



FRAGRANCE GROUP LIMITED

Company Registration No.: 200006656M

FRAGRANCE GROUP LIMITED

**UNAUDITED RESULTS AND DIVIDEND ANNOUNCEMENT FOR THE FULL YEAR
ENDED 31 DECEMBER 2018**

FRAGRANCE GROUP LIMITED
UNAUDITED RESULTS AND DIVIDEND ANNOUNCEMENT FOR THE FULL YEAR
ENDED 31 DECEMBER 2018

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

	Group		
	FY 2018	FY 2017	Change
	S\$'000	S\$'000	%
Revenue	326,228	198,021	64.7
Cost of sales	(201,802)	(126,501)	59.5
Gross profit	124,426	71,520	74.0
Other operating income, net	227,177	32,905	590.4
Other operating expenses	(43,322)	(31,958)	35.6
Finance costs	(26,249)	(17,711)	48.2
Share of results of a joint venture	(325)	2,901	N.M
Profit before income tax	281,707	57,657	388.6
Taxation	(16,133)	(9,877)	63.3
Profit for the period	265,574	47,780	455.8
Attributable to:			
Equity holders of the Company	266,020	48,546	448.0
Non-controlling interests	(446)	(766)	(41.8)
Other comprehensive (loss)/income			
Exchange difference on translation of foreign operations	(39,774)	(1,442)	N.M
Share of other comprehensive income of a joint venture			
Exchange difference on translation of foreign operations	(1,314)	161	N.M
Transfer from foreign currency translation reserve to income statement upon deregistration of a foreign subsidiary company	-	(45)	N.M
Fair value (loss)/gain on investment securities	(460)	21	N.M
Gain on revaluation of land and building	868	17,863	(95.1)
Income tax effect	(210)	(2,653)	(92.1)
Net other comprehensive (loss)/income	(40,890)	13,905	N.M
Total comprehensive income	224,684	61,685	264.2
Attributable to:			
Equity holders of the Company	225,130	62,451	260.5
Non-controlling interests	(446)	(766)	(41.8)

N.M – Not Meaningful

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

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

Write back/(allowance) of doubtful debts
Amortisation and depreciation
Impairment loss
Finance costs

Components of tax expense recognised in profit and loss include:

Over/(under) provision of income tax in prior years

Other operating income, net

Net foreign exchange (loss)/gain
Interest income
Fair value gain on investment properties
Gain on disposal on held for trading investments
Change in fair value of held for trading investments
Loss on disposal of investment property
(Loss)/gain on disposal of plant and equipment
(Loss)/gain on financial derivatives
Others

Total

Group		
FY 2018	FY 2017	Change
S\$'000	S\$'000	%
45	(590)	N.M
(3,009)	(2,007)	49.9
-	(264)	N.M
(26,249)	(17,711)	48.2
1,151	(3,754)	N.M
(3,091)	1,496	N.M
1,889	494	282.4
245,555	29,678	727.4
26	-	N.M
(52)	-	N.M
-	(808)	N.M
(8)	3	N.M
(17,820)	1,459	N.M
678	583	16.3
227,177	32,905	590.4

N.M – Not Meaningful

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1(b)(i) Statements of Financial Position as at 31 Dec 2018 vs 31 Dec 2017

