

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

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST HALF ENDED 30 JUNE 2022

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	1H ended		
	30/06/2022	30/06/2021	Change
	\$'000	\$'000	%
Revenue	8,812	21,865	(59.7)
Other income			
- Finance income	2,226	2,113	5.3
- Other income	364	11,791	(96.9)
Expenses			
- Depreciation and amortisation expense	(4,927)	(5,708)	(13.7)
- Changes in inventories and purchases of goods	(260)	(385)	(32.5)
- Professional and consultancy expense	(273)	(357)	(23.5)
- Sales and marketing expenses	(368)	(665)	(44.7)
- Exchange (losses)/ gains - net	(1,298)	1,094	n.m.
- Gain/ (Loss) on disposal of property, plant and equipment	5	(8)	n.m.
- Rental expenses	(214)	(867)	(75.3)
- Property and other taxes	(341)	(756)	(54.9)
- Repair and maintenance expenses	(1,528)	(1,750)	(12.7)
- Staff cost	(8,412)	(8,409)	0.0
- Utilities expense	(1,179)	(1,014)	16.3
- Other expenses	(1,318)	(1,467)	(10.2)
Operating (loss)/ profit	(8,711)	15,477	n.m.
Finance costs	(777)	(891)	(12.8)
(Loss)/ Profit before income tax	(9,488)	14,586	n.m.
Tax expense	462	(4,248)	n.m.
(Loss)/ Profit for the period	(9,026)	10,338	n.m.
Other comprehensive (loss)/ income for the period, net of tax			
Translation differences relating to financial statements of foreign subsidiaries	(2,373)	4,129	n.m.
Other comprehensive (loss)/ income for the period, net of tax	(2,373)	4,129	n.m.
Total comprehensive (loss)/ income for the period	(11,399)	14,467	n.m.
(Loss)/ Profit attributable to:			
Owners of the Company	(8,463)	9,671	n.m.
Non-controlling interests	(563)	667	n.m.
(Loss)/ Profit for the period	(9,026)	10,338	n.m.
Total comprehensive (loss)/ income attributable to:			
Owners of the Company	(10,748)	13,640	n.m.
Non-controlling interests	(651)	827	n.m.
Total comprehensive (loss)/ income for the period	(11,399)	14,467	n.m.

n.m. – not meaningful

B. Condensed Interim Statement of Financial Position

	Group		Company	
	As at 30-06-2022	As at 31-12-2021	As at 30-06-2022	As at 31-12-2021
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	163,783	168,312	1,820	1,849
Investment property	19,087	19,481	-	-
Investments in subsidiaries	-	-	76,071	76,071
Loans and advances to subsidiaries	-	-	40,250	36,650
Intangible assets	1,479	1,484	-	-
	184,349	189,277	118,141	114,570
Current assets				
Inventories	2,200	2,236	-	-
Trade and other receivables	5,193	6,195	551	229
Loans and receivables from subsidiaries	-	-	418	418
Other current assets	1,355	705	31	32
Fixed deposits pledged	1,000	1,000	-	-
Cash and cash equivalents	156,961	177,494	55,284	69,358
	166,709	187,630	56,284	70,037
Total assets	351,058	376,907	174,425	184,607
Equity attributable to owners of the Company				
Share capital	76,985	76,985	76,985	76,985
Reserves	19,105	21,390	1,204	1,204
Retained earnings	163,592	180,605	95,320	105,214
	259,682	278,980	173,509	183,403
Non-controlling interests	9,670	10,321	-	-
Total equity	269,352	289,301	173,509	183,403
Non-current liabilities				
Borrowings	7,542	7,634	-	-
Lease liabilities	40,895	41,623	-	-
Deferred income	56	80	-	-
Deferred tax liabilities	17,074	17,552	-	-
Provision for reinstatement cost	6,073	6,073	-	-
	71,640	72,962	-	-
Current liabilities				
Trade and other payables	7,840	12,259	308	511
Amounts due to subsidiaries	-	-	529	536
Current tax liabilities	40	221	79	157
Lease liabilities	1,208	1,196	-	-
Current borrowings	978	968	-	-
	10,066	14,644	916	1,204
Total liabilities	81,706	87,606	916	1,204
Total equity and liabilities	351,058	376,907	174,425	184,607

C. Condensed Interim Statements of Changes in Equity

The Group

2022

	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
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2022	76,985	(7,580)	(1,228)	10,012	16,771	3,415	180,605	278,980	10,321	289,301
Changes in equity for the period:										
Dividend payable of 1.00 cents per share	-	-	-	-	-	-	(8,550)	(8,550)	-	(8,550)
Total comprehensive income/ (loss) for the period	-	-	-	-	-	(2,285)	(8,463)	(10,748)	(651)	(11,399)
At 30 June 2022	76,985	(7,580)	(1,228)	10,012	16,771	1,130	163,592	259,682	9,670	269,352

