



FRAGRANCE GROUP LIMITED
Company Registration No.: 200006656M

FRAGRANCE GROUP LIMITED

**UNAUDITED RESULTS AND DIVIDEND ANNOUNCEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2016**



FRAGRANCE GROUP LIMITED

Company Registration No.: 200006656M

Unaudited Results and Dividend Announcement for the First Quarter Ended 31 March 2016**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS – 31 MARCH 2016**

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 for the first quarter ended 31 March | | |
|-------------------------------------|------------------------------------------------------------------------|---------------|---------------|
| | 2016 | 2015 | Change |
| | S\$'000 | S\$'000 | % |
| Turnover | 22,718 | 87,793 | (74.1) |
| Cost of sales | (15,565) | (58,160) | (73.2) |
| Gross profit | 7,153 | 29,633 | (75.9) |
| Other operating income | 6,757 | 911 | 641.7 |
| Other operating expenses | (4,146) | (6,601) | (37.2) |
| Finance costs | (4,828) | (2,334) | 106.9 |
| Share of results of a joint venture | 1,078 | (1,074) | 200.4 |
| Profit before income tax | 6,014 | 20,535 | (70.7) |
| Taxation | (226) | (3,330) | (93.2) |
| Profit for the period | 5,788 | 17,205 | (66.4) |

| | | | |
|-------------------------------|-------|--------|--------|
| Attributable to: | | | |
| Equity holders of the Company | 5,293 | 16,441 | (67.8) |
| Non-controlling interests | 495 | 764 | (35.2) |

| | | | |
|-------------------------------------------------------------|----------------|----------------|---------------|
| Other comprehensive income | | | |
| Exchange difference on translation of foreign operations | 412 | (7,603) | 105.4 |
| <i>Share of other comprehensive loss of a joint venture</i> | | | |
| Exchange difference on translation of foreign operations | (2,882) | 362 | (896.2) |
| Fair value gain on investment securities | 30 | 1 | 2,900.0 |
| Net other comprehensive income | (2,440) | (7,240) | (66.3) |
| Total comprehensive income | 3,348 | 9,965 | (66.4) |

| | | | |
|-------------------------------|-------|-------|--------|
| Attributable to: | | | |
| Equity holders of the Company | 2,853 | 9,201 | (69.0) |
| Non-controlling interests | 495 | 764 | (35.2) |

N.M – Not Meaningful

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

| | First Quarter ended 31 March | | |
|-----------------------------------------|------------------------------|------------|--------------|
| | 2016 | 2015 | Change |
| | S\$'000 | S\$'000 | % |
| Amortisation & Depreciation | (202) | (283) | (28.6) |
| Finance costs | (4,828) | (2,334) | 106.9 |
| <u>Other operating income</u> | | | |
| Fair value gain on investment property | 5,970 | - | N.M |
| Net gain on held for trading investment | 468 | 810 | (42.2) |
| Interest income | 195 | 72 | 170.8 |
| Net foreign exchange losses | (2) | (46) | (95.7) |
| Others | 126 | 75 | 68.0 |
| Total | 6,757 | 911 | 641.7 |

N.M – Not Meaningful



FRAGRANCE GROUP LIMITED

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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.

| Statements of financial position | Group | | Company | |
|---------------------------------------|------------------|------------------|----------------|----------------|
| S\$'000 | 31 Mar 2016 | 31 Dec 2015 | 31 Mar 2016 | 31 Dec 2015 |
| <u>Non-current assets</u> | | | | |
| Property, plant and equipment | 19,129 | 19,166 | - | - |
| Investment properties | 1,162,592 | 1,141,782 | - | - |
| Prepayments | 8,713 | 8,908 | - | - |
| Subsidiaries | - | - | 641,506 | 633,324 |
| Investment in a joint venture | 68,138 | 66,312 | 63,913 | 60,313 |
| Deferred tax asset | 743 | 743 | - | - |
| Total non-current assets | 1,259,315 | 1,236,911 | 705,419 | 693,637 |
| <u>Current assets</u> | | | | |
| Cash and cash equivalents | 76,972 | 94,354 | 56,400 | 59,000 |
| Trade and other receivables | 242,532 | 265,920 | 151,512 | 175,928 |
| Held for trading investments | - | 4,155 | - | 4,155 |
| Development properties | 437,978 | 442,811 | 216,340 | 216,554 |
| Properties held for sale | 15,346 | 29,162 | - | - |
| Asset held for sale | 86,934 | 86,797 | - | - |
| Total current assets | 859,762 | 923,199 | 424,252 | 455,637 |
| <u>Current liabilities</u> | | | | |
| Trade and other payables | 103,752 | 113,400 | 144,660 | 140,052 |
| Notes payable | 85,664 | 1,476 | 85,664 | 1,476 |
| Term loans | 408,536 | 439,887 | 23,000 | 46,000 |
| Income tax payable | 20,694 | 20,599 | 312 | 310 |
| Total current liabilities | 618,646 | 575,362 | 253,636 | 187,838 |
| Net current assets | 241,116 | 347,837 | 170,616 | 267,799 |
| <u>Non-current liabilities</u> | | | | |
| Trade and other payables | - | - | 2,631 | 1,411 |
| Notes payable | - | 85,000 | - | 85,000 |
| Term loans | 432,742 | 435,701 | 106,055 | 108,305 |
| Deferred taxation | 14,992 | 14,698 | 11,384 | 11,347 |
| Total non-current liabilities | 447,734 | 535,399 | 120,070 | 206,063 |
| Net assets | 1,052,697 | 1,049,349 | 755,965 | 755,373 |