	Group		Company	
	31 Dec 2018 S\$'000	31 Dec 2017 S\$'000	31 Dec 2018 S\$'000	31 Dec 2017 S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	97,875	104,532	-	-
Other receivables and prepayment	18,388	7,839	1,258	491
Investment properties	1,578,208	1,290,235	-	-
Subsidiaries	-	-	987,796	834,193
Investment in a joint venture	113,444	113,664	90,313	89,163
Deferred tax assets	4,259	2,494	-	-
Total non-current assets	1,812,174	1,518,764	1,079,367	923,847
<u>Current assets</u>				
Cash and cash equivalents	136,129	121,530	95,691	93,068
Trade and other receivables	82,598	159,263	74,396	98,752
Development properties	692,541	427,988	-	104,686
Held for trading investments	1,419	-	1,419	-
Properties held for sale	98,319	61,443	37,683	636
Inventories	97	132	-	-
Total current assets	1,011,103	770,356	209,189	297,142
<u>Current liabilities</u>				
Trade and other payables	70,673	42,627	34,404	33,715
Notes interest payable	2,802	1,452	2,802	1,452
Term loans	273,241	469,952	64,000	84,225
Income tax payable	20,131	1,608	10,942	607
Derivative financial instruments	7,576	904	4,759	474
Finance lease payable	8	-	-	-
Total current liabilities	374,431	516,543	116,907	120,473
Net current assets	636,672	253,813	92,282	176,669
<u>Non-current liabilities</u>				
Trade and other payables	-	-	3,417	2,193
Notes payable	302,931	180,941	302,931	180,941
Term loans	811,066	463,438	-	45,000
Deferred tax liabilities	11,660	16,365	1,874	8,170
Finance lease payable	25	-	-	-
Total non-current liabilities	1,125,682	660,744	308,222	236,304
Net assets	1,323,164	1,111,833	863,427	864,212

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1(b)(i) **Statements of Financial Position as at 31 Dec 2018 vs 31 Dec 2017**

	Group		Company	
	31 Dec 2018 S\$'000	31 Dec 2017 S\$'000	31 Dec 2018 S\$'000	31 Dec 2017 S\$'000
<u>Shareholders' equity</u>				
Share capital	150,000	150,000	150,000	150,000
Treasury shares	(945)	(945)	(945)	(945)
Performance share reserve	325	325	325	325
Revaluation reserve	51,550	50,892	-	-
Foreign currency translation reserve	(63,684)	(27,580)	-	-
Investment revaluation reserve	(580)	(120)	-	-
Retained earnings	1,176,864	929,181	714,047	714,832
Equity attributable to the owners of the Company	1,313,530	1,101,753	863,427	864,212
Non-controlling interests	9,634	10,080	-	-
Total equity	1,323,164	1,111,833	863,427	864,212

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

	As at 31 Dec 2018		As at 31 Dec 2017	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	273,249	2,802	469,952	1,452
Amount repayable after one year	811,091	302,931	463,438	180,941

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.

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

	Group	
	FY 2018 S\$'000	FY 2017 S\$'000
<u>Operating activities</u>		
Profit before income tax	281,707	57,657
<i>Adjustments for:</i>		
Amortisation and depreciation	1,842	1,197
Amortisation of prepaid land lease	780	780
Rent free income/ net amortisation of rental incentive granted	275	(351)
Amortisation of processing fee on debt notes issued	387	30
Fair value on derivative financial instruments	17,820	817
Interest income	(1,889)	(494)
Interest expense	26,249	17,711
Change in fair value of investment properties	(245,555)	(29,678)
Loss on disposal of investment property	-	808
Impairment loss on property held for sale	-	264
Net foreign loss/(gain) exchange difference	1,907	(611)
Loss/(gain) on disposal of property, plant and equipment	8	(3)
(Write back)/allowance for doubtful debts	(45)	590
Performance Share award	-	61
Share of results of a joint venture	325	(2,901)
Gain on disposal on held for trading investments	(26)	-
Change in fair value of held for trading investments	52	-
Operating cash flow before movements in working capital	83,837	45,877
Inventories	35	(132)
Trade and other receivables	59,061	(86,295)
Development properties and properties held for sale	(329,995)	(2,685)
Trade and other payables	38,539	12,915
Net cash used in operations	(148,523)	(30,320)
Interest paid	(37,737)	(18,791)
Income tax paid	(671)	(12,702)
Net cash used in operating activities	(186,931)	(61,813)
<u>Investing activities</u>		
Investment in a joint venture	(1,150)	(1,850)
Interest received	1,889	494
Purchase for held for trading investment	(1,710)	-
Proceeds from disposal of held for trading investment	265	-
Purchase of property, plant and equipment	(639)	(25,697)
Proceeds from disposal of property, plant and equipment	13	13
Additions to investment properties	(49,119)	(89,057)
Payment for derivative financial instruments	(10,808)	-
Proceeds from disposal of investment property	-	1,688
Net cash used in investing activities	(61,259)	(114,409)

