



FRAGRANCE GROUP LIMITED
Company Registration No.: 200006656M

FRAGRANCE GROUP LIMITED

**UNAUDITED RESULTS AND DIVIDEND ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2017**



Unaudited Results and Dividend Announcement for the First Quarter Ended 31 March 2017

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS – 31 MARCH 2017

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.*

	Statement of comprehensive income for the first quarter ended 31 March		
	2017	2016	Change
	S\$'000	S\$'000	%
Turnover	43,657	22,718	92.2
Cost of sales	(28,167)	(15,565)	81.0
Gross profit	15,490	7,153	116.6
Other operating (loss) income	(406)	6,757	(106.0)
Other operating expenses	(5,776)	(4,146)	39.3
Finance costs	(3,634)	(4,828)	(24.7)
Share of results of a joint venture	1,051	1,078	(2.5)
Profit before income tax	6,725	6,014	11.8
Taxation	(1,479)	(226)	554.4
Profit for the period	5,246	5,788	(9.4)
Attributable to:			
Equity holders of the Company	5,389	5,293	1.8
Non-controlling interests	(143)	495	(128.9)
Other comprehensive income			
Exchange difference on translation of foreign operations	7,072	412	1,616.5
Share of other comprehensive income of a joint venture			
Exchange difference on translation of foreign operations	(1,797)	(2,882)	(37.6)
Fair value gain on investment securities	82	30	(173.3)
Net other comprehensive income	5,357	(2,440)	(319.5)
Total comprehensive income	10,603	3,348	216.7

**FRAGRANCE GROUP LIMITED**

Company Registration No.: 200006656M

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 for the first quarter ended 31 March		
	2017	2016	Change
	S\$'000	S\$'000	%
Attributable to:			
Equity holders of the Company	10,746	2,853	276.7
Non-controlling interests	(143)	495	(128.9)

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

GROUP	First Quarter ended 31 March		
	2017	2016	Change
	S\$'000	S\$'000	%
Amortisation and depreciation	(222)	(202)	9.9
Finance costs	(3,634)	(4,828)	(24.7)
<u>Other operating (loss) income</u>			
Net gain on held for trading investments	-	468	N.M
Net foreign exchange loss	(295)	(2)	N.M
Interest income	85	195	(56.4)
Fair value (loss) gain on investment properties	(346)	5,970	(105.8)
Others	150	126	19.0
Total	(406)	6,757	(106.0)

N.M – Not Meaningful



FRAGRANCE GROUP LIMITED

Company Registration No.: 200006656M

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.

Statements of financial position	Group		Company	
S\$'000	31-Mar-2017	31-Dec-2016	31-Mar-2017	31-Dec-2016
<u>Non-current assets</u>				
Property, plant and equipment	60,125	18,903	-	-
Other receivables	-	1,238	-	1,238
Investment properties	1,176,640	1,172,223	-	-
Prepayments	7,933	8,128	-	-
Subsidiaries	-	-	645,871	750,152
Investment in a joint venture	94,402	93,566	88,813	87,313
Deferred tax asset	1,281	1,254	-	-
Total non-current assets	1,340,381	1,295,312	734,684	838,703
<u>Current assets</u>				
Cash and cash equivalents	27,020	45,513	16,580	8,621
Trade and other receivables	74,558	75,276	74,512	40,583
Development properties	483,340	476,476	163,941	181,795
Properties held for sale	62,016	67,731	636	636
Inventories	80	-	-	-
Total current assets	647,014	664,996	255,669	231,635
<u>Current liabilities</u>				
Trade and other payables	34,919	32,920	38,440	40,159
Notes payable	-	76,048	-	76,048
Term loans	163,548	151,734	-	-
Income tax payable	15,752	16,848	11,440	11,440
Derivative financial instrument	-	87	-	-
Total current liabilities	214,219	277,637	49,880	127,647
Net current assets	437,295	387,359	205,789	103,988
<u>Non-current liabilities</u>				
Trade and other payables	-	-	1,790	2,000
Term loans	705,177	626,692	95,225	105,725
Deferred taxation	4,109	2,692	4,109	2,692
Total non-current liabilities	709,286	629,384	101,124	110,417
Net Assets	1,063,890	1,053,287	839,349	832,274

