



FRAGRANCE GROUP LIMITED

Company Registration No.: 200006656M

FRAGRANCE GROUP LIMITED

**UNAUDITED RESULTS AND DIVIDEND ANNOUNCEMENT
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2015**



Unaudited Results and Dividend Announcement for the Second Quarter and Half Year Ended 30/06/2015

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS – 30 JUNE 2015

1(a)(i) *An income statement and statement of comprehensive income or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.*

GROUP	Statement of comprehensive income					
	Second Quarter (Apr to Jun) Three months ended 30 Jun			Half Year (Jan to Jun) Six months ended 30 Jun		
	2015	2014	Change	2015	2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Turnover	92,758	146,203	(36.6)	180,551	257,698	(29.9)
Cost of sales	(61,911)	(104,111)	(40.5)	(120,071)	(176,730)	(32.1)
Gross profit	30,847	42,092	(26.7)	60,480	80,968	(25.3)
Other operating income	29	2,082	(98.6)	940	1,796	(47.7)
Other operating expenses	(6,959)	(8,002)	(13.0)	(13,560)	(14,482)	(6.4)
Finance costs	(2,991)	(2,640)	13.3	(5,325)	(5,266)	1.1
Share of loss of joint venture	(407)	-	N.M.	(1,481)	-	N.M.
Profit before income tax	20,519	33,532	(38.8)	41,054	63,016	(34.9)
Taxation	(4,277)	(5,239)	(18.4)	(7,607)	(10,857)	(29.9)
Profit from continuing operations	16,242	28,293	(42.6)	33,447	52,159	(35.9)
Profit from discontinued operation	-	1,112	N.M.	-	5,125	N.M.
Profit for the period	16,242	29,405	(44.8)	33,447	57,284	(41.6)
Attributable to:						
Equity holders of the Company	15,170	28,098	(46.0)	31,611	52,359	(39.6)
Non-controlling interests	1,072	1,307	(18.0)	1,836	4,925	(62.7)



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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	Statement of comprehensive income					
	Second Quarter (Apr to Jun) Three months ended 30 Jun			Half Year (Jan to Jun) Six months ended 30 Jun		
	2015	2014	Change	2015	2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other comprehensive income						
Transfer of depreciation on revaluation of leasehold land & buildings to revaluation reserve	-	318	N.M	-	1,271	N.M
Exchange difference on translation of foreign operations	(3,544)	(1)	N.M	(11,147)	(1)	N.M
Share of other comprehensive income of joint venture						
Exchange difference on translation of foreign operations	(1,890)	-	N.M.	(1,528)	-	N.M
Fair value loss on investment securities	(25)	-	N.M	(24)	-	N.M
Net other comprehensive Income	(5,459)	317	N.M	(12,699)	1,270	N.M
Total comprehensive income	10,783	29,722	(63.7)	20,748	58,554	(64.6)

Attributable to:						
Equity holders of the Company	9,711	28,263	(65.6)	18,912	53,022	(64.3)
Non-controlling interests	1,072	1,459	(26.5)	1,836	5,532	(66.8)

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

	Second Quarter (Apr to Jun) Three months ended 30 Jun			Half Year (Jan to Jun) Six months ended 30 Jun		
	2015	2014	Change	2015	2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Amortisation and depreciation	(345)	(218)	58.3	(628)	(438)	43.4
Finance costs	(2,991)	(2,640)	13.3	(5,325)	(5,266)	1.1
Other operating income						
Change in fair value of held for trading investments	(304)	312	(197.1)	506	(344)	247.0
Gain on disposal of held for trading investments	-	960	N.M	-	960	N.M
Net foreign exchange gain	214	270	(20.7)	168	270	(37.8)
Interest income	87	493	(82.4)	159	811	(80.4)
Others	32	47	(31.9)	107	99	8.1
Total	29	2,082	(98.6)	940	1,796	(47.7)

N.M – Not Meaningful

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1(b)(i) *A statement of financial position (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year.*