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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. - Continued

| Statements of financial position | Group | | Company | |
|---------------------------------------------------------|------------------|------------------|----------------|----------------|
| S\$'000 | 31 Mar 2016 | 31 Dec 2015 | 31 Mar 2016 | 31 Dec 2015 |
| Shareholders' equity | | | | |
| Share capital | 150,000 | 150,000 | 150,000 | 150,000 |
| Treasury shares | (1,050) | (1,050) | (1,050) | (1,050) |
| Performance share reserves | 308 | 308 | 308 | 308 |
| Revaluation reserves | 33,266 | 33,266 | - | - |
| Foreign translation reserves | (29,191) | (26,721) | - | - |
| Investment revaluation reserve | (42) | (72) | - | - |
| Retained earnings | 885,137 | 879,844 | 606,707 | 606,115 |
| Equity attributable to the owners of the Company | 1,038,428 | 1,035,575 | 755,965 | 755,373 |
| Non-controlling interests | 14,269 | 13,774 | - | - |
| Total Equity | 1,052,697 | 1,049,349 | 755,965 | 755,373 |

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

| | As at 31 Mar 2016 | As at 31 Dec 2015 |
|----------------------------------------------------|----------------------|----------------------|
| | Secured | Secured |
| | S\$'000 | S\$'000 |
| Amount repayable in one year or less, or on demand | 408,536 | 439,887 |
| Amount repayable after one year | 432,742 | 435,701 |

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.



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 | First Quarter Ended 31 March | |
|----------------------------------------------------------------|------------------------------|----------|
| Group (S\$'000) | 2016 | 2015 |
| <u>OPERATING ACTIVITIES</u> | | |
| Profit before income tax | 6,014 | 20,535 |
| Adjustments for: | | |
| Amortisation and depreciation | 117 | 27 |
| Amortisation of land lease | 195 | 195 |
| Net amortisation of rental incentive granted | (158) | 29 |
| Amortisation of processing fee on debt note issued | 48 | 32 |
| Interest expense | 4,828 | 4,171 |
| Net gain on held for trading investments | (468) | (810) |
| Change in fair value of investment property | (5,970) | - |
| Net foreign exchange losses | 2 | 46 |
| Share of results of a joint venture | (1,078) | 1,074 |
| Interest income | (195) | (72) |
| Allowance for doubtful debt | 1 | - |
| Operating cash flow before movements in working capital | 3,336 | 25,227 |
| Trade and other receivables | 23,557 | 20,031 |
| Development properties and properties held for sale | (71) | (11,584) |
| Trade and other payables | (2,125) | 8,977 |
| Net cash from operations | 24,697 | 42,651 |
| Interest paid | (7,189) | (5,128) |
| Income tax refunded (paid) | 165 | (8,830) |
| Net cash from operating activities | 17,673 | 28,693 |
| <u>INVESTING ACTIVITIES</u> | | |
| Proceeds from disposal of held for trading investments | 5,976 | - |
| Purchase of held for trading investments | (1,354) | - |
| Purchase of property, plant and equipment | (79) | (5) |
| Purchase of investment property | (1,639) | (4,695) |
| Investment in a joint venture | (3,600) | (53,281) |
| Interest received | 195 | 72 |
| Net cash used in investing activities | (501) | (57,909) |