**FRAGRANCE GROUP LIMITED**

Company Registration No.: 200006656M

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

Statement of financial position	Group		Company	
S\$'000	31-Mar-2017	31-Dec-2016	31-Mar-2017	31-Dec-2016
Shareholders' equity				
Share capital	150,000	150,000	150,000	150,000
Treasury shares	(999)	(999)	(999)	(999)
Performance share reserves	318	318	318	318
Revaluation reserves	35,682	35,682	-	-
Foreign translation reserves	(20,979)	(26,254)	-	-
Investment revaluation reserve	(59)	(141)	-	-
Retained earnings	886,024	880,635	690,030	682,955
Equity attributable to the owners of the Company	1,049,987	1,039,241	839,349	832,274
Non-controlling interests	13,903	14,046	-	-
Total Equity	1,063,890	1,053,287	839,349	832,274

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

	As at 31 Mar 2017		As at 31 Dec 2016	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	163,548	-	151,734	76,048
Amount repayable after one year	705,177	-	626,692	-

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.



- 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	First Quarter Ended 31 March	
Group (S\$'000)	2017	2016
<u>Operating activities</u>		
Profit before income tax	6,725	6,014
Adjustments for:		
Amortisation and depreciation	121	117
Amortisation of land lease	195	195
Net amortisation of rental incentive granted	(94)	(158)
Amortisation of processing fee on debt note issued	-	48
Interest expense	3,634	4,828
Net gain on held for trading investments	-	(468)
Change in fair value of investment property	346	(5,970)
Unrealised loss on foreign exchange difference	491	2
Share of results of a joint venture	(1,051)	(1,078)
Interest income	(85)	(195)
Fair value on derivative financial instrument	(87)	-
Allowance for doubtful debt	-	1
Operating cash flow before movements in working capital	10,195	3,336
Inventories	(80)	-
Trade and other receivables	(293)	23,557
Development properties and properties held for sale	4,172	(71)
Trade and other payables	4,878	(2,125)
Net cash from operations	18,872	24,697
Interest paid	(5,587)	(7,189)
Income taxes paid	(1,158)	165
Net cash from operating activities	12,127	17,673
<u>Investing activities</u>		
Purchase of held for trading investments	-	(1,354)
Investment in a joint venture	(1,500)	(3,600)
Interest received	85	195
Purchase of property, plant and equipment	(41,343)	(79)
Additions to investment properties	(385)	(1,639)
Proceeds from disposal of held for trading investments	-	5,976
Net cash used in investing activities	(43,143)	(501)



FRAGRANCE GROUP LIMITED

Company Registration No.: 200006656M

- 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	First Quarter Ended 31 March	
Group (S\$'000)	2017	2016
<u>Financing activities</u>		
Advance to non-controlling interests	(2,800)	(14)
Proceeds from borrowings	105,000	-
Repurchase of debt note issued	(74,750)	-
Repayment of borrowings	(14,686)	(34,390)
Net cash from (used in) financing activities	12,764	(34,404)
Net decrease in cash and cash equivalents	(18,252)	(17,232)
Cash and cash equivalents at beginning of period	45,513	94,354
Effect of exchange rate on foreign currency balances	(241)	(150)
Cash and cash equivalents at end of period	27,020	76,972



FRAGRANCE GROUP LIMITED

Company Registration No.: 200006656M

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 2016	150,000	879,844	(1,050)	308	33,266	(26,721)	(72)	1,035,575	13,774	1,049,349
Total comprehensive income for the period	-	5,293	-	-	-	(2,470)	30	2,853	495	3,348
Balance as at 31 March 2016	150,000	885,137	(1,050)	308	33,266	(29,191)	(42)	1,038,428	14,269	1,052,697

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 2017	150,000	880,635	(999)	318	35,682	(26,254)	(141)	1,039,241	14,046	1,053,287
Total comprehensive income for the period	-	5,389	-	-	-	5,275	82	10,746	(143)	10,603
Balance as at 31 March 2017	150,000	886,024	(999)	318	35,682	(20,979)	(59)	1,049,987	13,903	1,063,890



FRAGRANCE GROUP LIMITED

Company Registration No.: 200006656M

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 2016	150,000	606,115	(1,050)	308	755,373
Total comprehensive income for the period	-	592	-	-	592
Balance as at 31 Mar 2016	150,000	606,707	(1,050)	318	755,965
Balance as at 1 January 2017	150,000	682,955	(999)	318	832,274
Total comprehensive income for the period	-	7,075	-	-	7,075
Balance as at 31 March 2017	150,000	690,030	(999)	318	839,349