Statement of financial position	Group		Company	
S\$'000	30-Jun-2015	31-Dec-2014	30-Jun-2015	31-Dec-2014
<u>Non-current assets</u>				
Property, plant and equipment	2,589	2,634	1	2
Investment properties	1,070,672	973,409	-	-
Prepayment	9,490	9,689	192	-
Investment in subsidiaries	-	-	318,173	282,326
Investment in joint venture	51,148	-	54,181	-
Total non-current assets	1,133,899	985,732	372,547	282,328
<u>Current assets</u>				
Cash and cash equivalents	100,033	76,543	60,829	28,665
Trade and other receivables	297,047	375,659	442,395	414,660
Held for trading investments	2,939	1,656	2,939	1,656
Properties under development	594,881	757,120	242,435	261,912
Properties held for sale	53,512	14,936	-	-
Total current assets	1,048,412	1,225,914	748,598	706,893
<u>Current liabilities</u>				
Trade and other payables	97,602	112,146	344,410	348,130
Term loans	413,961	559,919	-	-
Income tax payable	30,576	30,715	794	1,219
Total current liabilities	542,139	702,780	345,204	349,349
Net current assets	506,273	523,134	403,394	357,544
<u>Non-current liabilities</u>				
Trade and other payables	-	-	942	1,310
Notes payable	86,450	-	86,450	-
Term loans	523,940	445,562	173,675	189,700
Deferred taxation	17,422	24,977	9,588	7,611
Total non-current liabilities	627,812	470,539	270,655	198,621
Net assets	1,012,360	1,038,327	505,286	441,251
<u>Capital and reserves</u>				
Share capital	150,000	150,000	150,000	150,000
Treasury shares	(503)	(503)	(503)	(503)
Performance share reserves	271	271	271	271
Revaluation reserves	15,906	15,906	-	-
Foreign currency translation reserve	(27,071)	(14,396)	-	-
Investment revaluation reserve	(24)	-	-	-
Retained earnings	853,359	828,463	355,518	291,483
Equity attributable to the owners of the Company	991,938	979,741	505,286	441,251
Non-controlling interests	20,422	58,586	-	-
Total equity	1,012,360	1,038,327	505,286	441,251

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

	As at 30 June 2015	As at 31 Dec 2014
	Secured	Secured
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	413,961	559,919
Amount repayable after one year	523,940	445,562

Details of collaterals

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

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

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1(c) *A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.*

Statement of cash flows	Second Quarter Ended 30 Jun		Half Year Ended 30 Jun	
Group (S\$'000)	2015	2014	2015	2014
<u>Operating activities</u>				
Profit before income tax –from continuing operations	20,519	33,532	41,054	63,016
Profit before income tax –from discontinued operation	-	1,403	-	6,261
Profit before income tax	20,519	34,935	41,054	69,277
Adjustments for:				
Amortisation and depreciation	27	434	54	1,633
Amortisation of land lease	195	195	390	390
Amortisation of free rental income	91	-	120	-
Amortisation of processing fee on debt note issued	32	-	64	-
Free rental income	(154)	-	(154)	-
Interest income	(87)	(478)	(159)	(811)
Interest expense	5,068	5,521	9,239	11,743
Gain on disposal of held for trading investments	-	(960)	-	(960)
Change in fair value of held for trading investments	304	(312)	(506)	344
Gain on foreign exchange difference	(214)	(270)	(168)	(270)
Property, plant and equipment written off	-	1	-	1
Share of loss of joint venture	407	-	1,481	-
Operating cash flow before movements in working capital	26,188	39,066	51,415	81,347
Trade and other receivables	10,761	(81,973)	30,792	(139,801)
Development properties and properties held for sale	40,514	46,422	28,930	87,780
Trade and other payables	2,727	(1,846)	11,704	33,975
Net cash from operations	80,190	1,669	122,841	63,301
Interest paid	(5,537)	(6,470)	(10,665)	(13,380)
Income taxes paid	(6,460)	(4,360)	(15,290)	(7,639)
Net cash from (used in) operating activities	68,193	(9,161)	96,886	42,282
<u>Investing activities</u>				
Disposal of a subsidiary	-	(12,416)	-	(12,416)
Investment in joint venture	(900)	-	(54,181)	-
Interest received	87	478	159	811
Purchase of property, plant and equipment	(4)	(873)	(9)	(4,836)
Purchase of investment property	(12,924)	(1,651)	(17,619)	(3,066)
Proceeds from disposal of held for trading investments	-	4,176	-	4,176
Net cash used in investing activities	(13,741)	(10,286)	(71,650)	(15,331)

