



FRAGRANCE GROUP LIMITED

Company Registration No.: 200006656M

FRAGRANCE GROUP LIMITED

**UNAUDITED RESULTS AND DIVIDEND ANNOUNCEMENT
FOR THE THIRD QUARTER AND NINE MONTHS
ENDED 30 SEPTEMBER 2014**



FRAGRANCE GROUP LIMITED

Company Registration No.: 200006656M

Unaudited Results and Dividend Announcement for the Third Quarter and Nine Months Ended 30/09/2014

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

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

GROUP	Statement of comprehensive income					
	Third Quarter (Jul to Sep) Three months ended 30 Sep			Nine Months (Jan to Sep) Nine months ended 30 Sep		
	2014	2013 (Restated)	Change	2014	2013 (Restated)	Change
	\$'000	S\$'000	%	S\$'000	S\$'000	%
Turnover	133,299	113,479	17.5	390,997	346,937	12.7
Cost of sales	(92,464)	(69,893)	32.3	(269,194)	(209,794)	28.3
Gross profit	40,835	43,586	(6.3)	121,803	137,143	(11.2)
Other operating (loss)/income	(705)	(212)	232.6	1,091	(210)	N.M
Other operating expenses	(8,755)	(7,829)	11.8	(23,237)	(20,189)	15.1
Finance costs	(1,454)	(2,684)	(45.8)	(6,720)	(7,080)	(5.1)
Profit before income tax	29,921	32,861	(9.0)	92,937	109,664	(15.3)
Taxation	(4,914)	(6,009)	(18.2)	(15,771)	(19,180)	(17.8)
Profit from continuing operations	25,007	26,852	(6.9)	77,166	90,484	(14.7)
Profit from discontinued operations	-	5,006	N.M	5,125	14,355	(64.3)
Profit for the period	25,007	31,858	(21.5)	82,291	104,839	(21.5)

Attributable to:						
Equity holders of the Company	24,342	22,820	6.7	76,701	74,400	3.1
Non-controlling interests	665	9,038	(92.6)	5,590	30,439	(81.6)

Other comprehensive income						
Transfer of depreciation on revaluation of leasehold land & buildings to revaluation reserve	-	857	N.M	1,271	2,570	(50.5)
Exchange difference on translation of foreign operations	(3,041)	-	N.M	(3,042)	-	N.M
Net other comprehensive (loss)/income	(3,041)	857	N.M	(1,771)	2,570	N.M
Total comprehensive income	21,966	32,715	(32.9)	80,520	107,409	(25.0)

Attributable to:						
Equity holders of the Company	21,301	23,268	(8.5)	74,323	75,744	(1.9)
Non-controlling interests	665	9,447	(93.0)	6,197	31,665	(80.4)

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

	Third Quarter (July to Sep) Three months ended 30 Jun			Nine months (Jan to Sep) Nine months ended 30 Sep		
	2014	2013 Restated	Change	2014	2013 Restated	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Amortisation and depreciation	(231)	(22)	N.M	(669)	(87)	N.M
Finance costs	(1,454)	(2,684)	(45.8)	(6,720)	(7,080)	(5.1)
<u>Other operating (loss)/income</u>						
Change in fair value of held for trading investments	(906)	(321)	182.2	(1,250)	(685)	82.5
Gain on disposal of held for trading investments	-	17	N.M	960	19	N.M
Interest income	885	66	1,240.9	1,696	364	365.9
Net foreign exchange losses	(748)	-	N.M	(478)	-	N.M
Others	64	26	146.2	163	92	77.2
Total	(705)	(212)	232.6	1,091	(210)	N.M