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 31 Mar 2017	As at 31 Dec 2016
Total number of Ordinary Shares issued and fully paid	6,720,000,000	6,720,000,000
Treasury Shares	(7,230,000)	(7,230,000)
	6,712,770,000	6,712,770,000

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 2017	7,230,000
Add: Purchases during the year	-
Less: Sales, transfers, disposals or cancellation	-
Balance as at 31 March 2017	7,230,000

**FRAGRANCE GROUP LIMITED**

Company Registration No.: 200006656M

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 first quarter announcement for the current financial period as those of the audited financial statements for the year ended 31 December 2016.

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

Not applicable.

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 6,712,770,000 shares (2016: 6,712,400,000) (excluding treasury shares)	First Quarter Ended 31 March	
	2017	2016
Based on the weighted average number of ordinary shares in issue	0.08 cents	0.08 cents
On a fully diluted basis	0.08 cents	0.08 cents

7. *Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.*

	GROUP		COMPANY	
	31-Mar-2017	31-Dec-2016	31-Mar-2017	31-Dec-2016
Net asset value per ordinary share based on 6,712,770,000 shares (2016: 6,712,770,000) (excluding treasury shares)	15.6 cents	15.5 cents	12.5 cents	12.4 cents

**FRAGRANCE GROUP LIMITED**

Company Registration No.: 200006656M

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	First Quarter Ended 31 March		
	2017	2016	Change %
<u>REVENUE (\$S'000)</u>			
Property development	37,862	18,260	107.4
Property investment	4,957	4,458	11.2
Hotel	838	-	N.M
Total	43,657	22,718	92.2
<u>GROSS PROFIT (\$S'000)</u>			
Property development	10,128	2,695	275.8
Property investment	4,957	4,458	11.2
Hotel	405	-	N.M
Total	15,490	7,153	116.6
<u>GROSS PROFIT MARGIN</u>			
Property development	26.7%	14.8%	
Property investment	N.A.	N.A.	
Hotel	48.3%	N.A.	
Consolidated Total	35.5%	31.5%	
<u>PROFIT BEFORE TAXATION (\$S'000)</u>			
Property development	6,884	1,246	452.5
Property investment	(249)	4,768	(105.2)
Hotel	90	-	N.M
Total	6,725	6,014	11.8

N.A.- Not Applicable



First quarter 2017 Vs First quarter 2016

Revenue

The Group recorded a turnover of \$43.66 million in the first quarter of 2017, a 92.2% increase from \$22.72 million recorded in the corresponding period in 2016. Property development and property investment segment mainly attributed to this increase, while Hotel segment, through a newly acquired hotel in the United Kingdom, made its maiden contribution during this period.

- (a) Property development segment contributed \$37.86 million in the first quarter of 2017 which is 107.4% higher than \$18.26 million recorded in the corresponding period of 2016. This was mainly due to the substantial revenue contribution from the *City Gate* project, for which construction commenced in the second quarter of 2016.
- (b) Rental from our investment properties namely *Tower 15*, *Fragrance Empire Building*, *The Punggol Point* and *Victory Centre* were the main contributors to revenue from this segment in the first quarter of 2017. The higher rental income in the first quarter of 2017 was due mainly to higher occupancy status in *Fragrance Empire Building* and *Victory Centre*. The increase is partly offset by decrease in rental income from *Tower 15*.
- (c) Hotel income of \$0.84 million is derived from our newly acquired hotel operation in the United Kingdom during the first quarter of 2017.

Gross Profit

Our overall gross profit increased by 116.6% to \$15.49 million mainly in line with the increase in overall revenue. There is a slight increase in gross profit margin to 35.5% in the first quarter of 2017 compared with 31.5% achieved during the same period in 2016, mainly due to the higher margin contributed by *City Gate* project.

Other Operating (Loss) Income

The decrease in other operating income was largely due to the absence of fair value gain recorded in the first quarter of 2016 pertaining mainly to *Icon @ Paris Panjang*.

Other Operating Expenses

Other operating expenses increased from \$4.15 million in the first quarter of 2016 to \$5.78 million in the first quarter of 2017. The increase was mainly due to the following:

- 1. Increase in commission expenses relating to the development projects and leasing of investment properties;
- 2. Increase in property tax expense for the investment properties in Singapore and as well as certain Australian properties; and partly offset by
- 3. Decrease in advertising and promotion costs due to less sales activities during the quarter.



