

**STRACO CORPORATION LIMITED**  
**Company Registration No.: 200203482R**  
*(Incorporated in Singapore)*

**FIRST QUARTER ENDED 31 MARCH 2017 UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) 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.**

**INCOME STATEMENT**

	<b>1Q ended</b>		
	<b>31/03/2017</b>	<b>31/03/2016</b>	<i>Change</i>
	S\$'000	S\$'000	%
Revenue	27,538	26,427	4.2
Other income	1,517	1,317	15.2
Less:			
Depreciation and amortisation expense	(3,203)	(3,158)	1.4
Changes in inventories and purchases of goods	(828)	(574)	44.3
Consultancy expense	(93)	(226)	(58.8)
Sales and marketing expenses	(304)	(964)	(68.5)
Exchange losses	(398)	(126)	215.9
Loss on disposal of property, plant and equipment	(1)	(4)	(75.0)
Operating lease expense	(1,519)	(1,495)	1.6
Property and other taxes	(459)	(454)	1.1
Repair and maintenance expenses	(1,109)	(1,125)	(1.4)
Staff cost	(5,891)	(5,233)	12.6
Utilities expense	(630)	(718)	(12.3)
Other operating expenses	(621)	(499)	24.4
Other administrative expenses	(469)	(537)	(12.7)
<b>Operating profit</b>	<b>13,530</b>	<b>12,631</b>	<b>7.1</b>
Finance costs	(296)	(471)	(37.2)
<b>Profit before income tax</b>	<b>13,234</b>	<b>12,160</b>	<b>8.8</b>
Tax expense	(3,755)	(3,288)	14.2
<b>Profit for the period</b>	<b>9,479</b>	<b>8,872</b>	<b>6.8</b>
<b>Profit attributable to:</b>			
Owners of the Company	8,913	8,335	6.9
Non-controlling interests	566	537	5.4
<b>Profit for the period</b>	<b>9,479</b>	<b>8,872</b>	<b>6.8</b>

## STATEMENT OF COMPREHENSIVE INCOME

	1Q ended		
	31/03/2017	31/03/2016	Change
	S\$'000	S\$'000	%
<b>Profit for the period</b>	9,479	8,872	6.8
<b>Other comprehensive income/ (loss) for the period, net of tax</b>			
Translation differences relating to financial statements of foreign subsidiaries	(4,073)	(6,692)	(39.1)
<b>Other comprehensive income/ (loss) for the period, net of tax</b>	(4,073)	(6,692)	(39.1)
<b>Total comprehensive income for the period</b>	5,406	2,180	148.0
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	4,984	1,892	163.4
Non-controlling interests	422	288	46.5
<b>Total comprehensive income for the period</b>	5,406	2,180	148.0

n.m. – not meaningful

The profit before tax was arrived at after charging or (crediting) the following:-

	1Q ended	
	31/03/2017	31/03/2016
	S\$'000	S\$'000
Depreciation of property, plant and equipment	2,690	2,652
Depreciation of investment property	361	354
Amortisation of intangible assets	152	152
Interest income	(1,038)	(891)
Interest expense	296	471
Foreign exchange losses	398	126
Loss on disposal of property, plant and equipment	1	4
Government grant	(18)	(11)

Notes:

1. Interest income is mainly from fixed deposits placed with financial institutions.
2. Interest expense is mainly attributable to the long-term bank borrowing for the purpose of acquiring the assets of Singapore Flyer.
3. Foreign exchange losses arise mainly due to the movement of Renminbi against Singapore Dollars.

**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.**

	Group		Company	
	As at	As at	As at	As at
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	124,486	127,443	2,129	2,146
Investment property	48,009	48,370	-	-
Investments in subsidiaries	-	-	103,130	103,130
Intangible assets	3,045	3,198	-	-
	175,540	179,011	105,259	105,276
<b>Current assets</b>				
Inventories	2,074	2,113	-	-
Trade and other receivables	3,265	3,727	-	-
Loans and receivables from subsidiaries	-	-	32,103	482
Other current assets	1,286	1,080	50	25
Fixed deposits pledged	1,000	1,000	-	-
Cash and cash equivalents	167,854	163,234	15,249	16,350
	175,479	171,154	47,402	16,857
<b>Total assets</b>	<b>351,019</b>	<b>350,165</b>	<b>152,661</b>	<b>122,133</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	76,985	76,985	76,985	76,985
Reserves	15,363	18,855	2,208	1,839
Retained earnings	155,143	146,298	72,409	41,932
	247,491	242,138	151,602	120,756
<b>Non-controlling interests</b>	9,132	10,462	-	-
<b>Total equity</b>	<b>256,623</b>	<b>252,600</b>	<b>151,602</b>	<b>120,756</b>
<b>Non-current liabilities</b>				
Borrowings	46,900	49,900	-	-
Deferred income	235	259	-	-
Deferred tax liabilities	17,434	18,654	-	-
Provision for reinstatement cost	4,100	4,100	-	-
	68,669	72,913	-	-
<b>Current liabilities</b>				
Trade and other payables	10,410	10,575	544	849
Amounts due to subsidiaries	-	-	515	528
Current tax liabilities	3,317	2,077	-	-
Current borrowings	12,000	12,000	-	-
	25,727	24,652	1,059	1,377
<b>Total liabilities</b>	<b>94,396</b>	<b>97,565</b>	<b>1,059</b>	<b>1,377</b>
<b>Total equity and liabilities</b>	<b>351,019</b>	<b>350,165</b>	<b>152,661</b>	<b>122,133</b>