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-Sep-2014	31-Dec-2013	30-Sep-2014	31-Dec-2013
<u>Non-current assets</u>				
Property, plant and equipment	7,358	1,199,153	-	-
Investment properties	899,949	889,305	-	-
Prepayment	9,884	10,469	-	-
Investment in subsidiaries	-	-	70,502	186,488
Investment in joint operations	-	-	7,766	7,766
Total non-current assets	917,191	2,098,927	78,268	194,254
<u>Current assets</u>				
Cash and cash equivalents	108,110	127,791	27,495	59,451
Trade and other receivables	352,622	325,020	555,257	437,116
Held for trading investments	1,938	3,188	1,938	3,188
Properties under development	764,825	758,398	-	-
Properties held for sale	20,766	42,030	-	-
Total current assets	1,248,261	1,256,427	584,690	499,755
<u>Current liabilities</u>				
Trade and other payables	99,907	121,279	267,520	132,180
Term loans	164,997	210,942	-	-
Income tax payables	31,457	18,460	152	34
Total current liabilities	296,361	350,681	267,672	132,214
Net current assets	951,900	905,746	317,018	367,541
<u>Non-current liabilities</u>				
Trade and other payables	-	-	1,097	3,750
Term loans	891,485	1,354,221	-	-
Deferred taxation	18,800	70,473	-	-
Total non-current liabilities	910,285	1,424,694	1,097	3,750
Net assets	958,806	1,579,979	394,189	558,045
<u>Capital and reserves</u>				
Share capital	150,000	150,000	150,000	150,000
Treasury shares	(565)	(565)	(565)	(565)
Performance share reserves	201	201	201	201
Revaluation reserves	-	714,565	-	-
Foreign currency translation reserve	(3,042)	-	-	-
Retained earnings	755,452	340,965	244,553	408,409
Equity attributable to the owners of the Company	902,046	1,205,166	394,189	558,045
Non-controlling interests	56,760	374,813	-	-
Total Equity	958,806	1,579,979	394,189	558,045

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

	As at 30 Sep 2014	As at 31 December 2013
	Secured	Secured
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	164,997	210,942
Amount repayable after one year	891,485	1,354,221

Details of collaterals

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

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



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

Statement of cash flows	Third Quarter Ended 30 Sep		Nine Months Ended 30 Sep	
	2014	2013 (Restated)	2014	2013 (Restated)
Group (S\$'000)				
<u>Operating activities</u>				
Profit before income tax –from continuing operations	29,921	32,861	92,937	109,664
Profit before income tax –from discontinued operation	-	6,219	6,261	17,730
Profit before income tax	29,921	39,080	99,198	127,394
Adjustments for:				
Amortisation and depreciation	37	1,128	1,670	3,405
Amortisation of land lease	195	-	585	-
Interest income	(885)	(68)	(1,696)	(406)
Interest expense	5,735	6,074	17,478	16,806
Gain on disposal of held for trading investments	-	(17)	(960)	(19)
Change in fair value of held for trading investments	906	321	1,250	685
Loss on foreign exchange translation	748	-	478	-
Allowance for doubtful debts/Bad debt written off	-	-	-	(1)
Property, plant and equipment written off	-	-	1	-
Operating cash flow before movements in working Capital	36,657	46,518	118,004	147,864
Trade and other receivables	109,277	4,865	(30,524)	(94,750)
Development properties and properties held for sale	(71,687)	22,437	16,093	(66,055)
Trade and other payables	(66,430)	11,056	(32,455)	63,266
Net cash from operations	7,817	84,876	71,118	50,325
Interest paid	(5,678)	(8,327)	(19,058)	(22,970)
Income taxes paid	(2,922)	(4,329)	(10,561)	(12,020)
Net cash (used in) from operating activities	(783)	72,220	41,499	15,335
<u>Investing activities</u>				
Purchase of property, plant and equipment	(147)	(2,942)	(4,983)	(7,514)
Purchase of held for trading investments	-	(1,935)	-	(3,909)
Purchase of investment property	(7,579)	-	(10,645)	(95,030)
Proceeds from disposal of held for trading investments	-	1,820	4,176	2,736
Disposal of a subsidiary	-	-	(12,416)	-
Interest received	885	68	1,696	406
Net cash used in investing activities	(6,841)	(2,989)	(22,172)	(103,311)
<u>Financing activities</u>				
Proceeds from borrowings	96,930	16,440	149,989	199,123
Repayment of borrowings	(109,043)	(49,490)	(177,315)	(119,013)
Dividend paid to non-controlling interest	-	-	(1,305)	(6,074)
Dividend paid	(6,857)	(1,674)	(6,857)	(10,066)
Net cash (used in) from financing activities	(18,970)	(34,724)	(35,488)	63,970
Net (decrease)/increase in cash and cash equivalents	(26,594)	34,507	(16,161)	(24,006)
Cash and cash equivalents at beginning of period	138,493	94,182	127,791	152,695
Effect of currency translation on cash and cash equivalents	(3,789)	-	(3,520)	-
Cash and cash equivalents at end of period	108,110	128,689	108,110	128,689

