000 (Restated)	31 Dec 2019 S\$'000	31 Dec 2018 S\$'000 (Restated)	1 Jan 2018 S\$'000 (Restated)
<u>Capital and reserves</u>						
Share capital	150,000	150,000	150,000	150,000	150,000	150,000
Treasury shares	(885)	(945)	(945)	(885)	(945)	(945)
Performance share reserve	325	325	325	325	325	325
Revaluation reserve	40	51,550	50,892	-	-	-
Foreign currency translation reserve	(73,896)	(68,668)	(27,580)	-	-	-
Investment revaluation reserve	2	(580)	(120)	-	-	-
Retained earnings	1,307,361	1,178,476	924,721	761,158	712,329	711,953
Equity attributable to the owners of the Company	1,382,947	1,310,158	1,097,293	910,598	861,709	861,333
Non-controlling interests	8,387	8,753	9,199	-	-	-
Total equity	1,391,334	1,318,911	1,106,492	910,598	861,709	861,333

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

	As at 31 Dec 2019		As at 31 Dec 2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	172,362	2,821	273,241	2,802
Amount repayable after one year	1,245,541	274,587	811,066	302,931

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.

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR
THE FULL YEAR ENDED
31 DECEMBER 2019

1(c) **Consolidated Statement of Cash Flows**

	Group	
	FY 2019 S\$'000	FY 2018 S\$'000 (Restated)
<u>Operating activities</u>		
Profit before income tax	87,636	282,868
<i>Adjustments for:</i>		
Amortisation and depreciation	1,784	1,842
Amortisation of land lease	780	780
Amortisation of rental incentive granted	451	275
Amortisation of processing fee on debt notes issued	537	387
Fair value on derivative financial instrument	7,302	17,820
Interest income	(1,621)	(1,889)
Interest expense	31,549	31,432
Change in fair value of investment properties	(100,861)	(245,555)
Loss on disposal of property, plant and equipment	-	8
Net foreign (gain)/loss exchange difference	(1,717)	1,907
Bad debt written off/(recovered)	5	(45)
Share of results of a joint venture	(7,371)	326
Change in fair value of financial assets at fair value through profit or loss	(52)	52
Gain on disposal of financial assets at fair value through profit or loss	(167)	(26)
Change in fair value of financial liabilities at fair value through profit or loss	(36)	-
Gain on settlement of financial liabilities	(1,020)	-
Operating cash flow before movements in working capital	17,199	90,182
Inventories	(22)	35
Trade and other receivables	34,833	59,061
Development properties and properties held for sale	(199,860)	(336,339)
Trade and other payables	(42,270)	38,532
Net cash used in operations	(190,120)	(148,529)
Interest paid	(47,111)	(37,737)
Income tax paid	(12,622)	(671)
Net cash used in operating activities	(249,853)	(186,937)
<u>Investing activities</u>		
Additional capital contribution in a joint venture	(10,580)	(1,150)
Capital redemption from a joint venture	19,881	-
Payment for derivative financial instrument	(19,026)	(10,808)
Interest received	1,500	1,889
Purchase for held for trading investment	-	(1,710)
Purchase of property, plant and equipment	(139)	(639)
Additions to investment properties	(139,057)	(49,119)
Proceeds from disposal of financial assets at fair value through profit or loss	1,638	265
Proceeds from disposal of investment property	28,800	-
Proceeds from disposal of property, plant and equipment	-	13
Net cash used in investing activities	(116,983)	(61,259)

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR
THE FULL YEAR ENDED
31 DECEMBER 2019

1(c) **Consolidated Statement of Cash Flows – Continued**

Financing activities

Proceeds from non-controlling interests

Dividend paid

Proceeds from borrowings

Proceeds from medium term note issued

Repurchased of medium term note issued

Repayment of borrowings

Net cash from financing activities

Net (decrease)/increase in cash and cash equivalents

Cash and cash equivalents at beginning of year

Effects of exchange rate on foreign currency balances

Cash and cash equivalents at end of year

Group	
FY 2019 S\$'000	FY 2018 S\$'000 (Restated)
520	440
-	(13,426)
756,533	308,417
-	125,000
(32,962)	-
(421,902)	(155,320)
302,189	265,111
(64,647)	16,915
136,129	121,530
(2,030)	(2,316)
69,452	136,129