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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	Second Quarter Ended 30 Jun		Half Year Ended 30 Jun	
Group (S\$'000)	2015	2014	2015	2014
<u>Financing activities</u>				
Advance from non-controlling interests	3,400	-	6,900	-
Proceeds from borrowings	-	47,663	44,000	53,059
Proceeds from debt note issued	-	-	84,616	-
Repayment of borrowings	(32,093)	(25,930)	(111,752)	(68,272)
Dividend paid to non-controlling interests	-	(1,305)	-	(1,305)
Dividend paid	(6,715)	-	(24,715)	-
Net cash (used in) from financing activities	(35,408)	20,428	(951)	(16,518)
Net increase in cash and cash equivalents	19,044	981	24,285	10,433
Cash and cash equivalents at beginning of period	81,070	137,243	76,543	127,791
Effect of exchange rate on foreign currency balances	(81)	269	(795)	269
Cash and cash equivalents at end of period	100,033	138,493	100,033	138,493

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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
Group (\$S'000)										
Balance as at 1 January 2014	150,000	340,965	(565)	201	714,565	-	-	1,205,166	374,813	1,579,979
Total comprehensive income for the period	-	24,261	-	-	498	-	-	24,759	4,073	28,832
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,305)	(1,305)
Dividend paid	-	(26,857)	-	-	-	-	-	(26,857)	-	(26,857)
Balance as at 31 March 2014	150,000	338,369	(565)	201	715,063	-	-	1,203,068	377,581	1,580,649
Total comprehensive income for the period	-	28,098	-	-	166	(1)	-	28,263	1,459	29,722
Dividend paid	-	(134,284)	-	-	-	-	-	(134,284)	-	(134,284)
Effect on disposal of discontinued operation	-	498,927	-	-	(715,229)	-	-	(216,302)	(322,945)	(539,247)
Balance as at 30 June 2014	150,000	731,110	(565)	201	-	(1)	-	880,745	56,095	936,840

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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	Revaluation Reserves	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Attributable to Equity Holders	Non-Controlling Interests	Total
Group (S\$'000)										
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	-	16,441	-	-	-	(7,241)	1	9,201	764	9,965
Dividend paid	-	(6,715)	-	-	-	-	-	(6,715)	-	(6,715)
Balance as at 31 March 2015	150,000	838,189	(503)	271	15,906	(21,637)	1	982,227	59,350	1,041,577
Total comprehensive income for the period	-	15,170	-	-	-	(5,434)	(25)	9,711	1,072	10,783
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(40,000)	(40,000)
Balance as at 30 June 2015	150,000	853,359	(503)	271	15,906	(27,071)	(24)	991,938	20,422	1,012,360

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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
Company (S\$'000)					
Balance as at 1 January 2014	150,000	419,519	(565)	201	569,155
Total comprehensive income for the period	-	10,825	-	-	10,825
Dividend paid	-	(26,857)	-	-	(26,857)
Balance as at 31 March 2014	150,000	403,487	(565)	201	553,123
Total comprehensive income for the period	-	9,907	-	-	9,907
Dividend paid	-	(134,284)	-	-	(134,284)
Balance as at 30 June 2014	150,000	279,110	(565)	201	428,746
Balance as at 1 January 2015	150,000	291,483	(503)	271	441,251
Total comprehensive income for the period	-	6,478	-	-	6,478
Dividend paid	-	(6,715)	-	-	(6,715)
Balance as at 31 March 2015	150,000	291,246	(503)	271	441,014
Total comprehensive income for the period	-	64,272	-	-	64,272
Dividend paid	-	-	-	-	-
Balance as at 30 June 2015	150,000	355,518	(503)	271	505,286

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Nil

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 Jun 2015	As at 31 Dec 2014
Total number of Ordinary Shares issued and fully paid	6,720,000,000	6,720,000,000
Treasury Shares	(5,150,000)	(5,150,000)
	6,714,850,000	6,714,850,000

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- 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 2015	5,150,000
Add: Purchases during the year	-
Less: Sales, transfers, disposals or cancellation	-
Balance as at 30 June 2015	5,150,000

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 second quarter announcement for the current financial period as those of the audited financial statements for the year ended 31 December 2014, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 January 2015. The adoption of these new and revised FRSs has no material effect on the second quarter announcement for the current financial period.

5. *If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.*

Please refer to paragraph 4 above.