FRAGRANCE GROUP LIMITED

Company Registration No.: 200006656M

Finance Costs

Finance costs decreased by \$1.19 million in the first quarter of 2017 mainly due to:

- i) full redemption of the \$85 million debt notes in January 2017, thus reducing the related interest expense; and
- ii) general decrease in overall interest rates across the floating rate borrowings.

Share of Results of Joint Venture

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

Profit before Income Tax

Overall profit before taxation increased by 11.8% from \$6.01 million in the first quarter of 2016 to \$6.73 million in the first quarter of 2017.

Statements of financial position & Statement of cash flows

Non-current assets mainly comprise i) land and building of our investment properties, ii) hotel properties and office which are accounted as property, plant and equipments. The Group's investment properties totaled at \$1,176.64 million as at 31 March 2017.

Hotel properties comprises two UK properties, namely, the Imperial Hotel Blackpool and the Municipal offices building in Liverpool (Refer to details under Hotel Segment on Page 17 below). The acquisition of the Imperial Hotel Blackpool and its on-going business is a business combination to be accounted for in accordance with FRS 103. This hotel property is provisionally recorded at the value as per the Sale & Purchase agreement for the purposes of this quarterly reporting.

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

Current assets comprise mainly development properties, trade and other receivables and properties held for sale. As at 31 March 2017, the Group's current assets totaled \$647.01 million.

Development properties include land costs, development costs, interest capitalised and other related costs and these accounted for \$483.34 million or 74.7% of total current assets as at 31 March 2017. The net increase of \$6.86 million compared to the balance as at 31 December 2016 was mainly due to additional costs incurred for Australia and Singapore projects during the period. This increase is partially offset by the progressive recognition of costs to the income statement for Singapore project.



Trade and other receivables of \$74.56 million include \$34.15 million of revenue from our property development projects in Singapore which are recognised based on the percentage of completion method and have yet to be billed. Billing is based on the payment schedule in the standard sale and purchase agreement. The slight decrease compared to the balance as at 31 December 2016 was mainly due to the collections from the buyers partly offset by additional revenue recognised, yet to be billed.

Trade and other payables, which mainly comprise trade creditors, amount due to joint operator and accrual for project costs increased from \$32.92 million as at 31 December 2016 to \$34.92 million due to more payables for ongoing development projects.

The additional draw down of certain term loans, partly offset by repayment of debt note, resulted in the increase in the Group's total borrowings by 1.7% to \$868.73 million from \$854.47 million as at 31 December 2016.

During the period ended 31 March 2017, the Group generated \$12.13 million of cash from operating activities. Cash outflow used in investing activities amounted to \$43.14 million which was substantially used towards acquisition of a hotel operation and a municipal building in the United Kingdom. Net cash inflow from financing activities amounted to \$12.76 million which comprise proceeds from project related loans partly offset by repayment of notes payables and certain borrowings. Cash and cash equivalents stood at \$27.02 million as at the end of 31 March 2017 compared to \$45.51 million as at the end of 31 December 2016.

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 previous results announcements.

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

Property Development Segment:

Singapore:

In March 2017, the Government has made certain calibrated adjustments to the seller's stamp duty and certain provisions of Total Debt Servicing Ratio (TDSR) framework. This may bring certain positive vibes to the real estate market though any big impact is yet to be seen. The real estate statistics for 1st quarter of 2017 released by Urban Redevelopment Authority indicates a downward trend with 0.4% decrease in overall prices.

**FRAGRANCE GROUP LIMITED**

Company Registration No.: 200006656M

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

Project name	Type	Total No. of units	Percentage of units sold ¹
<i>City Gate</i> (Group has 50% interest)	Residential flats	311	100% Sold
	Commercial units	188	65% Sold

Construction works for City Gate commenced during the second quarter of 2016. The Group has started to, and will progressively recognise revenue from sales of about \$332 million (our 50% share of the joint operations), based on the percentage of completion method.

Australia:

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

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

¹ Sales information represents the percentage of sold units over total units and is updated with Option to Purchase which has already been exercised up to 11 May 2017.