FRAGRANCE GROUP LIMITED
**UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FULL YEAR ENDED
31 DECEMBER 2019**
1(d)(i) Statements of Changes in Equity

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
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2018	150,000	929,181	(945)	325	50,892	(27,580)	(120)	1,101,753	10,080	1,111,833
Effect of adopting of SFRS(I) 9 by a joint venture	-	73	-	-	-	-	-	73	-	73
Effect of adopting of SFRS(I) 15	-	(4,533)	-	-	-	-	-	(4,533)	(881)	(5,414)
As restated	150,000	924,721	(945)	325	50,892	(27,580)	(120)	1,097,293	9,199	1,106,492
Dividend paid	-	(13,426)	-	-	-	-	-	(13,426)	-	(13,426)
Total comprehensive income for the year	-	267,181	-	-	658	(41,088)	(460)	226,291	(446)	225,845
Balance as at 31 Dec 2018	150,000	1,178,476	(945)	325	51,550	(68,668)	(580)	1,310,158	8,753	1,318,911

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
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2019	150,000	1,181,848	(945)	325	51,550	(68,668)	(580)	1,313,530	9,634	1,323,164
Effect of adopting of SFRS(I) 15	-	(3,372)	-	-	-	-	-	(3,372)	(881)	(4,253)
As restated	150,000	1,178,476	(945)	325	51,550	(68,668)	(580)	1,310,158	8,753	1,318,911
Award performance shares	-	-	60	-	-	-	-	60	-	60
Transfer of revaluation reserve as a result of disposal of investment property	-	24,165	-	-	(24,165)	-	-	-	-	-
Transfer of reserves as a result of distribution-in-specie of a joint venture	-	24,868	-	-	(27,652)	2,205	579	-	-	-
Total comprehensive income for the year	-	79,852	-	-	307	(7,433)	3	72,729	(366)	72,363
Balance as at 31 Dec 2019	150,000	1,307,361	(885)	325	40	(73,896)	2	1,382,947	8,387	1,391,334

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FULL YEAR ENDED
31 DECEMBER 2019

1(d)(i) Statements of Changes in Equity

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserve	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2018	150,000	714,832	(945)	325	864,212
Effect of adopting of SFRS(I) 15	-	(2,879)	-	-	(2,879)
As restated	150,000	711,953	(945)	325	861,333
Dividend Paid	-	(13,426)	-	-	(13,426)
Total comprehensive income for the year	-	13,802	-	-	13,802
Balance as at 31 Dec 2018	150,000	712,329	(945)	325	861,709

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserve	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2019	150,000	714,047	(945)	325	863,427
Effect of adopting of SFRS(I) 15	-	(1,718)	-	-	(1,718)
As restated	150,000	712,329	(945)	325	861,709
Award performance shares	-	-	60	-	60
Total comprehensive income for the year	-	48,829	-	-	48,829
Balance as at 31 Dec 2019	150,000	761,158	(885)	325	910,598

1(d)(ii) Details of any changes in the company's share capital

There was no movement in the issued and paid-up capital of the Company since 31 December 2018.

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 31 Dec 2019	As at 31 Dec 2018
Total number of Ordinary Shares issued and fully paid	6,720,000,000	6,720,000,000
Treasury Shares	(6,400,000)	(6,840,000)
Total number of issued shares excluding treasury shares	6,713,600,000	6,713,160,000

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 2019	6,840,000
Less: Sales, transfers, disposals or cancellation	(440,000)
Balance as at 31 December 2019	6,400,000

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FULL YEAR ENDED
31 DECEMBER 2019

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.

