



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 2015**

**FRAGRANCE GROUP LIMITED**

Company Registration No.: 200006656M

Unaudited Results and Dividend Announcement for the Third Quarter and Nine Months Ended 30/09/2015**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS – 30 SEPTEMBER 2015**

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

GROUP	Statement of comprehensive income					
	Third Quarter (Jul to Sep) Three months ended 30 Sep			Nine Months (Jan to Sep) Nine months ended 30 Sep		
	2015	2014	Change	2015	2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Turnover	64,027	133,299	(52.0)	244,578	390,997	(37.4)
Cost of sales	(44,336)	(92,464)	(52.1)	(164,407)	(269,194)	(38.9)
Gross profit	19,691	40,835	(51.8)	80,171	121,803	(34.2)
Other operating income (loss)	21,916	(705)	3,208.7	22,856	1,091	1,995.0
Other operating expenses	(6,797)	(8,755)	(22.4)	(20,357)	(23,237)	(12.4)
Finance costs	(3,103)	(1,454)	113.4	(8,428)	(6,720)	25.4
Share of loss of joint venture	(387)	-	N.M.	(1,868)	-	N.M.
Profit before income tax	31,320	29,921	4.7	72,374	92,937	(22.1)
Taxation	(2,381)	(4,914)	(51.5)	(9,988)	(15,771)	(36.7)
Profit from continuing operations	28,939	25,007	15.7	62,386	77,166	(19.2)
Profit from discontinued operation	-	-	-	-	5,125	N.M.
Profit for the period	28,939	25,007	15.7	62,386	82,291	(24.2)
Attributable to:						
Equity holders of the Company	27,824	24,342	14.3	59,435	76,701	(22.5)
Non-controlling interests	1,115	665	67.7	2,951	5,590	(47.2)



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

GROUP	Statement of comprehensive income					
	Third Quarter (Jul to Sep) Three months ended 30 Sep			Nine Months (Jan to Sep) Nine months ended 30 Sep		
	2015	2014	Change	2015	2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other comprehensive income						
Transfer of depreciation on revaluation of leasehold land & buildings to revaluation reserve	-	-	N.M.	-	1,271	N.M.
Exchange difference on translation of foreign operations	(8,352)	(3,041)	174.6	(19,499)	(3,042)	541.0
Share of other comprehensive income of joint venture						
Exchange difference on translation of foreign operations	1,036	-	N.M.	(492)	-	N.M.
Fair value loss on investment securities	(34)	-	N.M.	(58)	-	N.M.
Net other comprehensive income	(7,350)	(3,041)	141.7	(20,049)	(1,771)	1,032.1
Total comprehensive income	21,589	21,966	(1.7)	42,337	80,520	(47.4)

Attributable to:						
Equity holders of the Company	20,474	21,301	(3.9)	39,386	74,323	(47.0)
Non-controlling interests	1,115	665	67.7	2,951	6,197	(52.4)

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

	Third Quarter (Jul to Sep) Three months ended 30 Sep			Nine Months (Jan to Sep) Nine months ended 30 Sep		
	2015	2014	Change	2015	2014	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Allowance for doubtful debts	(19)	-	N.M.	(19)	-	N.M.
Amortisation and depreciation	(300)	(231)	29.9	(928)	(669)	38.7
Finance costs	(3,103)	(1,454)	113.4	(8,428)	(6,720)	25.4
Other operating income						
Change in fair value of held for trading investments	101	(906)	111.1	607	(1,250)	148.6
Fair value gain on investment properties (Note 1)	21,808	-	N.M.	21,808	-	N.M.
Gain on disposal of held for trading investments	-	-	N.M.	-	960	N.M.
Net foreign exchange loss	(212)	(748)	(71.7)	(44)	(478)	(90.8)
Interest income	170	885	(80.8)	329	1,696	(80.6)
Others	49	64	(23.4)	156	163	(4.3)
Total	21,916	(705)	3,208.7	22,856	1,091	1,995.0

Note 1: This resulted from the revaluation of certain investment properties held by the Group.