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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 6,714,850,000 shares (2014: 6,714,246,000) (excluding treasury shares)	Second Quarter Ended 30 Jun		Half Year Ended 30 Jun	
	2015	2014	2015	2014
<u>From continuing and discontinued operations:</u>				
Based on the weighted average number of ordinary shares in issue	0.2 cents	0.4 cents	0.5 cents	0.8 cents
On a fully diluted basis	0.2 cents	0.4 cents	0.5 cents	0.8 cents
<u>From continuing operations:</u>				
Based on the weighted average number of ordinary shares in issue	0.2 cents	0.4 cents	0.5 cents	0.7 cents
On a fully diluted basis	0.2 cents	0.4 cents	0.5 cents	0.7 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	
	30 -Jun-2015	31-Dec-2014	30 -Jun-2015	31-Dec-2014
Net asset value per ordinary share based on 6,714,850,000 shares (2014: 6,714,850,000) (excluding treasury shares)	14.8 cents	14.6 cents	7.5 cents	6.6 cents

8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:*

- 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*
- any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.*

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REVIEW OF GROUP PERFORMANCE

GROUP	Second Quarter Ended 30 Jun				Half Year Ended 30 Jun		
	2015	2014	Change %		2015	2014	Change %
<u>REVENUE (\$S'000)</u>							
Property development	88,010	138,620	(36.5)		171,197	242,787	(29.5)
Property investment	4,748	7,583	(37.4)		9,354	14,911	(37.3)
Total	92,758	146,203	(36.6)		180,551	257,698	(29.9)
<u>GROSS PROFIT (\$S'000)</u>							
Property development	26,099	34,509	(24.4)		51,126	66,057	(22.6)
Property investment	4,748	7,583	(37.4)		9,354	14,911	(37.3)
Total	30,847	42,092	(26.7)		60,480	80,968	(25.3)
<u>GROSS PROFIT MARGIN</u>							
Property development	29.7%	24.9%			29.9%	27.2%	
Property investment	N.A	N.A			N.A	N.A	
Consolidated Total	33.3%	28.8%			33.5%	31.4%	
<u>PROFIT BEFORE TAXATION (\$S'000)</u>							
Property development	18,557	29,883	(37.9)		37,486	55,881	(32.9)
Property investment	1,962	3,649	(46.2)		3,568	7,135	(50.0)
Total	20,519	33,532	(38.8)		41,054	63,016	(34.9)

N.A- Not Applicable

Half Year 2015 Vs Half Year 2014*Revenue*

The Group recorded a turnover of \$180.55 million during the first half of 2015, a 29.9% decrease from \$257.70 million recorded in the corresponding period in 2014. Both property development and property investment sectors contributed to this decrease.

- (a) Property development sector contributed \$171.20 million in the first half of 2015 which is 29.5% lower than \$242.79 million recorded in the corresponding period of 2014. This was mainly due to the lesser ongoing development projects as compared to the first half of 2014. Projects that contributed to revenue during this period include *Novena Regency, Kensington Square, Urban Vista, and Icon @ Pasir Panjang.*

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- (b) Rental from our investment properties located at Hoe Chiang Road and Punggol Point Road are the main contributors to revenue from this sector during this period. The lower rental income in the first half of 2015 was due mainly to the absence of contribution from our investment property at Alexandra Road following the Asset Enhancement works (“AE works”) which commenced since the third quarter of 2014.

Gross Profit

Our overall gross profit decreased by 25.3% to \$60.48 million in line with the lesser ongoing development projects. However, there is a slight increase in gross profit margin - 29.9% in first half of 2015 as compared to 27.2% achieved during the same period in 2014.

Profit before taxation

Other operating income decreased by \$0.86 million mainly due to a decrease in interest income. In addition, other operating income for the first half of 2014 included a one-off gain on the disposal of the remaining shares in Global Premium Hotels Limited.

Other operating expenses decreased from \$14.48 million in the first half of 2014 to \$13.56 million in the first half of 2015 mainly because of the following factors:

1. Decrease in property tax expenses pertaining to the investment properties;
2. Decrease in performance bonuses to directors; and
3. Decrease in commission expenses; and partly offset by
4. Increase in advertising and promotional expenses arising from the launch of our Australian property - *Premier Tower*;
5. Increase in amortisation of free rental period for our investment properties at Hoe Chiang Road and Punggol Point Road; and
6. Increase in repair & maintenance works pertaining to the investment property located at Hoe Chiang Road.

Finance costs increased by \$0.06 million in the first half of 2015 mainly due to:

- i) finance costs arising from the notes payable and loans pertaining to the newly completed investment property, the Punggol Point; partly offset by the
- ii) capitalisation of finance costs on the loan pertaining to the Alexandra Road property since the commencement of its AE works.

Overall profit before taxation decreased by 34.9% from \$63.02 million in the first half of 2014 to \$41.05 million in the same period of 2015.