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

Financing activities

Advance to non-controlling interests
Dividend paid to non-controlling interest
Dividend paid
Proceeds from borrowings
Proceeds from notes issued
Repayment of notes issued
Repayment of borrowings
Repayment of finance lease

Net cash from financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at beginning of year
Effect of exchange rate on foreign currency balances

Cash and cash equivalents at end of year

Group	
FY 2018 S\$'000	FY 2017 S\$'000
440	(2,480)
-	(3,200)
(13,426)	-
308,417	200,000
125,000	178,094
-	(74,750)
(155,320)	(46,553)
(7)	-
265,104	251,111
16,914	74,889
121,530	45,513
(2,315)	1,128
136,129	121,530

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

Statement of changes in equity	Share Capital	Retained Earnings	Treasury Shares	Performance Share Reserve	Revaluation Reserve	Foreign Currency Translation Reserve	Investment Revaluation Reserve	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
Balance as at 1 Jan 2017	150,000	880,635	(999)	318	35,682	(26,254)	(141)	1,039,241	14,046	1,053,287
Total comprehensive income for the year	-	48,546	-	-	15,210	(1,326)	21	62,451	(766)	61,685
Award of shares	-	-	54	7	-	-	-	61	-	61
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	(3,200)	(3,200)
Balance as at 31 Dec 2017	150,000	929,181	(945)	325	50,892	(27,580)	(120)	1,101,753	10,080	1,111,833

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	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)1 by a joint venture	-	(4,984)	-	-	-	4,984	-	-	-	-
Effect of adopting of SFRS(I)9 by a joint venture	-	73	-	-	-	-	-	73	-	73
As restated	150,000	924,270	(945)	325	50,892	(22,596)	(120)	1,101,826	10,080	1,111,906
Dividend paid	-	(13,426)	-	-	-	-	-	(13,426)	-	(13,426)
Total comprehensive income for the year	-	266,020	-	-	658	(41,088)	(460)	225,130	(446)	224,684
Balance as at 31 Dec 2018	150,000	1,176,864	(945)	325	51,550	(63,684)	(580)	1,313,530	9,634	1,323,164

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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 2017	150,000	682,955	(999)	318	832,274
Total comprehensive income for the period	-	31,877	-	-	31,877
Award of shares	-	-	54	7	61
Balance as at 31 Dec 2017	150,000	714,832	(945)	325	864,212

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
Dividend paid	-	(13,426)	-	-	(13,426)
Total comprehensive income for the period	-	12,641	-	-	12,641
Balance as at 31 Dec 2018	150,000	714,047	(945)	325	863,427

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 2017.

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 Dec 2018	As at 31 Dec 2017
Total number of Ordinary Shares issued and fully paid	6,720,000,000	6,720,000,000
Less: Treasury Shares	(6,840,000)	(7,230,000)
Total number of issued shares excluding treasury shares	6,713,160,000	6,712,770,000

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

	No. of shares
Balance as at 1 January 2018	7,230,000
Less: Sales, transfers, disposals or cancellation	(390,000)
Balance as at 31 December 2018	6,840,000

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.

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

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group's financial statements for the financial year ended 31 December 2018 will be prepared in accordance with SFRS(I) issued by the ASC, and IFRS issued by the IASB.

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 2017, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2018 and by a joint venture as follows:

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

SFRS(I) 9 Financial Instruments

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

SFRS(I) requires that the Group applies SFRS(I) on a retrospective basis and restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSS applied to FRS financial statements. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 does not have any significant impact on the Group's financial statements.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9. The Group's existing hedges that are designated in effective hedging relationship continue to qualify for hedge accounting under SFRS(I) 9.

SFRS(I) 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group adopts the simplified approach and records lifetime expected losses on all trade receivables. The impairment calculated using the expected credit loss model does not have a significant impact on the financial statements.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

Based on the existing contractual arrangement for revenue, management has assessed that the implementation of SFRS(I) 15 does not result in a change in the amounts and timing of revenue recognition by the company in respect of properties under development as at 31 December 2018.