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-2015	31-Dec-2014	30-Sep-2015	31-Dec-2014
<u>Non-current assets</u>				
Property, plant and equipment	2,567	2,634	-	2
Investment properties	1,097,423	973,409	-	-
Prepayment	9,263	9,689	160	-
Investment in subsidiaries	-	-	338,823	282,326
Investment in joint venture	52,083	-	54,501	-
Total non-current assets	1,161,336	985,732	393,484	282,328
<u>Current assets</u>				
Cash and cash equivalents	112,719	76,543	70,714	28,665
Trade and other receivables	277,018	375,659	465,038	414,660
Held for trading investments	3,040	1,656	3,040	1,656
Properties under development	537,186	757,120	223,611	261,912
Properties held for sale	72,503	14,936	-	-
Total current assets	1,002,466	1,225,914	762,403	706,893
<u>Current liabilities</u>				
Trade and other payables	112,970	112,146	148,939	348,130
Term loans	194,051	559,919	-	-
Income tax payable	20,518	30,715	374	1,219
Total current liabilities	327,539	702,780	149,313	349,349
Net current assets	674,927	523,134	613,090	357,544
<u>Non-current liabilities</u>				
Trade and other payables	-	-	860	1,310
Notes payable	85,672	-	85,672	-
Term loans	713,059	445,562	168,775	189,700
Deferred taxation	14,274	24,977	10,798	7,611
Total non-current liabilities	813,005	470,539	266,105	198,621
Net assets	1,023,258	1,038,327	740,469	441,251
<u>Capital and reserves</u>				
Share capital	150,000	150,000	150,000	150,000
Treasury shares	(1,126)	(503)	(1,126)	(503)
Performance share reserves	271	271	271	271
Revaluation reserves	15,906	15,906	-	-
Foreign currency translation reserve	(34,387)	(14,396)	-	-
Investment revaluation reserve	(58)	-	-	-
Retained earnings	871,115	828,463	591,324	291,483
Equity attributable to the owners of the Company	1,001,721	979,741	740,469	441,251
Non-controlling interests	21,537	58,586	-	-
Total equity	1,023,258	1,038,327	740,469	441,251

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

	As at 30 Sep 2015	As at 31 Dec 2014
	Secured	Secured
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	194,051	559,919
Amount repayable after one year	713,059	445,562

Details of collaterals

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

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

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

Statement of cash flows	Third Quarter Ended 30 Sep		Nine Months Ended 30 Sep	
Group (S\$'000)	2015	2014	2015	2014
<u>Operating activities</u>				
Profit before income tax –from continuing operations	31,320	29,921	72,374	92,937
Profit before income tax –from discontinued operation	-	-	-	6,261
Profit before income tax	31,320	29,921	72,374	99,198
Adjustments for:				
Amortisation and depreciation	24	37	78	1,670
Amortisation of land lease	195	195	585	585
Amortisation of free rental income	49	-	169	-
Amortisation of processing fee on debt note issued	32	-	96	-
Free rental income	-	-	(154)	-
Interest income	(170)	(885)	(329)	(1,696)
Interest expense	4,934	5,735	14,173	17,478
Fair value gain on investment properties	(21,808)	-	(21,808)	-
Gain on disposal of held for trading investments	-	-	-	(960)
Change in fair value of held for trading investments	(101)	906	(607)	1,250
Loss on foreign exchange difference	212	748	44	478
Property, plant and equipment written off	-	-	-	1
Allowance for doubtful debts	19	-	19	-
Share of loss of joint venture	387	-	1,868	-
Operating cash flow before movements in working capital	15,093	36,657	66,508	118,004
Trade and other receivables	24,553	109,277	55,345	(30,524)
Development properties and properties held for sale	33,879	(71,687)	62,809	16,093
Trade and other payables	18,219	(66,430)	29,923	(32,455)
Net cash from operations	91,744	7,817	214,585	71,118
Interest paid	(8,052)	(5,678)	(18,717)	(19,058)
Income taxes paid	(15,582)	(2,922)	(30,872)	(10,561)
Net cash from (used in) operating activities	68,110	(783)	164,996	41,499
<u>Investing activities</u>				
Disposal of a subsidiary	-	-	-	(12,416)
Investment in joint venture	(320)	-	(54,501)	-
Interest received	170	885	329	1,696
Purchase of property, plant and equipment	(1)	(147)	(10)	(4,983)
Purchase of investment property	(8,607)	(7,579)	(26,226)	(10,645)
Proceeds from disposal of held for trading investments	-	-	-	4,176
Net cash used in investing activities	(8,758)	(6,841)	(80,408)	(22,172)