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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 | First Quarter Ended 31 March | |
|------------------------------------------------------|------------------------------|---------------|
| Group (S\$'000) | 2016 | 2015 |
| <u>FINANCING ACTIVITIES</u> | | |
| Proceeds from borrowings | - | 44,000 |
| Proceeds from debt note issued | - | 84,616 |
| Advance (to) from non-controlling interest | (14) | 3,500 |
| Repayment of borrowings | (34,390) | (79,659) |
| Dividend paid | - | (18,000) |
| Net cash (used in) from financing activities | (34,404) | 34,457 |
| Net (decrease) increase in cash and cash equivalents | (17,232) | 5,241 |
| Cash and cash equivalents at beginning of period | 94,354 | 76,543 |
| Effect of exchange rate on foreign currency balances | (150) | (714) |
| Cash and cash equivalents at end of period | 76,972 | 81,070 |



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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 (\$'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 declared | - | (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 |
| | | | | | | | | | | |
| 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 |



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

| Statement of changes in equity | Share Capital | Retained Earnings | Treasury Shares | Performance Share Reserves | Total |
|-------------------------------------------|----------------|-------------------|-----------------|----------------------------|----------------|
| Company (S\$'000) | | | | | |
| Balance as at 1 January 2015 | 150,000 | 291,483 | (503) | 271 | 441,251 |
| Total comprehensive income for the period | - | 6,478 | - | - | 6,478 |
| Dividend declared | - | (6,715) | - | - | (6,715) |
| Balance as at 31 March 2015 | 150,000 | 291,246 | (503) | 271 | 441,014 |
| 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 March 2016 | 150,000 | 606,707 | (1,050) | 308 | 755,965 |

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 2016 | As at 31 Dec 2015 |
|-------------------------------------------------------|----------------------|----------------------|
| Total number of Ordinary Shares issued and fully paid | 6,720,000,000 | 6,720,000,000 |
| Treasury Shares | (7,600,000) | (7,600,000) |
| | 6,712,400,000 | 6,712,400,000 |



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

| | No. of shares |
|---------------------------------------------------|---------------|
| Balance as at 1 January 2016 | 7,600,000 |
| Add: Bonus shares issued during the period | - |
| Less: Sales, transfers, disposals or cancellation | - |
| Balance as at 31 March 2016 | 7,600,000 |

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 first quarter announcement for the current financial period as those of the audited financial statements for the year ended 31 December 2015, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 January 2016. The adoption of these new and revised FRSs has no material effect on the first 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 6,712,400,000 shares (2015: 6,714,850,000) (excluding treasury shares) | First Quarter Ended 31 March | |
|-----------------------------------------------------------------------------------------------------------------------------|------------------------------|------------|
| | 2016 | 2015 |
| Based on the weighted average number of ordinary shares in issue | 0.08 cents | 0.24 cents |
| On a fully diluted basis | 0.08 cents | 0.24 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-2016 | 31-Dec-2015 | 31-Mar-2016 | 31-Dec-2015 |
| Net asset value per ordinary share based on 6,712,400,000 shares (2015: 6,712,400,000) (excluding treasury shares) | 15.5 cents | 15.4 cents | 11.3 cents | 11.3 cents |



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8. *A review of performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:*
- (a) *any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and*
 - (b) *any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.*

REVIEW OF GROUP PERFORMANCE

| GROUP | First Quarter Ended 31 March | | |
|-------------------------------------------------|------------------------------|---------------|---------------|
| | 2016 | 2015 | Change % |
| <u>REVENUE (\$\$'000)</u> | | | |
| Property development | 18,260 | 83,187 | (78.0) |
| Property investment | 4,458 | 4,606 | (3.2) |
| Total | 22,718 | 87,793 | (74.1) |
| <u>GROSS PROFIT (\$\$'000)</u> | | | |
| Property development | 2,695 | 25,027 | (89.2) |
| Property investment | 4,458 | 4,606 | (3.2) |
| Total | 7,153 | 29,633 | (75.9) |
| <u>GROSS PROFIT MARGIN (%)</u> | | | |
| Property development | 14.8 | 30.1 | |
| Property investment | N.A. | N.A. | |
| Consolidated Total | 31.5 | 33.8 | |
| <u>PROFIT BEFORE TAXATION (\$\$'000)</u> | | | |
| Property development | 1,246 | 18,929 | (93.4) |
| Property investment | 4,768 | 1,606 | 196.9 |
| Total | 6,014 | 20,535 | (70.7) |

Revenue

The Group recorded a turnover of \$22.72 million in the first quarter of 2016, a 74.1% decrease from \$87.79 million recorded in the corresponding period in 2015.