The impact on the Group's financial statements arising from the adoption of SFRS(I) 1 and SFRS(I) 9 by a joint venture is as follows:

Group

Balance sheet as at 1 Jan 2018

Retained earnings

Foreign currency translation reserve

Total impact on equity as at 31 Dec 2018

2018 Increase/ (decrease)	
S\$'000	
	(4,911)
	4,984
	73

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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 the year 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 year.

	Group	
	FY 2018	FY 2017
Weighted average number of shares in issue	6,713,114,054	6,712,770,000
Earnings per share ("EPS")¹	cents	cents
Based on weighted average number of shares in issue	3.96	0.72
Based on fully diluted basis	3.96	0.72
Number of shares in issue at end of year	6,713,160,000	6,712,770,000

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 Dec 2018 Cents	31 Dec 2017 Cents	31 Dec 2018 Cents	31 Dec 2017 Cents
Net asset value ("NAV") per ordinary share	19.6	16.4	12.9	12.9

The NAV per ordinary share as at 31 December 2018 and 31 December 2017 was calculated based on 6,713,160,000 and 6,712,770,000 issued shares (excluding treasury shares) respectively.

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

	Group		
	FY 2018 S\$'000	FY 2017 S\$'000	Change %
<u>Revenue</u>			
Property development	274,689	159,193	72.6
Commercial investment	24,038	22,153	8.5
Hotel operations	24,651	15,357	60.5
Hospitality investment	2,850	1,318	116.2
Total	326,228	198,021	64.7
<u>Gross Profit</u>			
Property development	83,945	39,953	110.1
Commercial investment	24,038	22,153	8.5
Hotel operations	13,593	8,096	67.9
Hospitality investment	2,850	1,318	116.2
Total	124,426	71,520	74.0
<u>Profit Before Taxation</u>			
Property development	31,642	25,309	25.0
Commercial investment ¹	246,616	30,798	700.8
Hotel operations	6,474	3,435	88.5
Hospitality investment ²	(3,025)	(1,885)	60.5
Total	281,707	57,657	388.6

	Group	
	FY 2018 %	FY 2017 %
<u>Gross Profit Margin</u>		
Property development	30.6	25.1
Commercial investment	100.0	100.0
Hotel operations	55.1	52.7
Hospitality investment	100.0	100.0
Consolidated total	38.1	36.1

Footnotes:

1. Includes fair value gain on Singapore investment properties of S\$249,986,000 (FY 2017: S\$32,472,000)

2. Includes fair value loss on UK hotel properties of S\$4,431,000 (FY 2017: S\$2,794,000)

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

FY 2018 vs FY 2017

Revenue

The Group's revenue for FY 2018 increased by 64.7%, or \$128.2 million to \$326.2 million mainly related to sale of a property located at 555 Collins Street, Melbourne, in Australia; rental revenue from our commercial properties and full year hotel operations income from ibis Styles Hobart, in Australia, which commenced operations in July 2017 and The Imperial Hotel, in the United Kingdom, which we acquired in February 2017.

Hospitality investment segment also contributed full year revenue of \$2.9 million in FY 2018. The contribution was derived from the four hotel properties namely, i) Corbyn Head Hotel; ii) Lyndene Hotel; iii) The Townhouse Hotel; and iv) The Crown Hotel, all located in the United Kingdom.

Gross Profit

Gross profit increased by 74.0% to \$124.4 million which was in line with the increase in overall revenue. Gross profit margin increased to 38.1% in the FY2018 compared with 36.1% achieved during the same period in 2017.

Other Operating Income

Other operating income for FY 2018 increased by \$194.3 million was largely due to fair value gain on investment properties and partly offset by foreign exchange loss on bank balances denominated in foreign currency and loss on changes in financial derivatives.

Other Operating Expenses

Other operating expenses for FY 2018 increased by 35.6%, or \$11.4 million to \$43.3 million mainly due to the following factors:

1. increase in managing agent expenses relating to the hotel properties in Australia;
2. increase in commission expenses relating to the development projects and leasing of commercial units;
3. increase in depreciation on additional fixed assets, utilities, repair and maintenance, security services and payroll expenses due to the two hotel operations in Australia and United Kingdom;
4. increase in legal and professional fee; and
5. increase in city council rate charges on hotel properties in Australia and UK.