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

Statement of cash flows	Third Quarter Ended 30 Sep		Nine Months Ended 30 Sep	
Group (S\$'000)	2015	2014	2015	2014
Financing activities				
Advance (to) from non-controlling interests	(4,800)	-	2,100	-
Proceeds from borrowings	-	96,930	44,000	149,989
Proceeds from debt note issued	-	-	84,616	-
Repayment of borrowings	(29,875)	(109,043)	(141,627)	(177,315)
Repurchase of shares	(623)	-	(623)	-
Dividend paid to non-controlling interests	-	-	-	(1,305)
Dividend paid	(10,068)	(6,857)	(34,783)	(6,857)
Net cash used in financing activities	(45,366)	(18,970)	(46,317)	(35,488)
Net increase (decrease) in cash and cash equivalents	13,986	(26,594)	38,271	(16,161)
Cash and cash equivalents at beginning of period	100,033	138,493	76,543	127,791
Effect of exchange rate on foreign currency balances	(1,300)	(3,789)	(2,095)	(3,520)
Cash and cash equivalents at end of period	112,719	108,110	112,719	108,110

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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.*

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserves	Revaluation Reserves	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Attributable to Equity Holders	Non-Controlling Interests	Total
Group (\$S'000)										
Balance as at 1 January 2014	150,000	340,965	(565)	201	714,565	-	-	1,205,166	374,813	1,579,979
Total comprehensive income for the period	-	24,261	-	-	498	-	-	24,759	4,073	28,832
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,305)	(1,305)
Dividend paid	-	(26,857)	-	-	-	-	-	(26,857)	-	(26,857)
Balance as at 31 March 2014	150,000	338,369	(565)	201	715,063	-	-	1,203,068	377,581	1,580,649
Total comprehensive income for the period	-	28,098	-	-	166	(1)	-	28,263	1,459	29,722
Dividend paid	-	(134,284)	-	-	-	-	-	(134,284)	-	(134,284)
Effect on disposal of discontinued operation	-	498,927	-	-	(715,229)	-	-	(216,302)	(322,945)	(539,247)
Balance as at 30 June 2014	150,000	731,110	(565)	201	-	(1)	-	880,745	56,095	936,840
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	Revaluation Reserves	Foreign Currency Translation Reserve	Investment Revaluation Reserve	Attributable to Equity Holders	Non-Controlling Interests	Total
Group (\$S'000)										
Balance as at 1 January 2015	150,000	828,463	(503)	271	15,906	(14,396)	-	979,741	58,586	1,038,327
Total comprehensive income for the period	-	16,441	-	-	-	(7,241)	1	9,201	764	9,965
Dividend paid	-	(6,715)	-	-	-	-	-	(6,715)	-	(6,715)
Balance as at 31 March 2015	150,000	838,189	(503)	271	15,906	(21,637)	1	982,227	59,350	1,041,577
Total comprehensive income for the period	-	15,170	-	-	-	(5,434)	(25)	9,711	1,072	10,783
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(40,000)	(40,000)
Balance as at 30 June 2015	150,000	853,359	(503)	271	15,906	(27,071)	(24)	991,938	20,422	1,012,360
Total comprehensive income for the period	-	27,824	-	-	-	(7,316)	(34)	20,474	1,115	21,589
Repurchase of shares	-	-	(623)	-	-	-	-	(623)	-	(623)
Dividend paid	-	(10,068)	-	-	-	-	-	(10,068)	-	(10,068)
Balance as at 30 September 2015	150,000	871,115	(1,126)	271	15,906	(34,387)	(58)	1,001,721	21,537	1,023,258

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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 (\$'000)					
Balance as at 1 January 2014	150,000	419,519	(565)	201	569,155
Total comprehensive income for the period	-	10,825	-	-	10,825
Dividend paid	-	(26,857)	-	-	(26,857)
Balance as at 31 March 2014	150,000	403,487	(565)	201	553,123
Total comprehensive income for the period	-	9,907	-	-	9,907
Dividend paid	-	(134,284)	-	-	(134,284)
Balance as at 30 June 2014	150,000	279,110	(565)	201	428,746
Total comprehensive income for the period	-	(7,521)	-	-	(7,521)
Balance as at 30 September 2014	150,000	271,589	(565)	201	421,225
Balance as at 1 January 2015	150,000	291,483	(503)	271	441,251
Total comprehensive income for the period	-	6,478	-	-	6,478
Dividend paid	-	(6,715)	-	-	(6,715)
Balance as at 31 March 2015	150,000	291,246	(503)	271	441,014
Total comprehensive income for the period	-	64,272	-	-	64,272
Dividend paid	-	-	-	-	-
Balance as at 30 June 2015	150,000	355,518	(503)	271	505,286
Total comprehensive income for the period	-	245,874	-	-	245,874
Repurchase of shares	-	-	(623)	-	(623)
Dividend paid	-	(10,068)	-	-	(10,068)
Balance as at 30 September 2015	150,000	591,324	(1,126)	271	740,469