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

	As at 31/03/2017		As at 31/12/2016	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	S\$	S\$	S\$	S\$
Amount payable in one year or less, or on demand	12,000,000	-	12,000,000	-
Amount payable after one year	44,000,000	2,900,000	47,000,000	2,900,000

**Details of any collateral**

The borrowings are secured by fixed and floating charges over certain assets of a subsidiary as well as corporate guarantee from the Company.

**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.**

CONSOLIDATED STATEMENT OF CASH FLOWS		Q1 ended 31/03/2017	Q1 ended 31/03/2016
		S\$'000	S\$'000
<b>Cash flows from operating activities</b>			
Profit before income tax		13,234	12,160
Adjustments for:			
Amortisation of intangible assets		152	152
Depreciation of property, plant and equipment		2,690	2,652
Depreciation of investment property		361	354
Equity-settled share-based payment transactions		369	483
Loss on disposal of property, plant and equipment		1	4
Government grant utilised		(18)	(11)
Interest income		(1,038)	(891)
Interest expense		296	471
Exchange losses		346	106
Operating profit before working capital changes		16,393	15,480
Changes in working capital:			
Trade and other receivables		650	1,243
Inventories		28	76
Trade and other payables		(1,706)	(1,383)
Cash generated from operating activities		15,365	15,416
Income taxes paid		(3,676)	(2,174)
Net cash from operating activities		11,689	13,242
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(701)	(1,869)
Interest received		565	867
Net cash used in investing activities		(136)	(1,002)
<b>Cash flows from financing activities</b>			
Dividend paid to non-controlling interests		(64)	-
Repurchase of own shares		-	(193)
Proceeds from exercise of share options		-	786
Repayment of borrowings		(3,000)	(3,000)
Interest paid		(296)	(471)
Net cash used in financing activities		(3,360)	(2,878)
<b>Net increase in cash and cash equivalents</b>		8,193	9,362
Cash and cash equivalents at beginning of the period		163,234	135,525
Effects of exchange rate fluctuations		(3,573)	(5,000)
<b>Cash and cash equivalents at end of the period</b>		<b>167,854</b>	<b>139,887</b>

**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.**

**(a) Group**

(i)

	Share capital	Treasury shares	Capital reserve	Share option reserve	General reserve	Foreign currency translation reserve	Retained earnings	Total attributable to owners of the Company	Non-controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 January 2017</b>	76,985	(4,546)	(696)	7,081	16,236	780	146,298	242,138	10,462	252,600
Changes in equity for the period:										
Share-based payment transactions	-	-	-	369	-	-	-	369	-	369
Transfer to general reserve fund	-	-	-	-	68	-	(68)	-	-	-
Dividend to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	(1,752)	(1,752)
Total comprehensive income for the period	-	-	-	-	-	(3,929)	8,913	4,984	422	5,406
<b>At 31 March 2017</b>	<b>76,985</b>	<b>(4,546)</b>	<b>(696)</b>	<b>7,450</b>	<b>16,304</b>	<b>(3,149)</b>	<b>155,143</b>	<b>247,491</b>	<b>9,132</b>	<b>256,623</b>

(ii)

	Share capital	Treasury shares	Capital reserve	Share option reserve	General reserve	Foreign currency translation reserve	Retained earnings	Total attributable to owners of the Company	Non-controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 January 2016</b>	76,985	(5,823)	(69)	5,453	16,236	7,740	121,535	222,057	9,424	231,481
Changes in equity for the period:										
Purchase of own shares	-	(193)	-	-	-	-	-	(193)	-	(193)
Share-based payment transactions	-	-	-	483	-	-	-	483	-	483
Treasury shares reissued	-	946	(160)	-	-	-	-	786	-	786
Total comprehensive income for the period	-	-	-	-	-	(6,443)	8,335	1,892	288	2,180
<b>At 31 March 2016</b>	<b>76,985</b>	<b>(5,070)</b>	<b>(229)</b>	<b>5,936</b>	<b>16,236</b>	<b>1,297</b>	<b>129,870</b>	<b>225,025</b>	<b>9,712</b>	<b>234,737</b>

