



FRAGRANCE GROUP LIMITED

Company Registration No.: 200006656M

FRAGRANCE GROUP LIMITED

**UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR
THE FIRST QUARTER ENDED 31 MARCH 2019

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

	Group		
	1Q 2019	1Q 2018	Change
	S\$'000	S\$'000	%
Turnover	14,469	65,738	(78.0)
Cost of sales	(3,908)	(42,393)	(90.8)
Gross profit	10,561	23,345	(54.8)
Other operating loss	(163)	(738)	(77.9)
Other operating expenses	(6,827)	(8,331)	(18.1)
Finance costs	(7,287)	(3,913)	86.2
Share of results of a joint venture	(167)	436	N.M
(Loss)/Profit before income tax	(3,883)	10,799	N.M
Taxation	113	(2,381)	N.M
(Loss)/Profit for the period	(3,770)	8,418	N.M
Profit attributable to:			
Equity holders of the Company	(3,680)	8,498	N.M
Non-controlling interests	(90)	(80)	12.5
Other comprehensive (loss)/income			
Exchange difference on translation of foreign operations	(128)	(14,159)	(99.1)
Fair value loss on derivative financial instrument	-	(6,380)	N.M
Share of other comprehensive income of a joint venture			
Exchange difference on translation of foreign operations	1,998	2,561	(22.0)
Fair value gain/(loss) on investment securities	58	(9)	N.M
Net other comprehensive income/(loss)	1,928	(17,987)	N.M
Total comprehensive loss	(1,842)	(9,569)	(80.8)
Total comprehensive income attributable to:			
Equity holders of the Company	(1,752)	(9,489)	(81.5)
Non-controlling interests	(90)	(80)	12.5

N.M – Not Meaningful

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR
THE FIRST QUARTER ENDED 31 MARCH 2019

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

Profit before taxation is determined after
(charging)/crediting:-

Write back of bad debts
Amortisation and depreciation
Finance costs

Components of tax expenses recognised in profit and loss
include:

Under provision of income tax in prior years

Other operating loss

Net foreign exchange gain/(loss)
Interest income
Gain on disposal on held for trading investments
Change in fair value of held for trading investments
Fair value loss on investment properties
Fair value (loss)/gain on derivative financial instrument
Loss on disposal of fixed assets
Others

Total

Group		
1Q 2019	1Q 2018	Change
S\$'000	S\$'000	%
-	18	N.M
(778)	(679)	14.6
(7,287)	(3,913)	86.2
(15)	-	N.M
153	(1,133)	N.M
677	410	65.1
138	-	N.M
76	-	N.M
(375)	(375)	-
(945)	94	N.M
-	(8)	N.M
113	274	(58.8)
(163)	(738)	(77.9)

N.M – Not Meaningful

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR
THE FIRST QUARTER ENDED 31 MARCH 2019

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

	Group		Company	
	31 Mar 2019 S\$'000	31 Dec 2018 S\$'000	31 Mar 2019 S\$'000	31 Dec 2018 S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	97,845	97,875	-	-
Other receivables and prepayment	24,749	18,388	1,129	1,258
Investment properties	1,582,352	1,578,208	-	-
Subsidiaries	-	-	1,029,872	987,796
Investment in a joint venture	115,782	113,444	90,763	90,313
Deferred tax assets	5,461	4,259	-	-
Total non-current assets	1,826,189	1,812,174	1,121,764	1,079,367
<u>Current assets</u>				
Cash and cash equivalents	87,299	136,129	72,529	95,691
Trade and other receivables	73,095	82,598	63,381	74,396
Development properties	758,737	692,541	-	-
Held for trading investments	230	1,419	230	1,419
Properties held for sale	97,057	98,319	36,412	37,683
Inventories	85	97	-	-
Total current assets	1,016,503	1,011,103	172,552	209,189
<u>Current liabilities</u>				
Trade and other payables	48,045	70,673	28,521	34,404
Notes interest payable	5,215	2,802	5,215	2,802
Term loans	336,126	273,241	75,302	64,000
Income tax payable	20,336	20,131	11,002	10,942
Derivative financial instruments	2,537	7,576	1,453	4,759
Lease liability	8	8	-	-
Total current liabilities	412,267	374,431	121,493	116,907
Net current assets	604,236	636,672	51,059	92,282
<u>Non-current liabilities</u>				
Trade and other payables	-	-	3,892	3,417
Notes payable	304,713	302,931	304,713	302,931
Term loans	792,509	811,066	-	-
Deferred tax liabilities	11,797	11,660	1,874	1,874
Lease liability	24	25	-	-
Total non-current liabilities	1,109,043	1,125,682	310,479	308,222
Net assets	1,321,382	1,323,164	862,344	863,427