Second quarter 2015 Vs Second quarter 2014

Revenue

The Group recorded a turnover of \$92.76 million in 2Q2015, a 36.6% decrease from \$146.20 million recorded in the corresponding period of 2014.

- (a) Property development sector contributed \$88.01 million or 94.9% of the consolidated revenue. Revenue contribution from this sector decreased by 36.5% as compared to the same quarter in 2014. The main contributor to the revenue during this period was the progressive recognition of income from development projects namely *Novena Regency, Kensington Square, Urban Vista, and Icon @ Pasir Panjang*.
- (b) Property investment sector contributed \$4.75 million or 5.1% to the total consolidated turnover. This represents a decrease of 37.4% from the \$7.58 million recorded in the corresponding period of 2014. This was mainly due to the absence of rental revenue from our investment property located at Alexandra Road.

Gross Profit

Gross profit margin from property development sector increased to 29.7% during 2Q2015 compared to the 24.9% achieved during the corresponding period of 2014.

Profit before taxation

Other operating expenses decreased from \$8.00 million in 2Q2014 to \$6.96 million in 2Q2015 mainly due to the following factors:

1. Decrease in professional fee pertaining to the company's expansion and restructuring exercise that the Group undertook in 2014;
2. Decrease in performance bonuses to directors;
3. Decrease in commission expenses; and partly offset by
4. Increase in advertising and promotional expenses arising from the launch of our Australian property - *Premier Tower*; and
5. Increase in amortisation of free rental period for our investment properties at Hoe Chiang Road and Punggol Point Road.

Finance costs in 2Q2015 increased by \$0.35 million as compared to the corresponding period in 2014.

Overall profit before taxation decreased by 38.8% from \$33.53 million in 2Q2014 to \$20.52 million in the same period of 2015.

*Statements of financial position & Statement of cash flows*

Non-current assets mainly comprise of land and building of our investment properties and investment in joint venture. It currently stood at \$1,133.90 million as at 30 June 2015. The Group's four investment properties located Alexandra Road, Hoe Chiang Road, Sims Drive and Punggol Point Road, currently stood at \$1,070.67 million as at 30 June 2015.

Current assets comprise mainly of development properties, trade and other receivables and cash and cash equivalents. As at 30 June 2015, the Group's current assets totaled \$1,048.41 million. Development properties include land costs, development costs, interest capitalised and other related costs and this accounted for \$594.88 million or 56.7% of total current assets as at 30 June 2015. This is a decrease of about 21.4% compared to the balance as at 31 December 2014 mainly due to progressive recognition of costs to the income statement and reclassification of development costs for our property at Sims Drive and the *Novena Regency* project to investment properties and properties held for sale, respectively. There is a change in the business intention for our property at Sims Drive to be held for long term investment purposes and hence, it was reclassified to investment properties. The reclassification of the *Novena Regency* to properties held for sale was put through upon the issuance of its TOP. The decrease in properties under development is partly offset by the additional costs incurred on our development properties.

Trade and other receivables, mainly the unbilled revenue portion of the recognised sales of our property units, stood at \$297.05 million. This is a decrease of 20.9% compared to the balance as at 31 December 2014 and this was mainly due to the collections from the buyers partly offset by additional revenue recognition. Unbilled revenue relates to the revenue recognised on our development properties. Revenue from our property development projects are recognised based on the percentage of completion method. However, the respective purchasers will be billed in accordance with the terms of the payment scheme. Consequently, unbilled revenue will arise in circumstances whereby revenue has been recognised based on the percentage of completion but the purchaser has not been billed as billing is not due as per the terms of the payment scheme.

Trade and other payables, which mainly comprise trade creditors and progress billings received from our development projects, decreased from \$112.15 million as at 31 December 2014 to \$97.60 million. The Group's total borrowings slightly decreased by 6.7% to \$937.90 million from \$1,005.48 million as at 31 December 2014 mainly due to the loan repayments made from the progressive payments received during the period.

During the first half ended 30 June 2015, the Group generated a net cash flow of \$96.89 million from operating activities. Cash outflow from investing activities amounted to \$71.65 million which was primarily used towards investing in a joint venture. Net cash outflow from financing activities amounted to \$0.95 million which comprise the cash outflow on the repayment of borrowings partly offset by the cash inflow from notes payable and proceeds from project related loans. The Group has also paid a dividend of \$24.72 million during this period. Cash and cash equivalents stood at \$100.03 million as at the end of 30 June 2015 compared to \$76.54 million as at the end of 31 December 2014.