3A. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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 financial statements for the current reporting year as that of the audited financial statements for the year ended 31 December 2018, except for the adoption of new or amended SFRS(I) applicable for the financial year beginning 1 January 2019 which did not have any significant impact on the financial statements of the Group except for the following:

SFRS(I) 15 Revenue from Contracts with Customers

In 2018, the international Financial Reporting Standards interpretations Committee ("IFRS Interpretations Committee"), which works with the International Accounting Standards Board in supporting the application of IFRS Standards, received a submission on whether a real estate developer capitalises borrowing costs as part of the cost of units for a residential multi-unit real estate development, for which the developer recognises revenue over time for the sale of individual units in the development based on IFRS 15 Revenue from Contracts with Customers.

In November 2018, the Committee issued a Tentative Agenda Decision containing explanatory material for the decision and how the applicable principles and requirements in IAS 23 Borrowing costs apply to the fact pattern in the submission. The IFRS Interpretations Committee tentatively concluded that such an entity should not capitalise the borrowing costs. This tentative agenda decision was finalised in its original form on 20 March 2019.

As the financial reporting framework applied by the Group is equivalent to IFRS, the agenda decision has relevant impact to the Group's Property development segment. Following this Agenda Decision, borrowing costs on portion of property not ready for transfer of control to customers are capitalised until the time when control is capable of being transferred to customers. As this constitutes a change in accounting policy, comparatives were restated accordingly.

The impact on the Group's financial statements arising from the adoption of SFRS(I) 15 are as follows:

<u>Consolidated Statement of Profit and Loss</u>	FY 2018
<u>Group</u>	S\$'000
Decrease in cost of sales	6,344
Increase in finance costs	(5,183)
Total impact to profit and loss	1,161
	Cents
Increase in basic EPS	0.011
Increase in diluted EPS	0.011

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FULL YEAR ENDED
31 DECEMBER 2019

Consolidated Statement of Financial Position

Group

Decrease in development properties

Decrease in properties held for sale

Total impact on net assets

Decrease in retained earnings

Decrease in non-controlling interests

Total impact on equity

31 Dec 2018	1 Jan 2018
S\$'000	S\$'000
-	(2,879)
(4,253)	(2,535)
(4,253)	(5,414)
(3,372)	(4,533)
(881)	(881)
(4,253)	(5,414)

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 item 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.**

In computing the EPS, the weighted average number of shares (excluding treasury shares) as at the end of the year is used for the computation. The diluted EPS is the same as the basic EPS as there are no dilutive instruments in issue during the year.

Weighted average number of shares in issue

Earnings per share ("EPS")¹

(a) Based on weighted average number of shares in issue

(b) Based on fully diluted basis

Number of shares in issue at end of year

Group	
FY 2019	FY 2018
6,713,511,999	6,713,114,054
Cents	Cents (Restated)
1.184	3.97
1.184	3.97
6,713,600,000	6,713,160,000

Footnote:

1. EPS for the year is calculated based on profit attributable to the equity holders of the Company.

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 2019 Cents	31 Dec 2018 Cents (Restated)	31 Dec 2019 Cents	31 Dec 2018 Cents (Restated)
Net asset value ("NAV") per ordinary share	20.7	19.6	13.6	12.8

The NAV per ordinary share as at 31 December 2019 and 31 December 2018 was calculated based on 6,713,600,000 and 6,713,160,000 issued shares (excluding treasury shares) respectively.