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1(d)(i) *A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.*

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserves	Revaluation Reserves	Foreign Currency Translation Reserve	Attributable to Equity Holders	Non-Controlling Interests	Total
Group (\$S'000)									
Balance as at 1 January 2013	150,000	147,942	(616)	137	581,563	-	879,026	218,851	1,097,877
Total comprehensive income for the period	-	17,629	-	-	448	-	18,077	10,724	28,801
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(5,070)	(5,070)
Dividend paid	-	(8,392)	-	-	-	-	(8,392)	-	(8,392)
Balance as at 31 March 2013	150,000	157,179	(616)	137	582,011	-	888,711	224,505	1,113,216
Total comprehensive income for the period	-	33,951	-	-	448	-	34,399	11,494	45,893
Balance as at 30 June 2013	150,000	191,130	(616)	137	582,459	-	923,110	235,999	1,159,109
Total comprehensive income for the period	-	22,820	-	-	448	-	23,268	9,447	32,715
Dividend paid	-	(6,714)	-	-	-	-	(6,714)	-	(6,714)
Balance as at 30 September 2013	150,000	207,236	(616)	137	582,907	-	939,664	245,446	1,185,110

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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	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 interest	-	-	-	-	-	-	-	(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
Total comprehensive income for the period	-	24,342	-	-	-	(3,041)	21,301	665	21,966
Balance as at 30 September 2014	150,000	755,452	(565)	201	-	(3,042)	902,046	56,760	958,806

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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 2013	150,000	415,354	(616)	137	564,875
Total comprehensive income for the period	-	6,548	-	-	6,548
Dividend paid	-	(8,392)	-	-	(8,392)
Balance as at 31 March 2013	150,000	413,510	(616)	137	563,031
Total comprehensive income for the period	-	633	-	-	633
Balance as at 30 June 2013	150,000	414,143	(616)	137	563,664
Total comprehensive income for the period	-	946	-	-	946
Dividend paid	-	(6,714)	-	-	(6,714)
Balance as at 30 September 2013	150,000	408,375	(616)	137	557,896
Balance as at 1 January 2014	150,000	408,409	(565)	201	558,045
Total comprehensive income for the period	-	2,040	-	-	2,040
Dividend paid	-	(26,857)	-	-	(26,857)
Balance as at 31 March 2014	150,000	383,592	(565)	201	533,228
Total comprehensive income for the period	-	2,766	-	-	2,766
Dividend paid	-	(134,284)	-	-	(134,284)
Balance as at 30 June 2014	150,000	252,074	(565)	201	401,710
Total comprehensive income for the period	-	(7,521)	-	-	(7,521)
Balance as at 30 September 2014	150,000	244,553	(565)	201	394,189

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

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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 30 Sep 2014	As at 31 Dec 2013
Total number of Ordinary Shares issued and fully paid	6,720,000,000	6,720,000,000
Treasury Shares	(5,775,000)	(5,775,000)
	6,714,225,000	6,714,225,000

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

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

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 2013, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 January 2014. The adoption of these new and revised FRSs has no material effect on the second quarter announcement for the current financial period.

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

Please refer to paragraph 4 above.