The above increase was partly offset by:

1. lower sales activities resulted in decrease in promotion costs;
2. decrease in submission fee for the development properties;
3. write back of bad debts; and
4. decrease in property tax resulting from the capitalisation of property tax for the Australian development projects following commencement of construction activities.

Finance Costs

Finance costs increased by \$8.5 million or 48.2% in FY 2018 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 FY 2018;

The increase was partly offset by the capitalisation of \$7.2 million of interest expenses for the development projects in Australia and United Kingdom.

Taxation

Taxation for FY 2018 increased by 63.3% or \$6.3 million over FY 2017 mainly due to higher profit before tax.

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

Statements of financial position & Statement of cash flows

Non-current assets mainly comprise of i) land and building of our investment properties; ii) hotel properties and office which are accounted as property, plant and equipment and iii) other receivable and prepayment. The Group's investment properties totaled at \$1.6 billion as at 31 Dec 2018 (31 Dec 2017 : \$1.3 billion). The increase was attributed to the substantial change in fair value of a property located at 15 Hoe Chiang Road, Singapore due to change of use to full hotel usage and acquisition of two investment properties in UK.

Property, plant and equipment which primarily comprise i) office premises; and ii) hotel properties totaled \$97.9 million as at 31 Dec 2018 (31 Dec 2017 : \$104.5 million). The slight decrease was attributed to the depreciation and the foreign currency movement of properties in Australia and United Kingdom, which was partially offset by addition of plant and equipment.

Other receivable and prepayment increased by \$10.5 million was primarily due to deposits paid for acquisition of land at Waterloo Street.

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 \$692.5 million or 68.5% of total current assets as at 31 Dec 2018. The net increase of \$264.6 million compared to the balance as at 31 December 2017 was mainly due to the additional costs incurred for Australia and Singapore projects. This increase is partially offset by the progressive billing for City Gate project and sale of 555 Collins Street project during the year.

Trade and other receivables of \$82.6 million include \$52.0 million of revenue from our property development projects in Singapore. The decrease compared to the balance as at 31 December 2017 was mainly due to i) recognition of sales commission as expenses on the sale of 555 Collins Street which were previously capitalised; and ii) collections from the buyers, which was partially offset by the additional revenue recognised.

Trade and other payables- which mainly comprises of i) trade creditors, ii) amount due to non-controlling interests; and iii) accrual for on going development project costs - saw an increase from \$42.6 million as at 31 December 2017 to \$70.7 million. The increase was primarily due to the GST payable on the sale of property at 555 Collins Street, Melbourne.

Total borrowings increased by \$274.3 millions, or 24.6% was due to the additional drawdown of \$308.4 million of term loans and issuance of \$125.0 term note during the year. The increase was partially offset by repayment of certain borrowings during the year.

During the year ended 31 Dec 2018, the net cash outflow from operating activities amounted to \$186.9 million. Cash used in investing activities amounted to \$61.3 million which was substantially used towards acquisition of properties in the United Kingdom. Net cash inflow from financing activities amounted to \$265.1 million which mainly stemmed from drawdown of additional term loans and issuance of term notes, partially offset by repayment certain borrowings. Cash and cash equivalents stood at \$136.1 million as at the end of 31 Dec 2018 compared to \$121.5 million as at the end of 31 December 2017.

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

The current results are broadly in line with the prospects statement made in the third quarter 2018 financial 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 increased by 7.9% in FY 2018, compared with the 1.1% increase in the previous year¹.

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Following the completion of purchase of the development sites located at 31 Jervois Road ('Jervois project') and 205 Jalan Eunos ('Eunos project'), the Group has obtained the Grant of provisional permission for the redevelopment of i) Jervois project into a 36-units residential development; and ii) Eunos project into a 237-units Condominium development. The Group is actively working on the sales launch of these two projects. The Group has successfully tendered for a property located at Waterloo Street Singapore ("Waterloo Property") for a consideration of S\$131,100,000.00. The Group is intending to redevelop this property into a hotel.

The Group has obtained the Grant of Provisional Permission for 15 Hoe Chiang Road involving the redevelopment into a hotel and the planning work is in progress.