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FULL YEAR ENDED
31 DECEMBER 2019

8. **A review of the Group's performance**

	Group		
	FY 2019 S\$'000	FY 2018 S\$'000 (Restated)	Change %
<u>REVENUE</u>			
Property development	7,506	274,689	(97.3)
Commercial investment	21,767	24,038	(9.4)
Hotel operations	24,532	24,651	(0.5)
Hospitality investment	4,351	2,850	52.7
Total	58,156	326,228	(82.2)
<u>GROSS PROFIT</u>			
Property development	2,629	90,289	(97.1)
Commercial investment	21,767	24,038	(9.4)
Hotel operations	13,638	13,593	0.3
Hospitality investment	4,351	2,850	52.7
Total	42,385	130,770	(67.6)
<u>PROFIT BEFORE TAXATION</u>			
Property development	(12,991)	32,803	N.M
Commercial investment	97,855	246,616	(60.3)
Hotel operations	5,889	6,474	(9.0)
Hospitality investment	(3,117)	(3,025)	3.0
Total	87,636	282,868	(69.0)

	Group	
	FY 2019 %	FY 2018 % (Restated)
<u>GROSS PROFIT MARGIN</u>		
Property development	35.0	32.9
Commercial investment	100.0	100.0
Hotel operations	55.6	55.1
Hospitality investment	100.0	100.0
Consolidated total	72.9	40.1

N.M – Not Meaningful

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FULL YEAR ENDED
31 DECEMBER 2019

FY 2019 vs FY 2018

Revenue

City Gate development project in Singapore was the main revenue contributor of our property development segment which obtained TOP in November 2018. As our Group's ongoing projects are mainly in Australia and the revenue from these projects will only be recognised on a completed contract method upon its completion, the Group's turnover for FY 2019 decreased by 82.2%, or \$268.1 million to \$58.2 million. Two new development projects in Singapore, namely, Jervois Treasures are in the early stages with no revenue contribution to-date while Urban Treasures has been launched to the market and contributed revenue of \$0.7 million in 4Q 2019. Property development segment contributed \$7.5 million in 2019 due to sales of 6 units in City Gate and 8 units in Urban Treasures.

Overall there was an improvement in occupancy for the Group's commercial investment properties, save for Tower 15 for which redevelopment plans are in progress. As a result, the Group's commercial investment revenue slight decreased by 9.4% to \$21.8 million.

Revenue from Hotel operations stemmed mainly from ibis Styles Hobart, Australia and The Imperial Hotel, United Kingdom contributed \$24.5 million in FY 2019 and \$24.7 million in FY 2018 respectively. The Group has also soft opened the brand new Novotel Perth Murray Street Hotel in mid-December 2019.

Hospitality investment segment increased by 52.7% to \$4.4 million mainly due to variable rental, the adjustment in rental rates in second year of operations and contribution from our newly acquired hotel, Duke of Cornwall. The contribution was derived from a portfolio of five hotel properties namely, i) Lyndene Hotel; ii) The Townhouse Hotel; iii) The Crown Hotel; iv) St Chads Hotel; and v) Duke of Cornwall, all located in the United Kingdom.

Gross Profit

Gross profit decreased by 67.6% to \$42.4 million which was in line with the decrease in revenue for both property development and commercial investment segments. Gross profit margin is 72.9% in FY 2019 compared with 40.1% achieved during the same year in FY 2018 is largely due to the change in revenue mix from our four segments as commercial and hotel investments have no cost of sales.

Other Operating Income

Other operating income of \$99.0 million on FY 2019 was largely due to fair value gain on a investment property, gain on settlement of financial liabilities, gain on disposal of financial assets, foreign exchange gain on bank balance denominated in foreign currency and higher interest income recognised which partly offset by loss on forward foreign exchange contracts.

Other Operating Expenses

Other operating expenses for FY 2019 decreased by 31.7%, or \$13.7 million to \$29.6 million mainly due to the following factors:

1. decrease in commission expenses relating to the City Gate project and leasing of commercial units;
2. no performance bonus provision for Directors in 2019; and
3. decrease in city council charges relating to the properties in Australia.

The above decreased was partly offset by:

4. increase in showflat costs relating to our new development projects in Singapore; and
5. increase in depreciation & amortisation, repair and maintenance, legal and professional fee and payroll expenses.
6. increase in property tax

Finance Costs

Finance costs slightly increased by \$0.1 million or 0.4% to \$31.5 million in FY 2019 mainly due to:

- i) increase in finance costs relating to additional loans drawn down; and
- ii) general increase in average interest rates across the floating rate borrowings in FY 2019.