- (a) Property development sector contributed \$18.26 million in the first quarter of 2016 which is 78.0% lower than \$83.19 million recorded in the corresponding period of 2015. This was mainly due to the lesser number of ongoing development projects as compared to the first quarter of 2015. Projects that contributed to revenue during this period include Kensington Square and Urban Vista, both are at final development stage.



- (b) Rental from our investment properties namely Tower 15, The Punggol Settlement, Fragrance Empire Building, Fragrance Building and Victory Centre contributed to the revenue during this period. The slightly lower rental income for first quarter of 2016 was mainly due to a decrease of income from Tower 15. The decrease is partly offset by increase in rental income from Fragrance Empire Building and Victory Centre.

Gross Profit

Our overall gross profit decreased by 75.9% to \$7.15 million in line with the lesser number of ongoing development projects. Gross profit margin was lower at 31.5% in first quarter of 2016 as compared to 33.8% achieved during the same period in 2015. Lower margin in property development sector is mainly due to additional costs incurred for Urban Vista project.

Other Operating Income

The increase in other operating income was largely due to the fair value gain arising from the transfer of certain properties from Properties held for Sale to Investment Properties.

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

Profit before taxation

Other operating expenses decreased from \$6.60 million in first quarter of 2015 to \$4.15 million in first quarter of 2016 mainly because of the following factors:

1. Decrease in commission expenses relating to the development projects;
2. Decrease in legal and professional fee relating to sales of properties;
3. Decrease in performance related bonuses to executive directors; and partly offset by
4. Increase in property tax expenses pertaining to the investment properties; and
5. Increase in advertising and promotional expenses relating to investment properties and Australian projects.

Finance costs increased by \$2.49 million in first quarter of 2016 mainly due to:

- i) interests incurred on Fragrance Empire Building and Victory Centre were capitalised in 2015, but expensed off in 2016 following its completion and issuance of Temporary Occupation Permit; and
- ii) general increase of overall interest rates across all the floating rate borrowings.

Overall profit before taxation decreased by 70.7% from \$20.53 million in first quarter of 2015 to \$6.01 million in the same period of 2016.

Profit attributable to Equity holders of the Company decreased by 67.8% from \$16.44 million in the first quarter of 2015 to \$5.29 million during the current period reported.



Statements of financial position & Statement of cash flows

Non-current assets mainly comprise land and building of our investment properties and office. The Group investment properties totaled at \$1,162.59 million as at 31 March 2016.

Investment in a joint venture comprise the Group's investment in AF Global Limited, through AF Corporation Pte Ltd, and the equity accounting of the Group's share of results in the joint venture.

Current assets comprise mainly of development properties, trade and other receivables and cash. As at 31 March 2016, the Group's current assets totaled \$859.76 million.

Development properties include land costs, development costs, interest capitalised and other related costs and this accounted for \$437.98 million or 50.9% of total current assets as at 31 March 2016. This saw a decrease of \$4.83 million compared to the balance as at 31 December 2015 mainly due to progressive recognition of costs to the income statement, partly offset by additional costs incurred during the period.

Trade and other receivables, mainly the unbilled revenue portion of the recognised sales of our property units stood at \$242.53 million. This saw a decrease of 8.8% compared to the balance as at 31 December 2015 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 in Singapore are recognised based on the percentage of completion method. However the respective purchasers will only be billed in accordance with the terms of the payment scheme. Consequently, unbilled revenue will arise in circumstances whereby revenue has been recognised based on the percentage of completion but the purchaser has not been billed as billing is not due as per the terms of the payment scheme.

Trade and other payables, which mainly comprise trade creditors and progress billings received from our development projects, decreased from \$113.40 million as at 31 December 2015 to \$103.75 million. Loan repayments made from the progressive payments received during the period led to the decrease in the Group's total borrowings by 3.9% to \$841.28 million from \$875.59 million as at 31 December 2015.

During the period ended 31 March 2016, the Group generated \$17.67 million from operating activities. Cash flow used in investing activities amounted to \$0.50 million which was primarily used towards a joint venture and investment properties. Cash used in financing activities amounted to \$34.40 million which was primarily for the repayment of bank borrowings. Cash and cash equivalents stood at \$76.97 million as at the end of 31 March 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 previously disclosed to shareholders in the results announcement for the full year ended 31 December 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.*

Property Development Sector:

Singapore:

As per the first quarter 2016 real estate statistics released by the Urban Redevelopment Authority, the prices of private residential properties decreased by 0.7% in first quarter of 2016, following the 0.5% decline in the previous quarter. The market sentiment continues to be weak given the global economic uncertainties.