**(b) Company**

(i)

	Share capital	Treasury shares	Capital reserve	Share option reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 January 2017</b>	76,985	(4,546)	(696)	7,081	41,932	120,756
Share-based payment transactions	-	-	-	369	-	369
Total comprehensive income/ (loss) for the period	-	-	-	-	30,477	30,477
<b>At 31 March 2017</b>	<b>76,985</b>	<b>(4,546)</b>	<b>(696)</b>	<b>7,450</b>	<b>72,409</b>	<b>151,602</b>

(ii)

	Share capital	Treasury shares	Capital reserve	Share option reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 January 2016</b>	76,985	(5,823)	(69)	5,454	36,829	113,376
Purchase of own shares	-	(193)	-	-	-	(193)
Share-based payment transactions	-	-	-	482	-	482
Treasury shares re-issued	-	946	(160)	-	-	786
Total comprehensive income/ (loss) for the period	-	-	-	-	(931)	(931)
<b>At 31 March 2016</b>	<b>76,985</b>	<b>(5,070)</b>	<b>(229)</b>	<b>5,936</b>	<b>35,898</b>	<b>113,520</b>

**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.**

There were no share buyback and no share options being exercised in 1Q2017.

The Company's issued and fully paid up shares as at 31 March 2017 comprised 859,007,980 (31 March 2016: 857,539,780) ordinary shares and 9,921,600 (31 March 2016: 11,389,800) treasury shares.

As at 31 March 2017, options to subscribe for 20,466,000 (31 March 2016: 17,498,000) ordinary shares remain outstanding.

**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 31/03/2017	As at 31/12/2016
Total number of issued shares	868,929,580	868,929,580
Less: Treasury shares	(9,921,600)	(9,921,600)
Total number of issued shares excluding treasury shares	859,007,980	859,007,980

**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.**

Treasury shares	No. of shares	S\$'000
Balance as at 31/12/2016 and 31/03/2017	9,921,600	4,546

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

The financial statements have not 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 used in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 December 2016.

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

An assessment has been made of the Amendments and Interpretations to the Singapore Financial Reporting Standards ("FRSs") effective from 1 January 2017 and it is not expected to have any significant impact on the Group's financial statements.

**6. Earnings per ordinary share 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	Q1 ended	
	31/03/2017	31/03/2016
(a) Based on the number of ordinary shares in issue (cents)	1.04	0.97
(b) On fully diluted basis (cents)	1.03	0.95

The calculation of basic earnings per share for 1Q ended 31 March 2017 is based on the net profits attributable to shareholders for the 1Q ended 31 March 2017 divided by the weighted average number of ordinary shares outstanding of 859,007,980.

The calculation of basic earnings per share for 1Q ended 31 March 2016 is based on the net profits attributable to shareholders for the 1Q ended 31 March 2016 divided by the weighted average number of ordinary shares outstanding of 856,982,062.

The calculation of diluted earnings per share for 1Q ended 31 March 2017 is based on the net profits attributable to shareholders for the 1Q ended 31 March 2017 divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 862,609,054.

The calculation of diluted earnings per share for 1Q ended 31 March 2016 is based on the net profits attributable to shareholders for the 1Q ended 31 March 2016 divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 873,155,018.

- 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 financial period reported on; and**  
**(b) immediately preceding financial year.**

	Group		Company	
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
Net asset value per ordinary share (cents) based on number of issued shares excluding treasury shares at the end of:	28.81	28.19	17.65	14.06

Net asset value per ordinary share was calculated based on 859,007,980 ordinary shares issued (excluding treasury shares) as at 31 March 2017 and 859,007,980 ordinary shares issued (excluding treasury shares) as at 31 December 2016.

- 8. A review of the 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.**

### Revenue

In the first quarter of FY2017, the Group achieved sales of \$27.54 million, an increase of 4.2% from the corresponding period in 1Q2016, as all our attractions reported higher revenue, mainly on higher visitor numbers at our three attractions in China and slightly better yield at Singapore Flyer.

Overall visitation to all our attractions was 1.07 million visitors for the quarter, 7.8% higher than the corresponding period in 1Q2016.