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.*

As at 30 September 2015, the Company's total issued shares is 6,720,000,000 (30 September 2014: 6,720,000,000) with 8,150,000 (30 September 2014: 5,775,000) shares being held as treasury shares.

There is no movement in the issued and paid-up capital of the Company since 31 December 2014.

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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 2015	As at 31 Dec 2014
Total number of Ordinary Shares issued and fully paid	6,720,000,000	6,720,000,000
Treasury Shares	(8,150,000)	(5,150,000)
	6,711,850,000	6,714,850,000

- 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 2015	5,150,000
Add: Purchases during the year	3,000,000
Less: Sales, transfers, disposals or cancellation	-
Balance as at 30 September 2015	8,150,000

2. *Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.*

The figures have neither been audited nor reviewed by the Company's auditors.

3. *Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).*

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the third quarter announcement for the current financial period as those of the audited financial statements for the year ended 31 December 2014, as well as, all the applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 January 2015. The adoption of these new and revised FRSs has no material effect on the third 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 6,714,070,000 shares (2014: 6,714,225,000) (excluding treasury shares)	Third Quarter Ended 30 Sep		Nine Months Ended 30 Sep	
	2015	2014	2015	2014
<u>From continuing and discontinued operations:</u>				
Based on the weighted average number of ordinary shares in issue	0.4 cents	0.4 cents	0.9 cents	1.1 cents
On a fully diluted basis	0.4 cents	0.4 cents	0.9 cents	1.1 cents
<u>From continuing operations:</u>				
Based on the weighted average number of ordinary shares in issue	0.4 cents	0.4 cents	0.9 cents	1.1 cents
On a fully diluted basis	0.4 cents	0.4 cents	0.9 cents	1.1 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-2015	31-Dec-2014	30 -Sep-2015	31-Dec-2014
Net asset value per ordinary share based on 6,711,850,000 shares (2014: 6,714,850,000) (excluding treasury shares)	14.9 cents	14.6 cents	11.0 cents	6.6 cents

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

- any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and*
- any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.*

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REVIEW OF GROUP PERFORMANCE

GROUP	Third Quarter Ended 30 Sep				Nine Months Ended 30 Sep		
	2015	2014	Change %		2015	2014	Change %
<u>REVENUE (\$S'000)</u>							
Property development	59,277	128,680	(53.9)		230,474	371,467	(38.0)
Property investment	4,750	4,619	2.8		14,104	19,530	(27.8)
Total	64,027	133,299	(52.0)		244,578	390,997	(37.4)
<u>GROSS PROFIT (\$S'000)</u>							
Property development	14,941	36,216	(58.7)		66,067	102,273	(35.4)
Property investment	4,750	4,619	2.8		14,104	19,530	(27.8)
Total	19,691	40,835	(51.8)		80,171	121,803	(34.2)
<u>GROSS PROFIT MARGIN</u>							
Property development	25.2%	28.1%			28.7%	27.5%	
Property investment	N.A	N.A			N.A	N.A	
Consolidated Total	30.8%	30.6%			32.8%	31.2%	
<u>PROFIT BEFORE TAXATION (\$S'000)</u>							
Property development	8,468	27,848	(69.6)		45,954	83,729	(45.1)
Property investment	22,852	2,073	1,002.4		26,420	9,208	186.9
Total	31,320	29,921	4.7		72,374	92,937	(22.1)

N.A- Not Applicable

Nine months 2015 Vs Nine months 2014*Revenue*

The Group recorded a turnover of \$244.58 million during the nine months of 2015, a 37.4% decrease from \$391.00 million recorded in the corresponding period in 2014. Both property development and property investment sectors attributed to this decrease.

- (a) Property development sector contributed \$230.47 million in the nine months of 2015 which is 38.0% lower than \$371.47 million recorded in the corresponding period of 2014. This was mainly due to the lesser ongoing development projects compared to the same period in 2014. The projects which contributed significantly to revenue during the nine months of 2015 were *Novena Regency*, *Kensington Square*, *Urban Vista*, and *Icon@Pasir Panjang*.