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR
THE FIRST QUARTER ENDED 31 MARCH 2019

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

	Group		Company	
	31 Mar 2019 S\$'000	31 Dec 2018 S\$'000	31 Mar 2019 S\$'000	31 Dec 2018 S\$'000
<u>Shareholders' equity</u>				
Share capital	150,000	150,000	150,000	150,000
Treasury shares	(885)	(945)	(885)	(945)
Performance share reserve	325	325	325	325
Revaluation reserve	51,550	51,550	-	-
Foreign currency translation reserve	(66,798)	(68,668)	-	-
Investment revaluation reserve	(522)	(580)	-	-
Retained earnings	1,178,168	1,181,848	712,904	714,047
Equity attributable to the owners of the Company	1,311,838	1,313,530	862,344	863,427
Non-controlling interests	9,544	9,634	-	-
Total equity	1,321,382	1,323,164	862,344	863,427

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

	As at 31 Mar 2019		As at 31 Dec 2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	336,134	5,215	273,249	2,802
Amount repayable after one year	792,533	304,713	811,091	302,931

Details of collaterals

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

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

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR
THE FIRST QUARTER ENDED 31 MARCH 2019

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

	Group	
	1Q 2019 S\$'000	1Q 2018 S\$'000
<u>Operating activities</u>		
Profit before income tax	(3,883)	10,799
<i>Adjustments for:</i>		
Amortisation and depreciation	454	451
Amortisation of land lease	195	195
Rent free income/ net amortisation of rental incentive granted	73	75
Amortisation of processing fee on debt notes issued	129	33
Fair value on derivative financial instrument	945	(94)
Interest income	(677)	(410)
Interest expense	7,287	3,913
Change in fair value of investment properties	375	375
Loss on disposal of fixed assets	-	8
Net foreign gain exchange difference	(153)	(95)
Write back of bad debt	-	(18)
Share of results of a joint venture	167	(436)
Change in fair value of held for trading investment	(76)	-
Gain on disposal of held for trading investment	(138)	-
Operating cash flow before movements in working capital	4,698	14,796
Inventories	12	46
Trade and other receivables	2,962	(58,012)
Development properties and properties held for sale	(64,387)	5,385
Trade and other payables	(20,720)	(1,688)
Net cash used in operations	(77,435)	(39,473)
Interest paid	(10,035)	(8,356)
Income tax paid	(39)	(149)
Net cash used in operating activities	(87,509)	(47,978)
<u>Investing activities</u>		
Investment in a joint venture	(450)	300
(Payment) Proceeds from derivative financial instrument	(5,982)	2,421
Interest received	677	410
Purchase of property, plant and equipment	(43)	(64)
Additions to investment properties	(1,242)	(44,124)
Proceeds from disposal of held for trading investments	1,403	-
Proceeds from disposal of property, plant and equipment	-	13
Net cash used in investing activities	(5,637)	(41,044)

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR
THE FIRST QUARTER ENDED 31 MARCH 2019

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

Financing activities

Advance to non-controlling interests

Repayment of finance lease payable

Proceeds from borrowings

Repayment of borrowings

Net cash from financing activities

Net decrease in cash and cash equivalents

Cash and cash equivalents at beginning of period

Effect of exchange rate on foreign currency balances

Cash and cash equivalents at end of period

Group	
1Q 2019 S\$'000	1Q 2018 S\$'000
120	(240)
(1)	(2)
74,185	25,000
(29,205)	(12,536)
45,099	12,222
(48,047)	(76,800)
136,129	121,530
(783)	542
87,299	45,272

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2019
1(d)(i) Statements of Changes in Equity

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserves	Revaluation Reserves	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Other Reserve ¹	Attributable to Equity Holders	Non-Controlling Interests	Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2018	150,000	929,181	(945)	325	50,892	(27,580)	(120)	-	1,101,753	10,080	1,111,833
Effect of adopting of SFRS(I) 9 by a joint venture	-	73	-	-	-	-	-	-	73	-	73
As restated	150,000	929,254	(945)	325	50,892	(27,580)	(120)	-	1,101,826	10,080	1,111,906
Total comprehensive income for the period	-	8,498	-	-	-	(11,598)	(9)	(6,427)	(9,536)	(80)	(9,616)
Balance as at 31 Mar 2018	150,000	937,752	(945)	325	50,892	(39,178)	(129)	(6,427)	1,092,290	10,000	1,102,290