The above increased was partly offset by repayment of borrowings and restated of FY 2018 finance costs during the year. Details are disclosed in section 4.

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FULL YEAR ENDED
31 DECEMBER 2019

Taxation

Taxation for FY 2019 decreased by \$8.0 million as compared to prior year mainly due to lower profit before tax for the year.

Statements of financial position & Statement of cash flows

Non-current assets mainly comprise of i) land and building of our investment properties and ii) hotel properties and office which are accounted as property, plant and equipment. The Group's investment properties totaled at \$1.8 billion as at 31 December 2019.

Property, plant and equipment which primarily comprise i) office premises; and ii) hotel properties totaled \$205.2 million as at 31 December 2019. The increase was attributed to the transfer of completed hotel asset, Novotel Perth Murray Street in Australia from properties under development. The increase are partially offset by depreciation and transfer of office premises of \$17.6 million to investment property.

An announcement was made on 20 December 2019, AF Corporation Pte. Ltd. ("AFC"), a private limited company jointly controlled by the Group and Aspial Corporation Limited ("Aspial"), has completed the distribution in specie in AF Global Limited ("AF Global"). The Company has now holds a direct interest of 41.75% in AF Global. The Group has now classified direct holding of AF Global as assets held for distribution.

Development properties include land costs, development costs, interest capitalised, mainly relating to our overseas projects, and other related costs and these accounted for \$788.3 million or 71.8% of total current assets as at 31 December 2019. The net increase of \$95.7 million compared to the balance as at 31 December 2018 was mainly due to the additional costs incurred for Australia and Singapore projects which was partly offset by transfer of completed Novotel Perth Murray Street Hotel to property, plant and equipment.

Trade and other receivables of \$25.7 million include \$0.33 million of unbilled revenue from our City Gate and Urban Treasures projects in Singapore. The decrease compared to the balance as at 31 December 2018 was mainly due to the collections from the buyers and refund of GST receivable from our Australia development projects.

Trade and other payables, which mainly comprise trade creditors, amount due to non-controlling interests and accrual for ongoing development projects cost which decrease from \$70.7 million as at 31 December 2018 to \$48.7 million. The decrease was primarily due to the payment of GST payable on the sale of property at 555 Collins Street, Melbourne in 1Q 2019.

Total borrowings increase by \$305.3 million, or 22.0% was due to the additional drawdown of \$756.5 million term loans during the year and was partially offset by repayment of certain borrowings and repurchased of debt notes during the year.

During the year ended 31 December 2019, the net cash outflow from operating activities amounted to \$249.8 million. Cash used in investing activities amounted to \$117.0 million which was mainly due to additions of investment properties. Net cash inflow from financing activities amounted to \$302.2 million which mainly due to drawdown of additional loans, partially offset by repayment certain borrowings and repurchased of medium term note issued. Cash and cash equivalents stood at \$69.5 million as at the end of 31 December 2019 compared to \$136.1 million as at the end of 31 December 2018.

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 as disclosed to shareholders in the third quarter 2019 results announcement.

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.**

Singapore

The prices of private residential properties increased by 0.5% in 4Q 2019, compared with the 1.3% increase in the previous quarter¹. The Group expect the overall market for residential properties to remain competitive with developers launching more projects in near term giving more options to the home buyers.

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FULL YEAR ENDED
31 DECEMBER 2019

Take-up rates for private residential units (excluding ECs) decreased by 25.5% in 4th quarter 2019 as compared with the previous quarter¹. The Group has two residential projects in Singapore, namely, Jervois Treasures located at 31 Jervois Road and Urban Treasures located at 205 Jalan Eunos.