2021

	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
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2021	76,985	(7,507)	(1,228)	9,809	16,638	(2,884)	177,722	269,535	11,469	281,004
Changes in equity for the period:										
Purchase of own shares	-	(73)	-	-	-	-	-	(73)	-	(73)
Share-based payment transactions	-	-	-	203	-	-	-	203	-	203
Dividend paid of 1.00 cents per share	-	-	-	-	-	-	(8,551)	(8,551)	-	(8,551)
Total comprehensive income/ (loss) for the period	-	-	-	-	-	3,969	9,671	13,640	827	14,467
At 30 June 2021	76,985	(7,580)	(1,228)	10,012	16,638	1,085	178,842	274,754	12,296	287,050

The Company

2022

	Share capital	Treasury shares	Capital reserve	Share option reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2022	76,985	(7,580)	(1,228)	10,012	105,214	183,403
Dividend payable of 1.00 cents per share	-	-	-	-	(8,550)	(8,550)
Total comprehensive income/ (loss) for the period	-	-	-	-	(1,344)	(1,344)
At 30 June 2022	76,985	(7,580)	(1,228)	10,012	95,320	173,509

2021

	Share capital	Treasury shares	Capital reserve	Share option reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2021	76,985	(7,507)	(1,228)	9,809	70,456	148,515
Purchase of own shares	-	(73)	-	-	-	(73)
Share-based payment transactions	-	-	-	203	-	203
Dividend paid of 1.00 cents per share	-	-	-	-	(8,551)	(8,551)
Total comprehensive income/ (loss) for the period	-	-	-	-	7,318	7,318
At 30 June 2021	76,985	(7,580)	(1,228)	10,012	69,223	147,412

D. Condensed Interim Consolidated Statement of Cash Flows

	6 Months ended 30-06-2022	6 Months ended 30-06-2021
	\$'000	\$'000
Cash flows from operating activities		
(Loss)/ Profit before income tax	(9,488)	14,586
Adjustments for:		
Depreciation and amortisation expenses	4,927	5,708
Equity-settled share-based payment transactions	-	203
(Gain)/ Loss on disposal of property, plant and equipment	(5)	8
Government grant utilised	(23)	(56)
Finance income	(2,226)	(2,113)
Finance cost	777	891
Exchange losses/ (gains)	1,293	(1,099)
Operating (loss)/ profit before working capital changes	(4,745)	18,128
Changes in working capital:		
Trade and other receivables	1,829	(10,162)
Inventories	12	(38)
Trade and other payables	(4,342)	434
Cash (used in)/ generated from operating activities	(7,246)	8,362
Income taxes paid	(197)	(1,608)
Net cash (used in)/ from operating activities	(7,443)	6,754
Cash flows from investing activities		
Purchase of property, plant and equipment	(671)	(2,264)
Proceeds from disposal of property, plant and equipment	1	-
Interest received	667	1,714
Net cash used in investing activities	(3)	(550)
Cash flows from financing activities		
Dividend paid to owners of company	(8,550)	(8,551)
Repurchase of own shares	-	(73)
Proceeds from borrowings	400	-
Repayment of borrowings	(482)	(1,200)
Repayment of lease liability	(592)	(729)
Interest paid on lease liabilities	(733)	(749)
Interest paid on borrowings	(44)	(143)
Net cash used in financing activities	(10,001)	(11,445)
Net decrease in cash and cash equivalents	(17,447)	(5,241)
Cash and cash equivalents at beginning of the period	177,494	177,671
Effects of exchange rate fluctuations	(3,086)	4,452
Cash and cash equivalents at end of the period	156,961	176,882

E. Selected Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Straco Corporation Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 10 Anson Road #30-15, International Plaza, Singapore 079903.

The principal activities of the Group and the Company are the development and management of tourism-related businesses.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies and methods of computation in the preparation of the interim financial statements for the current reporting period are consistent with those of the previous financial year ended 31 December 2021, which were in accordance with SFRS(I)s.

The condensed interim financial statements are presented, to the nearest thousand, in Singapore dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements, estimates and assumptions

In preparing the condensed interim financial statements, management has made judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgement made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Segment information

Reportable segments of the Group consist of the Group's strategic business units that are managed separately. For each of the strategic business units, the Group's Executive Chairman ("EC") reviews internal management reports on a monthly basis.

The Group has two reportable segments, as described below, which consists of the Group's strategic business units which are managed separately.

- Aquariums - This represents the operation of aquatic-related facilities and tourist attractions, including sea mammal performances in People's Republic of China ("PRC"). Retail, food and beverage are auxiliary goods and services arising from the operation of the above facilities.
- Giant Observation Wheel ("GOW") - This represents the operation of a circular giant observation structure, a complementary secondary attraction on site (the Time Capsule) and provision of commercial space in Singapore.