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserves	Revaluation Reserves	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Other Reserve ¹	Attributable to Equity Holders	Non-Controlling Interests	Total
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2019	150,000	1,181,848	(945)	325	51,550	(68,668)	(580)	-	1,313,530	9,634	1,323,164
Award performance shares	-	-	60	-	-	-	-	-	60	-	60
Total comprehensive income for the period	-	(3,680)	-	-	-	1,870	58	-	(1,752)	(90)	(1,842)
Balance as at 31 Mar 2019	150,000	1,178,168	(885)	325	51,550	(66,798)	(522)	-	1,311,838	9,544	1,321,382

Note:

1) other reserve includes hedging reserve of \$6.4 million in 1Q 2018.

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

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

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserve	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2018	150,000	714,832	(945)	325	864,212
Total comprehensive income for the period	-	1,262	-	-	1,262
Balance as at 31 Mar 2018	150,000	716,094	(945)	325	865,474

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserve	Total
Company	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2019	150,000	714,047	(945)	325	863,427
Award performance shares	-	-	60	-	60
Total comprehensive income for the period	-	(1,143)	-	-	(1,143)
Balance as at 31 Mar 2019	150,000	712,904	(885)	325	862,344

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

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

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

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

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

	No. of shares
Balance as at 1 January 2019	6,840,000
Less: Sales, transfers, disposals or cancellation	(440,000)
Balance as at 31 March 2019	6,400,000

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.

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2018, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2019:

SFRS(I) 16: Leases

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. The adoption of SFRS(I) 16 results in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Exceptions to this standard are short-term and low-value leases. The accounting for lessors was not changed significantly.

Finance lease payable now classified as lease liability is included as part of net debt and is taken in consideration when deriving the net debt equity ratio.

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

Please refer to item 4 above.

6. **Earnings per ordinary share (EPS) of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

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

	Group	
	1Q 2019	1Q 2018
Weighted average number of shares in issue	6,713,243,111	6,712,973,666
Earnings per share ("EPS")¹	cents	cents
Based on weighted average number of shares in issue	(0.05)	0.13
Based on fully diluted basis	(0.05)	0.13
Number of shares in issue at end of period	6,713,600,000	6,713,160,000

Footnote:

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

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

	Group		Company	
	31 Mar 2019 Cents	31 Dec 2018 Cents	31 Mar 2019 Cents	31 Dec 2018 Cents
Net asset value ("NAV") per ordinary share	19.5	19.6	12.8	12.9

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

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

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

	Group		
	1Q 2019 S\$'000	1Q 2018 S\$'000	Change %
<u>REVENUE</u>			
Property development	1,983	53,136	(96.3)
Commercial investment	5,466	5,798	(5.7)
Hotel operations	6,219	6,216	-
Hospitality investment	801	588	36.2
Total	14,469	65,738	(78.0)
<u>GROSS PROFIT</u>			
Property development	716	13,488	(94.7)
Commercial investment	5,466	5,798	(5.7)
Hotel operations	3,578	3,471	3.1
Hospitality investment	801	588	36.2
Total	10,561	23,345	(54.8)
<u>PROFIT BEFORE TAXATION</u>			
Property development	(3,626)	9,474	N.M
Commercial investment	(2,427)	(529)	358.8
Hotel operations	1,729	1,568	10.3
Hospitality investment	441	286	54.2
Total	(3,883)	10,799	N.M
	1Q 2019	1Q 2018	
	%	%	
<u>GROSS PROFIT MARGIN</u>			
Property development	36.2	25.4	
Commercial investment	100.0	100.0	
Hotel operations	57.5	55.8	
Hospitality investment	100.0	100.0	
Consolidated total	73.0	35.5	

N.M – Not Meaningful

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

1Q 2019 vs 1Q 2018

Revenue

City Gate development project in Singapore was the main revenue contributor in our property development segment which has obtained TOP in November 2018, as a result, the Group turnover for 1Q 2019 decreased by 78.0%, or \$51.3 million to \$14.5 million. Property development segment contributed \$2.0 million in 1Q 2019 due to sales of additional 2 units.