The Group is actively working on the redevelopment of two hotel projects, namely, i) 15 Hoe Chiang Road; and ii) 62 and 64 Waterloo Street. As for 15 Hoe Chiang Road, the Group has obtained the provisional planning permission incorporating the CBD rejuvenation incentive scheme with an additional 25% more GFA to the project. Subject to obtaining all other approvals from the authorities and payment of the relevant development charge for this 25% additional GFA, this will bring value uplift to the property. As for the development at 62 and 64 Waterloo Street, the Group has obtained the provisional planning permission for a combined comprehensive hotel development.

Office space rentals decreased by 3.2% in 4Q 2019, compared with 0.6% decrease in the previous quarter¹. The Group will continue its marketing efforts to increase the occupancy of its investment properties through proactive lease management.

Australia

The Group has completed the development of NV Apartments in Perth, Australia in Dec 2019 and settlement of sales is expected to happen in 1H 2020. Construction works for Premier Tower is in full swing with an approximate completion of 70.7%². Marketing efforts are ongoing to sell the remaining units in these two projects.

The Group has a total contracted and unconditional sale of A\$490.3 million³ from Premier Tower and NV Apartments, recording 80.0% and 29.4% of the residential units sales respectively. Revenue from NV Apartments is expected to be recognised in 1H 2020 subject to settlement of sales. Revenue from Premier Tower will only be recognised upon the completion of development which is expected in 4Q 2020 or 1H 2021.

The Group expect Ibis Style Hobart and the newly opened Novotel Perth Murray Hotel to continue to provide a stable stream of revenue in FY 2020. The Group is actively working on its various hotel developments in Australia.

United Kingdom

The Group's existing hotel investment properties, namely, The Crown Hotel, Lyndene Hotel, St Chads Hotel, The Townhouse Hotel and Duke of Cornwall, will continue to provide stable recurring rental income in FY 2020. The Imperial Hotel in Blackpool which is self-operated is expected to add to the Group's recurring income.

The Group has obtained planning permission for five of its hotel projects, namely, i) refurbishment of existing Municipal buildings in Liverpool (Grade II* listed) into a luxury hotel; redevelopment of ii) former Park Hotel in Paignton; iii) former Lighthouse in Paignton; iv) former Corbyn Head Hotel; and v) former Palace Hotel in Torquay all of which are to be operated as international brand hotels. Construction works have commenced on former Park Hotel and Lighthouse in Paignton. The Group has submitted the plans for planning permission for the former Royal National hospital site in Bath city into a hotel.

Summary

The Group has two development project namely Jervois Treasures and Urban Treasures in Singapore both of which are in early stage of development. The Group's on-going key development projects are in Australia (Premier Tower & NV Apartments) whose revenue will only be recognised upon completion and successful settlement of sale contracts. Depending on the level of settlement and completion of construction of Premier Tower, the Group expects to recognise the revenue from these two projects in FY 2020 and FY 2021.

In addition, the Group's results will be dependent on i) the sales and progress of Singapore development projects; ii) fair value changes in the investment properties; iii) performance of the hotel properties; iv) the prevailing exchange rates of AUD and GBP against SGD.

The Coronavirus disease 2019 (COVID-19) outbreak is expected to have an economic impact globally and this may have an impact on sales of units in its development projects and hotel operations in the next few quarters.

Footnotes:

- 1. According to the Urban Redevelopment Authority 4Q 2019 real estate statistics released on 23 January 2020.*
- 2. As at 31 December 2019.*
- 3. Unconditional sales status represents the percentage of units sold as at 25 January 2020.*

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FULL YEAR ENDED
31 DECEMBER 2019

11. **Dividend**

(a) Any dividend declared for the current financial year? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per share	\$0.0035 per share
No of shares in issue (excluding treasury shares)	6,713,600,000
Total Dividend Amount	S\$23,497,600/-
Tax Rate	Tax-exempt (one-tier tax) dividend
Record date	10 March 2020
Date of payment	17 March 2020

Name of Dividend	Interim
Dividend Type ⁽¹⁾	Dividend-in-Specie
Dividend Amount per share ⁽¹⁾	\$0.01704152 per share
No of shares in issue (excluding treasury shares)	6,713,600,000
Total Dividend Amount ⁽¹⁾	S\$114,409,962/-
Tax Rate	Tax-exempt (one-tier tax) dividend
Record date	10 March 2020
Distribution date (subject to shareholders approval)	17 March 2020

Note 1: Proposed Dividend-in-Specie of 436,384,000 shares in AF Global Limited as per the Circular to Shareholders dated 14 February 2020. Dividend amount per share and total dividend amount are based on the book value of the AF Global Limited's shares in the books of the Company as at 31 December 2019. For more details, please refer to the Circular.