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- (b) Rental income from our investment properties located at Hoe Chiang Road and Punggol Point Road are the main contributors to revenue from this sector during this period. Our investment property at 456 Alexandra Road was closed for Asset Enhancement works (“AE works”) since the third quarter of 2014. As a result, the absence of contribution from this investment property led to the lower rental income in the nine months of 2015.

Gross Profit

Our overall gross profit decreased by 34.2% to \$80.17 million in line with the lesser ongoing development projects. However, there is a slight increase in gross profit margin - 28.7% in the nine months of 2015 - compared to 27.5% achieved during the same period in 2014.

Profit before taxation

Other operating income increased by \$21.77 million mainly due to the fair value gain on the investment property at Sims Drive; partly offset by the decrease in interest income and the absence of the one-off gain on the disposal of the remaining shares in Global Premium Hotels Limited which was recorded in 2014.

Other operating expenses decreased from \$23.24 million in the nine months of 2014 to \$20.36 million in the nine months of 2015. The decrease was mainly due to the following:

1. Decrease in performance bonuses to directors;
2. Decrease in commission expenses;
3. Decrease in advertising and promotional expenses; and partly offset by
4. Increase in staff costs; and
5. Increase in amortisation of the processing and related costs in relation to the debt note.

Finance costs increased by \$1.71 million in the nine months of 2015 mainly due to:

- i) finance costs arising from the notes payable and loan pertaining to the newly completed investment property at Sims Drive; partly offset by the
- ii) capitalisation of finance costs on the loan pertaining to the investment property at 456 Alexandra Road since the commencement of its AE works.

Overall profit before taxation decreased by 22.1% from \$92.94 million in the nine months of 2014 to \$72.37 million in the same period of 2015.



Third quarter 2015 Vs Third quarter 2014

Revenue

The Group recorded a turnover of \$64.03 million in the third quarter of 2015, a decrease by \$69.27 million or 52.0% compared to the corresponding period of 2014.

- (a) Property development sector contributed \$59.28 million or 92.6% to the consolidated turnover. Revenue contribution from this sector decreased by 53.9% compared to the same quarter in 2014. The main contributor to the revenue during this period was the progressive recognition of income from development projects namely *Kensington Square*, *Urban Vista*, and *Icon@Pasir Panjang*.
- (b) Property investment sector contributed \$4.75 million or 7.4% to the consolidated turnover. This represents a slight increase of 2.8% from the \$4.62 million recorded in the corresponding period of 2014. The increase was mainly due to the contribution from our investment property located at Punggol Point Road. Revenue contribution from this property commenced in the third quarter of 2014 following its completion.

Gross Profit

Gross profit margin from property development sector decreased to 25.2% during the third quarter of 2015 compared to 28.1% achieved during the corresponding period of 2014.

Profit before taxation

Other operating income increased by \$22.62 million mainly due to the fair value gain on the investment property at Sims Drive and a lower unrealised foreign exchange loss; partly offset by the decrease in interest income.

Other operating expenses decreased by \$1.96 million or 22.4% compared to the third quarter of 2014. The decrease was mainly due to the following:

- 1. Decrease in performance bonuses to directors;
- 2. Decrease in commission expenses;
- 3. Decrease in advertising and promotional expenses; and partly offset by
- 4. Increase in staff costs; and
- 5. Increase in property tax expenses pertaining to investment properties.

Finance costs in the third quarter of 2015 increased by \$1.65 million compared to the corresponding period in 2014. The increase was largely attributable to the finance costs arising from the notes payable and loan pertaining to the newly completed investment property at Sims Drive.

Overall profit before taxation increased by 4.7% from \$29.92 million in the third quarter of 2014 to \$31.32 million in the same period of 2015.

*Statements of financial position & Statement of cash flows*

Non-current assets mainly comprise land and building of our investment properties and investment in joint venture. It currently stood at \$1,161.34 million as at 30 September 2015. The Group's significant investment properties located at 456 Alexandra Road, Hoe Chiang Road, Sims Drive and Punggol Point Road, stood at \$1,097.42 million as at 30 September 2015.

Current assets comprise mainly of properties under development, trade and other receivables and cash and cash equivalents. As at 30 September 2015, the Group's current assets totaled \$1,002.47 million.