**FRAGRANCE GROUP LIMITED**

Company Registration No.: 200006656M

Of the above, Premier Tower and NV Apartments have been launched for sale and about 73% and 21% of residential units are sold, respectively². Slated for completion in 2021, demolition works for Premier Tower started in early December 2016 and the ground breaking ceremony was held on 18 January 2017. Based on the nature of the sales and purchase agreement and payment terms, revenue and profits from sale of properties in Australia will be recognised on completion of development in accordance with financial reporting standards.

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

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

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

Based on the statistics released by Urban Redevelopment Authority, the rental rate for office space is still on the downward trend with another 3.4% decrease in first quarter of 2017. Office rentals is expected to be competitive for the rest of FY2017.

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

Name/Location	Type	Occupancy Status³
<i>Fragrance Empire Building</i> 456 Alexandra Road (Freehold)	Office/Retail/ Medical Suites/F&B	51%
<i>Tower 15</i> 15 Hoe Chiang road (Freehold)	Office/Hotel/F&B	69%
<i>Fragrance Building</i> 168 Changi Road (Freehold)	Office/Retail/Café	98%
<i>The Colonial Settlement</i> 3 Punggol Point Road (15-years lease)	F&B	80%
Victory Centre 110 LOR 23 Geylang Road (60-years lease)	Business 1/ Industrial	58%

² Sales status presents the percentage of units sold as of 11 May 2017.

³ Occupancy Status represents the percentage of committed lettable space over total lettable space in the building as of 11 May 2017.

**FRAGRANCE GROUP LIMITED**

Company Registration No.: 200006656M

Name/Location	Type	Occupancy Status³
Commercial units at <i>Novena Regency</i> (Freehold)	Restaurant/Shop	27%
Commercial units at <i>Icon @ Pasir Panjang</i> (Freehold)	Restaurant/Shop	7%
Commercial units at <i>Kensington Village</i> (Freehold)	Retail/Restaurant	100%

Hotel Segment:**United Kingdom:****Imperial Hotel, Blackpool**

The Group, through its subsidiary – Fragrance UK-Blackpool, entered into a contract to acquire The Imperial Hotel, Blackpool (the “Imperial Hotel”) in January 2017. This acquisition was completed on 20 February 2017 and has already started to contribute operating profit to the Group.

The Municipal offices Building, Liverpool

The Group’s subsidiary, Fragrance UK-Liverpool, had been awarded the tender to acquire the Property located at Dale Street, Liverpool, L2 2DH, United Kingdom. The Property was offered for sale by the Liverpool City Council through a public tender exercise. The Property was sold by way of a lease for a term of 250 years with an option to purchase the freehold title upon completion of certain works on the property. The Group intends to carry out refurbishment and conversion works to convert the property into a hotel building to be eventually operated by the Group.



Overall Summary

In summary, in the recent past few years, the Group has remained resilient to the challenges in local market and sold almost all of its residential properties in Singapore. Meanwhile, with the timely diversification of operations into Australia and the United Kingdom, the Group has laid a good foundation for sustainable growth in future years.

For the remaining nine months of FY2017, the Group's profits and cashflows will highly depend on the following key factors:

- i) Construction of City Gate is in full swing in FY2017 and will contribute significantly to the property development revenue of the Group. Approximately \$225 million of balance attributable revenue, from the units sold, will be recognised progressively henceforth and attributable profits will be recognised in FY2017 and beyond.
- ii) Revenue from property investment segment will be highly dependent on the occupancy rate of the investment properties. The Group is working closely with marketing agents to increase the occupancy rate.
- iii) As for Australian property portfolio, as of 11 May 2017, sales of units in Premier Tower and NV Apartments amounts to approximately \$451 million. Such revenue will only be recognised on completion of development of the respective properties. No revenue and profits are expected to be reported in FY2017.
- iv) For United Kingdom, the *Imperial Hotel*, Blackpool, acquired by the Group during the quarter, has already contributed positively to the Group results. It is expected to generate stable income streams for the upcoming quarters.

In view of the above, the Group will remain profitable for FY2017 taken as a whole but may expect to report losses for certain quarters of the year.

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



FRAGRANCE GROUP LIMITED

Company Registration No.: 200006656M

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

No dividend has been declared/ recommended.

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 first quarter and three months ended 31 March 2017 to be false or misleading in any material aspect.

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.

BY ORDER OF THE BOARD

KOH WEE MENG
Executive Chairman and CEO

PERIAKARUPPAN ARAVINDAN
Executive Director

11 May 2017