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

The current announced results are in line with the general prospect commentary previously disclosed to shareholders in the results announcement for the first quarter ended 31 March 2015.

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.*

As per the real estate statistics released by the Urban Redevelopment Authority, the prices of private residential property fell by 0.9% in the second quarter of 2015, compared to the 1.0% decline in the previous quarter. This is the seventh straight quarter of price decline.

The Group owns a diversified portfolio of properties, in Singapore and Australia, as follows:

Singapore:***Development properties***

Project name/ Location	Type	Total No. of units	Sales info¹
Urban Vista (Group has 50% interest)	Condominium	585	100% Sold
Kensington Square (Group has 60% interest)	Flats & Commercial units	198	88% Sold
Icon @ Pasir Panjang	Flats & Commercial units	49	65% Sold
City Gate (Group has 50% interest)	Flats & Commercial units	499	73% Sold

Commercial/ Industrial properties

Location/Tenure	Type	Land Area (Sq ft)	GFA (Sq ft)	Group's Interest
Alexandra road ⁽¹⁾ (Freehold)	Commercial – Investment property	108,060	302,568	100%
Hoe Chiang road ⁽²⁾ (Freehold)	Commercial – Investment property	39,337	253,455	100%
Punggol Point ⁽²⁾ (15-years leasehold)	Commercial – Investment property	124,932	32,290	100%
Sims Drive ⁽³⁾ (60-years leasehold)	Industrial Property	67,945	169,861	100%

¹ Sales info represents the % of sold units over total units and is updated with Option to Purchase granted up to 6 August 2015.

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- (1) The ongoing Asset Enhancement works at our Alexandra Road Property are expected to be completed this year and marketing efforts are currently ongoing to lease out the commercial space in the building.
- (2) Properties at Punggol Point and Hoe Chiang Road are currently deriving rental income to the Group.
- (3) The Temporary Occupation Permit for the property at Sims Drive was issued in early April 2015. Marketing efforts are currently ongoing to lease out the space in this property.

Australia:

Location	Type	Tenure	Land Area (Sq ft)
171 Macquarie Street Hobart, Tasmania	Commercial Development	Freehold	5,651
173-177 Macquarie Street Hobart, Tasmania	Commercial Development	Freehold	21,528
28 – 30 Davey Street Hobart, Tasmania	Mixed-use Development	Freehold	12,411
555 Collins Street Melbourne, Victoria	Mixed-use Skyscraper Development	Freehold	24,757
134-160 Spencer Street Melbourne, Victoria (Note 1)	Mixed-use Skyscraper Development	Freehold	19,375
374-396 Murray Street, Perth, Western Australia	Mixed-use Development	Freehold	53,023
39-47 Milligan Street and 453-471 Murray Street, Perth, Australia	Mixed-use Development	Freehold	38,320

Note 1: 134-160 Spencer Street, (now known as *Premier Tower*)

The *Premier Tower* project is a skyscraper mixed-use development consisting of residential apartments, a boutique hotel with facilities, retail shops and basement carparks. The iconic tower provides a captivating and inspired curved façade silhouette. The Group launched the sale of property units in *Premier Tower* in June 2015. As of the date of reporting, more than 300 residential units have already been taken up by the prospective purchasers.

Others

The Group is currently working on the redevelopment plans for the rest of the Australian portfolio of properties. These properties, subject to the Group obtaining all necessary regulatory approvals and depending upon the level of sales and progress of construction, will contribute significantly to the Group's revenue and profits in the future years.

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

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

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

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

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

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

*(c) Date payable : 8 September 2015**(d) Books closure date :*

Notice is hereby given that the Register of Members of Transfer Books of the Company will be closed at the close of market day on 28 August 2015 for the purpose of determining shareholders' entitlements to dividends.

Registrable transfers received by the Company's Registrar, Tricor Singapore Pte Ltd at 80 Robinson Road #02-00 Singapore 068898, up to 5:00 p.m. on 28 August 2015 will be registered before entitlements to the dividend are determined.

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

Not applicable.

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

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

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

The Directors confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the second quarter and half year ended 30 June 2015 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

KOH WEE MENG

Executive Chairman and CEO

PERIAKARUPPAN ARAVINDAN

Executive Director

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PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. *Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.*

Not Applicable

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

Not Applicable

17. *A breakdown of sales*

Not Applicable

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

Not Applicable

19. *Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.*

Not Applicable

BY ORDER OF THE BOARD

PERIAKARUPPAN ARAVINDAN

Executive Director

6 August 2015