Overall there was an improvement in occupancy for the Group's commercial investment properties, save for Tower 15 for which redevelopment plans are in progress. As a result, the Group's commercial investment revenue decreased by 5.7% to \$5.5 million.

Full quarter hotel operations revenue from both hotels, ibis Styles Hobart, in Australia and The Imperial Hotel, in the United Kingdom which contributed revenue of \$6.2 million in 1Q 2019.

Hospitality investment segment increased by 36.2% to \$0.8 million was due to adjustment in rental rates in second year operations. The contribution was derived from the three hotel properties namely, i) Lyndene Hotel; ii) The Townhouse Hotel; and iii) The Crown Hotel, all located in the United Kingdom.

Gross Profit

Gross profit decreased by 54.8% to \$10.6 million which was in line with the decrease in revenue for both property development and commercial investment segments. Gross profit margin is 73.0% in 1Q 2019 compared with 35.5% achieved during the same period in 2018.

Other Operating Loss

Other operating loss decreased by 77.9% or \$0.6 million 1Q 2019 was largely due to foreign exchange gain on bank balance denominated in foreign currency and higher interest income recognised which was partially offset by fair value loss on derivative financial instruments.

Other Operating Expenses

Other operating expenses for 1Q 2019 decreased by 18.1%, or \$1.5 million to \$6.8 million mainly due to the following factors:

1. decrease in commission expenses relating to the City Gate project and leasing of commercial units; and
2. decrease in city council charges.

The above decreased was partly offset by:

1. increase in showflat cost which relating to our new projects in Singapore; and
2. increase in depreciation & amortisation, repair and maintenance, security services, legal and professional fee and payroll expenses.

Finance Costs

Finance costs increased by \$3.4 million or 86.2% to \$7.3 million in 1Q 2019 mainly due to:

- i) increase in finance costs relating to additional loans drawn down and issuance of new debt notes; and
- ii) general increase in average interest rates across the floating rate borrowings in 1Q 2019;

The increased was partly offset by the capitalisation of \$2.9 million of interest expenses for the development projects in Singapore, Australia and United Kingdom.

Taxation

Taxation for 1Q 2019 decreased by \$2.5 million as compared to prior year mainly due to the losses during the period which was partially offset by provision of income tax and withholding tax on interest income from overseas companies.

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

Statements of financial position & Statement of cash flows

Non-current assets mainly comprise of i) land and building of our investment properties and ii) hotel properties and office which are accounted as property, plant and equipment. The Group's investment properties totaled at \$1.6 billion as at 31 March 2019.

Property, plant and equipment which primarily comprise i) office premises; and ii) hotel properties totaled \$97.8 million as at 31 Mar 2019 (31 Dec 2018 : \$97.9 million). The slight decrease was attributed to the depreciation which was partially offset by the foreign currency movement of properties in United Kingdom.

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

Development properties include land costs, development costs, interest capitalised and other related costs and these accounted for \$758.7 million or 75.0% of total current assets as at 31 March 2019. The net increase of \$66.2 million compared to the balance as at 31 December 2018 was mainly due to the additional costs incurred for Australia and Singapore projects.

Trade and other receivables of \$73.1 million include \$46.1 million of revenue from our completed City Gate project in Singapore. The decrease compared to the balance as at 31 December 2018 was mainly due to the collections from the buyers and refund of GST receivable from our Australia development projects.

Trade and other payables, which mainly comprise trade creditors, amount due to non-controlling interests and accrual for on going development projects cost which decrease from \$70.7 million as at 31 December 2018 to \$48.0 million. The decrease was primarily due to the payment of GST payable on the sale of property at 555 Collins Street, Melbourne in 1Q 2019.

Total term loans increase by \$44.3 millions, or 4.1% was due to the additional drawdown of \$74.2 million term loans during the year and was partially offset by repayment of certain borrowings during the year.

During the year ended 31 March 2019, the net cash outflow from operating activities amounted to \$87.5 million. Cash used in investing activities amounted to \$5.6 million which was mainly used towards payment of derivative financial instrument. Net cash inflow from financing activities amounted to \$45.1 million which mainly due to drawdown of additional loans, partially offset by repayment certain borrowings. Cash and cash equivalents stood at \$87.3 million as at the end of 31 March 2019 compared to \$45.3 million as at the end of 31 December 2018.

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

The current announced results are in line with the general prospect commentary as disclosed to shareholders in the previous quarter results announcement.