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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 6,714,225,000 shares (excluding treasury shares)	Third Quarter Ended 30 Sep		Nine months Ended 30 Sep	
	2014	2013	2014	2013
<u>From continuing and discontinued operations:</u>				
Based on the weighted average number of ordinary shares in issue	0.4 cents	0.3 cents	1.1 cents	1.1 cents
On a fully diluted basis	0.4 cents	0.3 cents	1.1 cents	1.1 cents
<u>From continuing operations:</u>				
Based on the weighted average number of ordinary shares in issue	0.4 cents	0.3 cents	1.1 cents	1.0 cents
On a fully diluted basis	0.4 cents	0.3 cents	1.1 cents	1.0 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-Sep-2014	31-Dec-2013	30-Sep-2014	31-Dec-2013
Net asset value per ordinary share based on 6,714,225,000 shares (excluding treasury shares)	13.4 cents	17.9 cents	5.9 cents	8.3 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

GROUP	Third Quarter Ended 30 Sep			Nine months Ended 30 Sep		
	2014	2013 (Restated)	Change %	2014	2013 (Restated)	Change %
<u>REVENUE (\$S'000)</u>						
Property development	128,679	106,204	21.2	371,466	327,287	13.5
Property investment	4,620	7,275	(36.5)	19,531	19,650	(0.6)
Total	133,299	113,479	17.5	390,997	346,937	12.7
<u>GROSS PROFIT (\$S'000)</u>						
Property development	36,216	36,311	(0.3)	102,273	117,493	(13.0)
Property investment	4,619	7,275	(36.5)	19,530	19,650	(0.6)
Total	40,835	43,586	(6.3)	121,803	137,143	(11.2)
<u>GROSS PROFIT MARGIN</u>						
Property development	28.1%	34.2%		27.5%	35.9%	
Property investment ¹	N.A	N.A		N.A	N.A	
Consolidated Total	30.6%	38.4%		31.2%	39.5%	
<u>PROFIT BEFORE TAXATION (\$S'000)</u>						
Property development	27,848	29,143	(4.4)	83,729	99,820	(16.1)
Property investment	2,073	3,718	(44.2)	9,208	9,844	(6.5)
Total	29,921	32,861	(9.0)	92,937	109,664	(15.3)

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

Nine months – Jan to Sep (Nine months) 2014 Vs 2013

Revenue

The Group recorded a turnover of \$391.00 million during the nine months of FY2014, which represents a 12.7% increase from \$346.94 million recorded in the corresponding period in 2013. Property development division has contributed to this increase.

Property development sector contributed \$371.47 million during the nine months of FY2014 which is 13.5% higher than the \$327.29 million recorded in the corresponding period of 2013. This was mainly due to the revenue contribution from *Urban Vista, Kensington Square* and *Novena Regency*. Our other mixed development projects namely, *Le Regal, Suites @*

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Bukit Timah, and *Icon @ Pasir Panjang* as well as completed residential project namely *Suites @ East Coast* have also contributed to the revenue during this period.

Property investment sector contributed \$19.53 million during the nine months of FY2014 which saw a slight decrease of 0.6% from the \$19.65 million recorded in the corresponding period of 2013. This was mainly due to the commencement of Asset Enhancement Works (“AE Works”) to our Alexandra Road Property and thus resulted in the absence of rental income from this property. This decrease was partly offset by the rental income from the newly completed investment property at Punggol Point.

Gross Profit

Despite the higher revenue, our overall gross profit has decreased by 11.2% to \$121.80 million. Gross profit margin of property development sector has decreased to 27.5% during nine months of 2014 from the 35.9% achieved in the corresponding period of 2013. This was mainly due to the lower selling price of property units contributing to the revenue during this period.

Profit before taxation

Other operating expenses increased from \$20.19 million in nine months of FY2013 to \$23.24 million during nine months of FY2014 mainly because of the following factors:

1. Increase in commission expenses due to the higher commission expenses recognised in line with the progress of construction;
2. Increase in amortisation costs pertaining to the leasehold land at Punggol Point;
3. Increase in property tax expenses pertaining to investment properties which derive rental income to the Group; and partly offset by
4. Decrease in advertising and promotional expenses; and
5. Decrease in performance bonuses to directors.