Properties under development include land costs, development costs, capitalised interests and other related costs, and this accounted for \$537.19 million or 53.6% of total current assets as at 30 September 2015. The decrease of about 29.0% compared to the balance as at 31 December 2014 was mainly due to progressive recognition of costs to the income statement, and reclassification of development costs for three of our projects. Our property at Sims Drive and the balance unsold units at two projects namely - the *Icon@Pasir Panjang* and *Novena Regency* – had been reclassified to the investment properties and properties held for sale accounts, respectively. The decrease in properties under development is partly offset by the additional costs incurred on the other development properties.

Trade and other receivables, mainly the unbilled revenue portion of the recognised sales of our property units, currently stood at \$277.02 million. This is a decrease of 26.3% compared to the balance as at 31 December 2014 and this was mainly due to the collections from the buyers partly offset by additional revenue recognition. Unbilled revenue relates to the revenue recognised on our development properties. Revenue from our property development projects are recognised based on the percentage of completion method. However, the respective purchasers will be billed in accordance with the terms of the payment scheme. Consequently, unbilled revenue will arise in circumstances whereby revenue has been recognised based on the percentage of completion but the purchaser has not been billed as billing is not due as per the terms of the payment scheme.

Trade and other payables, which mainly comprise trade creditors and progress billings received from our development projects, slightly increased from \$112.15 million as at 31 December 2014 to \$112.97 million. Loan repayments made from the progressive payments received during the period led to the decreased in the Group's total borrowings by 9.8% to \$907.11 million from \$1,005.48 million as at 31 December 2014.

**FRAGRANCE GROUP LIMITED**

Company Registration No.: 200006656M

Statements of financial position & Statement of cash flows – Continued

During the nine months ended 30 September 2015, the Group generated a net cash flow of \$165.00 million from operating activities. Cash outflow from investing activities amounted to \$80.41 million which was primarily used towards investing in a joint venture. Net cash outflow from financing activities amounted to \$46.32 million which comprise the cash outflow on the repayment of borrowings partly offset by the cash inflow from notes payable and proceeds from project-related loans. In addition, the Group paid dividends of \$34.78 million during this period. Cash and cash equivalents stood at \$112.72 million as at 30 September 2015 compared to \$76.54 million as at 31 December 2014.

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 2015.

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

As per the third quarter private residential property price index released by the Urban Redevelopment Authority, the prices of private residential property fell by 1.3% in the third quarter of 2015, compared to the 0.9% decline in the previous quarter. This is the eighth straight quarter of price decline. The market sentiment is generally weak given the global economic uncertainties.

The Group has sold almost all of its residential units in Singapore. The Group owns a diversified portfolio of properties, in Singapore and Australia, as follows:

Singapore:***Development properties***

Project name/ Location	Type	Total No. of units	Sales info¹
Urban Vista (Group has 50% interest)	Condominium units	582	100% Sold
Kensington Square (Group has 60% interest)	Flats & Commercial units	198	88% Sold
City Gate (Group has 50% interest)	Flats & Commercial units	499	80% Sold

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

**FRAGRANCE GROUP LIMITED**

Company Registration No.: 200006656M

Commercial/Industrial properties

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

- (1) The ongoing Asset Enhancement works at our Alexandra Road Property are expected to be completed this year and marketing efforts are currently ongoing to lease out the commercial space in the building.
- (2) Properties at Punggol Point and Hoe Chiang Road are currently deriving rental income to the Group.
- (3) The Temporary Occupation Permit for the property at Sims Drive was issued in second quarter of 2015. Marketing efforts are currently ongoing to lease out the space in this property and as of 6 November 2015, about 10% of the units has already been tenanted out.

Australia:*Development properties*

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

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

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

The *Premier Tower* project is a skyscraper mixed-use development consisting of residential apartments, a boutique hotel with facilities, retail shops and basement car parks. The iconic tower provides a captivating and inspired curved façade silhouette. The Group launched the sale of property units in *Premier Tower* in June 2015. As of the date of reporting, more than 430 residential units have already been taken up by the prospective purchasers.

Others

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

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**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 ended 30 September 2015 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.

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

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

Not applicable

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

Not applicable

18. *A breakdown of sales*

Not applicable

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

Not applicable

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

Not applicable

BY ORDER OF THE BOARD

PERIAKARUPPAN ARAVINDAN

Executive Director

6 November 2015