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

Singapore

The prices of private residential properties decreased by 0.7% in 1Q 2019, compared with the 0.1% decrease in the previous quarter¹. The Group expect the overall market for residential properties to remain competitive with developers launching more projects in 2019 giving more options to the home buyers. Take-up rates for private residential units (excluding ECs) increased marginally by 0.1% in 1st quarter 2019 as compared with the previous quarter¹. The Group is actively working on the sales launch of our two residential development projects located at 31 Jervois Road and 205 Jalan Eunus Road and expects to launch in 2H 2019.

The Group has obtained the Grant of provisional permission for the redevelopment of property located at Waterloo Street Singapore ("Waterloo property") into a hotel, which is scheduled for legal completion of purchase in June 2019. The Group has obtained the Grant of Provisional Permission for 15 Hoe Chiang Road involving the redevelopment into a hotel. The Group is undertaking a review of this project with a view towards applying for the CBD rejuvenation incentive scheme which may potentially add another 25%

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

more GFA to the project. Subject to obtaining all relevant approvals from the authorities and payment of the relevant development charge for this 25% additional GFA, this will increase the value of the property.

Office space rentals decreased by 0.6% in 1Q 2019, compared with 0.5% increase in the previous quarter¹. The Group will continue its marketing efforts to increase the occupancy of its investment properties through proactive lease management.

Australia

The Group is actively working on its various development projects in Australia. Construction works for Premier Tower and NV Apartments are in full swing with approximate completion of 41.5%² for Premier Tower and 78.3%² for NV Apartments. Marketing efforts are ongoing to sell the remaining units in these two projects.

The Group has a total contracted and unconditional sale of A\$460.3 million³ from these two projects recording 75.6% and 26.4% of the residential units sales, respectively. Such revenue will only be recognised upon the completion of development of the respective properties.

The Group expect Ibis Style Hobart, to continue to provide a stable stream of revenue in FY 2019. The hotel component of NV Apartments project in Perth is slated for completion in 2H 2019. This hotel, with 431 guest rooms, is planned to be an international luxury hotel with full suite of facilities & amenities.

United Kingdom

The Group's hotel investment properties, namely, The Crown Hotel, Lyndene Hotel and The Townhouse Hotel, will continue to provide stable recurring rental income in FY 2019. The Imperial Hotel in Blackpool which is self-operated is expected to add to the Group's recurring income.

The Group has obtained planning permission for two of its hotel projects, namely, i) refurbishment of existing Municipal building in Liverpool (Grade II* listed) into a luxury hotel; and ii) redevelopment of former Park Hotel in Paignton to be operated as an international brand hotel.

The Group is actively working on the redevelopment plans or refurbishment works for the rest of the UK properties.

Summary

Following the completion of City Gate in 4Q 2018, the Group does not have any ongoing development projects in Singapore, save for 31 Jervois Road and 205 Jalan Eunus Road projects which are in pre-launch stage. The Group's on-going key development projects are in Australia (Premier Tower & NV Apartments) whose revenue will only be recognised upon completion in accordance with the relevant accounting standards. This may cause the Group to report negative results for certain quarters in FY 2019.

The Group expects that the development works at NV Apartments in Perth to complete in 2H 2019 which may contribute positively to the results of the Group in FY 2019. In addition, the Group's results will be dependent on i) the sales and progress of Singapore development projects; ii) fair value changes in the investment properties; iii) performance of the hotel properties; and iv) the prevailing exchange rates of AUD and GBP against SGD.

Footnotes:

1. According to the Urban Redevelopment Authority 1Q 2019 real estate statistics released on 26 April 2019.
2. As at 31 March 2019.
3. Unconditional sales status represents the percentage of units sold as at 13 May 2019.

11. **Dividend**

- | | | |
|-----|--|----------------|
| (a) | Any dividend declared for the current financial period/year? | No |
| (b) | Any dividend declared for the previous corresponding period? | No |
| (c) | Date payable : | Not applicable |
| (d) | Books closure date : | Not applicable |

FRAGRANCE GROUP LIMITED
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

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

No dividend has been declared/recommended in view of the results of the Group.

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).**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and the Company (comprising the statements of financial position and the result of business, consolidated statement of profit or loss and other comprehensive income, statements of changes in equity and consolidated statement of cash flows, together with their accompanying notes) as at 31 March 2019, to be false or misleading in any material respect.

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 and Deputy CEO

13 May 2019