Finance costs decreased by \$0.36 million during the nine months of FY2014 mainly due to capitalization of finance costs relating to NOL Building since the commencement of Asset Enhancement works and partly offset by the recognition of interest costs on terms loan pertaining to the completed investment property.

Overall profit before taxation decreased by 15.3% from \$109.66 million in the nine months of FY2013 to \$92.94 million in the same period of FY2014. However, Net profit attributable to Equity holders of the Company has increased by 3.1% to \$76.70 million. This was mainly due to the absence of the higher attribution of profits to Non-controlling interests in prior period, particularly relating to Parc Rosewood project which has since been completed.



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Third quarter 2014 Vs Third quarter 2013

Revenue

The Group recorded a turnover of \$133.30 million in the third quarter of FY2014, a 17.5% increase from \$113.48 million recorded in the corresponding period in FY2013.

Property development sector contributed \$128.68 million or 96.5% of the consolidated revenue. This is an increase of about 21.2% from the \$106.20 million contribution in the third quarter of FY2013. The main contributor to the revenue during this period was the progressive recognition of income from development projects namely *Urban Vista*, *Novena Regency* and *Kensington Square*. Other projects that made significant revenue contribution included *Le Regal, Suites @ East Coast* and *Icon @ Pasir Panjang*.

Property investment sector contributed \$4.62 million or 3.5% to the total consolidated turnover. This represents a decrease of 36.5% from the \$7.28 million recorded in the corresponding period of FY2013. This was mainly due to the commencement of Asset Enhancement Works to our investment property at Alexandra Road during third quarter 2014 and therefore no rental income was generated. This decrease was partly offset by the rental income from the newly completed investment property at Punggol Point.

Gross Profit

Gross profit margin from property development sector has decreased to 28.1% during third quarter of FY2014 compared to the 34.2% achieved during the corresponding period of FY2013. This was mainly due to lower selling prices of property development units that contributed to the revenue during this period.

Profit before taxation

Other operating expenses increased from \$7.83 million in third quarter of FY2013 to \$8.76 million in third quarter of FY2014 mainly because of the following factors:

1. Increase in commission expenses;
2. Increase in amortisation costs pertaining to the leasehold land at Punggol Point; and partly offset by
3. Decrease in property tax expenses pertaining to investment properties;
4. Decrease in advertising and promotional expenses.

Finance costs in the third quarter of FY2014 has decreased by 45.8% to \$1.45 million from the \$2.68 million recorded during corresponding period in FY2013. This was due mainly to the capitalization of finance costs pertaining to the Alexandra Road property since the commencement of Asset Enhancement works partly offset by the increase in finance costs on drawdown of loans pertaining to the newly completed investment property.

Overall profit before taxation decreased by 9.0% from \$32.86 million in the third quarter 2013 to \$29.92 million in the same period of 2014. However, Net profit attributable to Equity holders of the Company has increased by 6.7% to \$24.34 million. This was mainly due to the absence of the higher attribution of profits to Non-controlling interests in prior period, particularly relating to Parc Rosewood project which has since been completed.



FRAGRANCE GROUP LIMITED

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Statements of financial position & Statement of cash flows

Following of the disposal of GPHL, Non-current assets now mainly comprise of land and building of our investment properties and office. It currently stood at \$899.95 million as at 30 September 2014.

Current assets comprise mainly of development properties, trade debtors, other receivables and cash. As at 30 September 2014, the Group's current assets totaled \$1,248.26 million. Development properties include land costs, development costs, interest capitalized and other related costs and this accounted for \$764.83 million or 61.3% of total current assets as at 30 September 2014. This is an increase of about 0.9% compared to the balance as at 31 December 2013 mainly due to the additional costs incurred on our development projects partly offset by the progressive recognition of costs to the income statement.