(b) Any dividend declared for the previous corresponding year? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per share	\$0.002 per share
No of shares in issue (excluding treasury shares)	6,713,160,000
Total Dividend Amount	S\$13,426,320/-
Tax Rate	Tax-exempt (one-tier tax) dividend
Date of payment	30 November 2018

(c) Date payable : As above

(d) Record date : As above

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)**

Not applicable.

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FULL YEAR ENDED
31 DECEMBER 2019

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.

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	Property Development S\$'000	Commercial Investment S\$'000	Hotel Operations S\$'000	Hospitality Investment S\$'000	Total S\$'000
<u>FY 2019</u>					
Revenue	7,506	21,767	24,532	4,351	58,156
Result					
Segment result	2,629	21,767	13,638	4,351	42,385
Other operating (loss)/ income, net	(5,065)	109,837	260	(6,025)	99,007
Other operating expenses	(9,551)	(10,575)	(8,009)	(1,443)	(29,578)
Profit from operations	(11,987)	121,029	5,889	(3,117)	111,814
Finance costs	(7,597)	(22,850)	(1,102)	-	(31,549)
Share of results of a joint venture	7,371	-	-	-	7,371
Profit before income tax	(12,213)	98,179	4,787	(3,117)	87,636
Income tax	(8,054)	(42)	429	(483)	(8,150)
Profit after income tax	(20,267)	98,137	5,216	(3,600)	79,486
<u>FY 2018 (Restated)</u>					
Revenue	274,689	24,038	24,651	2,850	326,228
Result					
Segment result	90,289	24,038	13,593	2,850	130,770
Other operating income/ (loss), net	(19,026)	250,264	305	(4,366)	227,177
Other operating expenses	(25,132)	(9,256)	(7,424)	(1,509)	(43,321)
Profit from operations	46,131	265,046	6,474	(3,025)	314,626
Finance costs	(11,807)	(19,625)	-	-	(31,432)
Share of results of a joint venture	(326)	-	-	-	(326)
Profit before income tax	33,998	245,421	6,474	(3,025)	282,868
Income tax	(15,467)	548	(181)	(1,033)	(16,133)
Profit after income tax	18,531	245,969	6,293	(4,058)	266,735

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FULL YEAR ENDED
31 DECEMBER 2019

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 Group	Revenue		Non-Current Assets	
	FY 2019 S\$'000	FY 2018 S\$'000	FY 2019 S\$'000	FY 2018 S\$'000
Singapore	28,372	156,566	1,712,258	1,602,723
Australia	15,790	156,812	184,604	59,958
United Kingdom	13,994	12,850	161,205	149,493
Total	58,156	326,228	2,058,067	1,812,174

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 2019 S\$'000	FY 2018 S\$'000 (Restated)	% Increase/ (Decrease)
(a) Sales reported for first half year	27,600	122,551	(77.5)
(b) Operating profit after tax reported for first half year	(4,020)	16,642	N.M
(c) Sales reported for the second half year	30,556	203,677	(85.0)
(d) Operating profit after tax reported for second half year	83,506	250,093	(66.6)

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

Ordinary	FY 2019 S\$'000	FY 2018 S\$'000
Interim Dividend – Cash	23,498	13,426
Interim Dividend – Dividend-in-Specie	114,410	-
Total	137,908	13,426

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FULL YEAR ENDED
31 DECEMBER 2019

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 and Deputy CEO

25 February 2020