Rental rate of office space increased by 7.4%¹ in FY 2018, compared with 0.4% increase in FY 2017. The Group is continuing its efforts to increase the occupancy of its investment properties in Singapore.

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 36.6%³ for Premier Tower and 66.0%³ 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\$458⁴ million from these two projects recording 75.4% and 26.4% of the residential units sales, respectively. Such revenue will only be recognised on completion of development of the respective properties.

After operating for more than a year, the Group expect the Ibis Style Hobart hotel in Tasmania to continue to provide a stable stream of revenue in FY 2019.

United Kingdom

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

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 properties.

Footnotes:

1. According to the Urban Redevelopment Authority 4th quarter 2018 real estate statistics
2. Sales status represents the percentage of units sold as at 28 February 2019
3. As at 31 January 2019
4. Unconditional sales status represents the percentage of units sold as at 28 February 2019

11. Dividend

- (a) Any dividend declared for the current financial period? No
- (b) Any dividend declared for the previous corresponding period? 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 and the reason(s) for the decision.

An interim dividend was declared and paid in November 2018

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").

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14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results).

Not applicable.

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.

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.

(a) *Business Segments*

Group	Property Development S\$'000	Commercial Investment S\$'000	Hotel Operations S\$'000	Hospitality Investment S\$'000	Total S\$'000
<u>FY 2018</u>					
Revenue	274,689	24,038	24,651	2,850	326,228
Result					
Segment result	83,945	24,038	13,593	2,850	124,426
Other operating (loss)/ income, net	(19,027)	250,265	305	(4,366)	227,177
Other operating expenses	(25,132)	(9,257)	(7,424)	(1,509)	(43,322)
Profit from operations	39,786	265,046	6,474	(3,025)	308,281
Finance costs	(7,819)	(18,430)	-	-	(26,249)
Share of results of JV	(325)	-	-	-	(325)
Profit before income tax	31,642	246,616	6,474	(3,025)	281,707
Income tax	(15,467)	548	(181)	(1,033)	(16,133)
Profit after income tax	16,175	247,164	6,293	(4,058)	265,574
<u>FY 2017</u>					
Revenue	159,193	22,153	15,357	1,318	198,021
Result					
Segment result	39,953	22,153	8,096	1,318	71,520
Other operating income/ (loss), net	3,504	32,990	7	(2,788)	33,713
Other expenses	-	(808)	-	-	(808)
Other operating expenses	(17,555)	(9,320)	(4,668)	(415)	(31,958)
Profit from operations	25,902	45,015	3,435	(1,885)	72,467
Finance costs	(3,494)	(14,217)	-	-	(17,711)
Share of results of JV	2,901	-	-	-	2,901
Profit before income tax	25,309	30,798	3,435	(1,885)	57,657
Income tax	(4,309)	(4,968)	(893)	293	(9,877)
Profit after income tax	21,000	25,830	2,542	(1,592)	47,780

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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. - Continued**

(b) *Geographical information*

Summary By Country Group	Revenue		Non-Current Assets	
	FY 2018 S\$'000	FY 2017 S\$'000	FY 2018 S\$'000	FY 2017 S\$'000
Singapore	156,566	179,927	1,602,723	1,342,654
Australia	156,812	7,623	55,699	61,377
United Kingdom	12,850	10,471	149,493	112,239
Total	326,228	198,021	1,807,915	1,516,270

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

Please refer to paragraph 8 and 10.

18. **A breakdown of sales**

Group	FY 2018 S\$'000	FY 2017 S\$'000	% Increase/ (Decrease)
(a) Sales reported for first half year	122,551	78,616	55.9
(b) Operating profit after tax reported for first half year	15,110	8,907	69.6
(c) Sales reported for the second half year	203,677	119,405	70.6
(d) Operating profit after tax reported for second half year	250,464	38,873	544.3

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

	FY 2018	FY 2017
Ordinary	S\$'000	S\$'000
Interim Dividend	13,426	-

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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.**

There is no 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.

BY ORDER OF THE BOARD

KOH WEE MENG
Executive Chairman and CEO

PERIAKARUPPAN ARAVINDAN
Executive Director and Deputy CEO

28 February 2019