Trade and other receivables, which mainly comprised the unbilled revenue portion of the recognised sales of our property units stood at \$352.62 million. This was a decrease of 8.5% compared to the balance as at 31 December 2013 and this was mainly due to additional revenue recognition partly offset by the collections from the buyers. Unbilled revenue relates to the revenue recognised on our development properties. Revenue from our property development projects are recognised based on the percentage of completion method. However the respective purchasers will only be billed in accordance with the terms of the payment scheme. Consequently, unbilled revenue will arise in circumstances whereby revenue has been recognised based on the percentage of completion but the purchaser has not been billed as billing is not due as per the terms of the payment scheme.

Trade and other payables, which mainly comprised the trade payables and progress billing from development projects amounted to \$99.91 million as at 30 September 2014. The Group's total borrowings decreased by 32.5% to \$1,056.48 million from \$1,565.16 million as at 31 December 2013 mainly due to the elimination of the loans pertaining to the hotel sector as we as repayment of loans pertaining to completed development projects.

During the nine months ended 30 September 2014, the Group generated a net cash flow of \$41.50 million from operating activities. Cash outflow from financing activities amounted to \$35.49 million which was primarily used towards repayment of borrowings. The Group has also paid a dividend to non-controlling interest of \$1.31 million during this period. Cash and cash equivalents stood at S\$108.11 million as at the end of 30 September 2014 compared to \$127.79 million as at the end of 31 December 2013.

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

The current announced results are in line with the general prospect commentary previously disclosed to shareholders in the results announcement for the second quarter ended 30 June 2014.

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10. *A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.*

Property Development:

As per the 3rd Quarter 2014 real estate statistics released by the Urban Redevelopment Authority, the prices of private residential properties decreased by 0.7% in 3rd Quarter 2014, following the 1.0% decline in the previous quarter. This was the fourth straight quarter of price decline. While the low interest rate environment continues to be the catalyst to the market, the potential buyers are generally cautious in their buying decisions.

The Group is expanding its operations into Australian market and has acquired four plots of land in prime CBD locations in three different cities.

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

Singapore:**Development properties**

Project name/ Location	Type	Total No. of units	Sales info¹
Urban Vista (Group has 50% interest)	Condominium	585	99% Sold
Le Regal	Flats & Commercial units	136	100% Sold
Kensington Square (Group has 60% interest)	Flats & Commercial units	198	88% sold
Novena Regency	Flats & Commercial units	100	76% Sold
Icon @ Pasir Panjang	Flats & Commercial units	49	63% Sold

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

Investment properties:

Location/Tenure	Type	Land Area (Sq ft)	GFA (Sq ft)	Group's Interest
Alexandra road (Freehold)	Commercial & investment	108,060	302,568	100%
Hoe Chiang road (Freehold)	Commercial & investment	39,337	253,455	100%
Punggol Point (15 years leasehold)	Commercial & investment	11,607	32,290	100%
Sims Drive (60-years leasehold)	Industrial development	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 31 October 2014.

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

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

Australia:

The Group has completed the purchase of the following properties in Australia.

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

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

As announced earlier, the Group is proposing a spin-off of its property business in Australia to be listed on the Catalist board of Singapore Exchange Securities Trading Limited (the "Proposed Restructuring"). If materialised, the Proposed Restructuring will streamline its business activities and add positively to the net tangible assets of the Group. However, the Board wishes to remind shareholders there is no assurance or certainty that the Proposed Restructuring will materialise. Subject to applicable regulatory requirements, the Company will keep shareholders updated on material developments as and when appropriate.

**FRAGRANCE GROUP LIMITED**Company Registration No.: 200006656M

11. Dividend

- (a) *Current Financial Period Reported on*
Any dividend declared for the current financial period reporting on: **NO**
- (b) *Corresponding Period of the Immediately Preceding Financial Year:* **NO**
- (c) *Date payable* : Not applicable
- (d) *Books closure date* : Not applicable

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

No dividend has been declared or recommended for the current reporting period.

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 third quarter and nine months period ended 30 September 2014 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

KOH WEE MENG
Executive Chairman and CEO

PERIAKARUPPAN ARAVINDAN
Executive Director

**FRAGRANCE GROUP LIMITED**Company Registration No.: 200006656M

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

31 October 2014