### Operational Results

Total Expenses (excluding finance cost) for 1Q2017 increased \$0.41 million, or 2.7% from 1Q2016. Cost of sales for 1Q2017 increased over corresponding period, as retail cost of sales increased in line with the higher retail revenue, as well as lower cost of sales was incurred in 1Q2016 as the new restaurant started operations in February 2016. Consultancy expenses decreased, due to a reversal of an accrued amount. Sales and marketing expenses for the quarter decreased, due to lower sales tax in the current quarter, arising from China tax reforms where sales tax was replaced with value-added tax with effect from 1 May 2016, and lower advertising expenses incurred this quarter. Exchange loss increased, mainly arising from the exchange loss recognized on the Renminbi cash balance held by the Singapore head office, as Renminbi currency weakened against Singapore dollar.

Finance cost for 1Q2017 decreased 37.2% from 1Q2016, due to lower principal outstanding for the term loan as well as lower interest rate this quarter.

Profit before tax was \$13.23 million for the current quarter, 8.8% higher than the profit before tax of \$12.16 million for 1Q2016, mainly attributable to improved profitability at our China attractions.

Tax expense increased \$0.47 million for the quarter compared to 1Q2016, attributable to higher income tax provided for 1Q2017 on higher profit, higher deferred tax recognized on the distributable 1Q2017 profit of our China subsidiaries which are subjected to 5% China withholding taxes, as well as under provision of 2015 withholding tax taken into current period upon payment being made when the dividends were declared by our China subsidiaries.

### **Balance Sheet items**

Trade and other receivables decreased 12.4% from \$3.73 million at 31 December 2016 to \$3.27 million at 31 March 2017 mainly due to decreases in trade debtors at Shanghai Ocean Aquarium ("SOA") and Singapore Flyer, refund of 2016 sales tax paid on ticket revenue were received by SOA upon the waiver being granted, partially offset by higher interest receivable from fixed deposits.

Other current assets increased 19.1% from \$1.08 million at 31 December 2016 to \$1.29 million at 31 March 2017, mainly due to increase in prepayments.

Reserves decreased 18.5% from \$18.86 million at 31 December 2016 to \$15.36 million at 31 March 2017, mainly due to the translation loss of \$3.93 million arising from the weaker RMB currency against SGD at the end of current period compared to the end of last year; partially offset by increase in share option reserves of \$0.37 million during the period arising from share options granted in 2016.

Current tax liabilities increased 59.6% from \$2.08 million at 31 December 2016 to \$3.32 million at 31 March 2017, mainly due to the provision of income taxes for 1Q2017 profits at our subsidiaries, partially offset by the payment of 4Q2016 income taxes by SOA, LCC, and Underwater World Xiamen in the current period.

### **Cash flow Statement**

The Group generated net cash from operating activities amounting to \$11.69 million for 1Q2017. As at 31 March 2017, the Group's cash and cash equivalent balance amounted to \$167.85 million.

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

The Group did not previously disclose to shareholders any forecast or prospect statement with regard to the current quarter under review.

**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.**

The National Bureau of Statistics of China reported that China's gross domestic product ("GDP") grew 6.9% in the first quarter of 2017 from a year ago. Though first quarter growth was driven by government investment in infrastructure and recovery in exports, consumer spending remained strong as consumption contributed a higher percentage to growth compared to last year.

According to the China National Tourism Administration, domestic tourism is expected to increase 10 percent year on year to 4.88 billion trips in 2017, with revenue rising 12.5 percent to 4.4 trillion yuan.

Singapore economy grew 2.5% year-on-year in 1Q2017, based on advance estimates from the Ministry of Trade and Industry. On the tourism sector, the Singapore Tourism Board (“STB”) reported that tourist arrival reached 2.8 million as of February this year, an increase of 3.4% compared to the same period last year. For the whole of 2017, STB projected a 0-2% increase in visitor arrivals and 1-4% growth in tourism receipts.

## **11. Dividend**

### **(a) Current Financial Period Reported On**

Any interim (final) dividend declared (recommended) for the current financial period reported on? None

### **(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? None

### **(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/ recommended for the current financial period.

## **13. If the Group has obtained a general mandate from shareholders for IPTs, 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.**

No IPT mandate has been obtained.

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

To the best of our knowledge and belief, nothing has come to the attention of the Directors which may render the 1Q2017 financial results to be false or misleading in any material aspect.

On behalf of the Board

Wu Hsioh Kwang  
Chairman

Lim Song Joo  
Director

**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 confirms that it 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**

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

**16. Segmented revenue and results for business or geographical 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 business or geographical segments.**

Not applicable.

**18. A breakdown of sales.**

Not applicable.

**19. A breakdown of the 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,

Lotus Isabella Lim Mei Hua  
Company Secretary  
9 May 2017