The Group has sold almost all of its residential units in Singapore. The following are the projects under development as of 12 May 2016.

| Project name | Type | Total No. of units | Sales info ¹ |
|-----------------------------------------------|--------------------------|--------------------|-------------------------|
| Urban Vista (Group has 50% interest) | Condominium | 585 | 100% Sold |
| Kensington Square (Group has 60% interest) | Flats & Commercial units | 198 | 88% sold |
| City Gate (Group has 50% interest) | Flats & Commercial units | 499 | 83% Sold |

Of the above, Urban Vista obtained its Temporary Occupation Permit in the second quarter of 2016 and Kensington Square is expected to be completed with Temporary Occupation Permit issued during third quarter of 2016. The Group is expecting to receive substantial cash collections from the above two projects in 2016.

As for City Gate, demolition works are currently ongoing with construction works to commence during second half of 2016. The Group will progressively recognise revenue from sales of about S\$313 million (our 50% share of the joint operations), based on the percentage of completion method.

¹ Sales info represents the % of sold units over total units and is updated with Option to Purchase granted up to 12 May 2016.



Australia:

The Group has the following properties held for development and/or sale in Australia.

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

Of the above, Premier Tower has been launched for sale and is about 69% sold². NV Apartments has been previewed for sale in Singapore with international sales launched in March 2016. The Group is currently working on the redevelopment plans for the rest of the Australian portfolio of properties.

Property Investment Sector:

As per the real estate statistics for the first quarter 2016 released by the URA, the rental of office space had declined by 2.1% for the first quarter. At the same time, the island-wide vacancy rate of office space at the end of first quarter of 2016 fell to 9.2% from 9.5% at the end of year 2015. The Group's two major properties, namely, Tower 15 and Fragrance Empire Building, are located in/near CBD thus giving us the competitive edge in our marketing efforts.

² Sales status represents the % of units sold as of 12 May 2016



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

| Name/Location | Type | Occupancy Status ³ |
|--------------------------------------------------------------------------------|--------------------------------------|-------------------------------|
| <i>Fragrance Empire Building</i> 456 Alexandra Road (Freehold) | Office/Retail/ Medical Suites/F&B | 19% |
| <i>Tower 15</i> Hoe Chiang road (Freehold) | Office/Hotel/F&B | 71% |
| <i>Fragrance Building</i> 168 Changi Road (Freehold) | Office/Retail/Café | 79% |
| <i>The Colonial Settlement</i> 3 Punggol Point Road (15-years leasehold) | F&B | 100% |
| Victory Centre 110 LOR 23 Geylang Road (60-years leasehold) | Business 1/ Industrial Property | 18% |
| Commercial units at <i>Novena Regency</i> (Freehold) | Restaurant/Shop | 34% |
| Commercial units at <i>Icon @ Pasir Panjang</i> (Freehold) | Restaurant/Shop | 7% |

Overall Summary

In summary, the Group is well positioned to seize new market opportunities, having sold almost all of its residential properties in Singapore.

However, the revenue stream in 2016 will be subjected to potentially significant amount of fluctuations due to the following factors:

- i) Construction of City Gate is to commence only during second half of 2016. Approximately S\$313 million of attributable revenue based on the units sold, will be recognised progressively henceforth.
- ii) Revenue recognition of our Australian portfolio of projects will be based on completion of contract method. Approximately S\$371 million of attributable revenue based on the units sold in Premier Tower, will only be recognised upon the completion of the respective projects. The remaining Australian 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.

³ Occupancy Status represents the % of committed lettable space over total lettable space in the building as of 12 May 2016.



- iii) Revenue contribution from the Property Investment sector will highly be dependent upon the occupancy status of the investment properties.

Due to the fluctuations as explained above, the Group expects to report losses for second and/or third quarter of FY2016. However, barring unforeseen circumstances, the Group is expected to remain profitable in FY2016 taken as a whole.

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*: **NIL**

(c) *Date payable* : Not Applicable

(d) *Books closure date* : Not Applicable

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

Not applicable.

13. *If the Group has obtained a general mandate from Shareholders for Interest Person Transactions ("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.

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 ended 31 March 2016 to be false or misleading in any material aspect.



FRAGRANCE GROUP LIMITED

Company Registration No.: 200006656M

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

12 May 2016