Other operations include the operation of cable-car facility. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2022 and 2021.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's EC. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Aquariums		GOW		Others		Total	
	1H ended		1H ended		1H ended		1H ended	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	4,668	16,049	4,026	4,456	118	1,360	8,812	21,865
Interest revenue	1,399	1,615	11	8	12	33	1,422	1,656
Interest expense	202	206	575	685	-	-	777	891
Insurance claim recovery	-	-	-	10,405	-	-	-	10,405
Depreciation and amortisation	1,529	2,095	3,181	3,399	182	179	4,892	5,673
Reportable segment (loss)/ profit before income tax	(2,548)	7,520	(4,879)	5,928	(764)	415	(8,191)	13,863
Reportable segment assets	128,471	164,839	159,458	170,474	8,271	12,202	296,200	347,515
Capital expenditure	411	1,024	57	783	202	446	670	2,253
Reportable segment liabilities	15,925	18,809	105,756	108,546	5,708	5,946	127,389	133,301

Disaggregation of revenue

	Aquariums		GOW		Others		Total	
	1H ended		1H ended		1H ended		1H ended	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Type of goods or services:								
Ticketing	4,413	15,278	3,188	3,626	118	1,360	7,719	20,264
Retail	212	633	143	195	-	-	355	828
Food and beverages	43	138	356	329	-	-	399	467
Others	-	-	195	147	-	-	195	147
Rental from lease under investment property	-	-	144	159	-	-	144	159
	4,668	16,049	4,026	4,456	118	1,360	8,812	21,865
Geographical information:								
China	4,668	16,049	-	-	118	1,360	4,786	17,409
Singapore	-	-	4,026	4,456	-	-	4,026	4,456
	4,668	16,049	4,026	4,456	118	1,360	8,812	21,865

Reconciliations of reportable segment profit or loss, assets and liabilities and other material items:

i) Segment profits or loss

	1H ended	
	30-06-2022	30-06-2021
	\$'000	\$'000
Profit or loss		
Total (loss)/ profit for reportable segments	(8,191)	13,863
Unallocated amounts:		
- Head office and corporate expenses	(2,853)	(1,773)
- Head office and corporate income	804	1,421
- Elimination on consolidation	752	1,075
Consolidated (loss)/ profit before income tax	(9,488)	14,586

ii) Segment assets and liabilities

	30-06-2022	30-06-2021
	\$'000	\$'000
Assets		
Total assets for reportable segments	296,200	347,515
Unallocated head office and corporate assets:		
- Property, plant and equipment	1,834	1,898
- Right-of-use assets	5	8
- Loan and advances to subsidiaries	40,250	26,750
- Other amounts due from subsidiaries	10,254	10,144
- Cash and short-term bank deposits	57,162	44,859
- Others	600	208
Elimination on consolidation	(55,247)	(41,650)
Consolidated total assets	351,058	389,732
Liabilities		
Total liabilities for reportable segments	127,389	133,301
Unallocated head office and corporate liabilities:		
- Other payables and accruals	690	673
- Amounts due to subsidiaries	5,702	5,698
- Lease liabilities	5	8
- Deferred tax liabilities	3,052	4,587
- Current tax liabilities	115	65
Elimination on consolidation	(55,247)	(41,650)
Consolidated total liabilities	81,706	102,682

iii) Other material items

	Reportable segment totals	Unallocated corporate amounts	Consolidated total
	\$'000	\$'000	\$'000
<u>1H ended 30-06-2022</u>			
Interest revenue	(1,422)	(804)	(2,226)
Interest expense	777	-	777
Capital expenditure	670	1	671
Depreciation and amortisation	4,892	35	4,927
<u>1H ended 30-06-2021</u>			
Interest revenue	(1,656)	(457)	(2,113)
Interest expense	891	-	891
Insurance claim recovery	(10,405)	-	(10,405)
Capital expenditure	2,253	11	2,264
Depreciation and amortisation	5,673	35	5,708

Geographical information

The assets and operations of the Group are primarily located in China and Singapore. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the facilities. Segment assets are based on the geographical location of the assets.

	Revenue	Non-current assets
	\$'000	\$'000
<u>As at 30-06-2022</u>		
China	4,786	36,303
Singapore	4,026	148,046
	8,812	184,349
<u>As at 30-06-2021</u>		
China	17,409	39,115
Singapore	4,456	154,930
	21,865	194,045

There is no concentration of revenue from a single external customer.

4. Profit before taxation

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

	1H ended	
	30-06-2022	30-06-2021
	\$'000	\$'000
Depreciation expenses	4,923	5,704
Amortisation of intangible assets	4	4
Insurance claim recovery	-	(10,405)
Interest income	(2,226)	(2,113)
Interest expense	777	891
Foreign exchange losses/ (gains)	1,298	(1,094)
(Gain)/ loss on disposal of property, plant and equipment	(5)	8
Government grant	(136)	(910)

- a) Depreciation expenses comprise depreciation of property, plant and equipment and depreciation of investment property.
- b) Interest income is mainly from fixed deposits placed with financial institutions.
- c) Interest expense comprises interest on bank borrowing and interest on lease liabilities.
- d) Foreign exchange losses/ (gains) arise mainly due to the movement of Renminbi ("RMB") against Singapore Dollars ("SGD").
- e) Government grant includes amount received or recognized under the Singapore government's job support scheme.

5. Income taxes

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	1H ended	
	30/06/2022	30/06/2021
	\$'000	\$'000
Current income tax expense	-	2,399
Deferred income tax expense/ (reversed)	(477)	1,822
Under provision of income tax in prior financial period	15	27
	(462)	4,248

6. Earnings per share

Earnings/(losses) per share	1H ended	
	30-06-2022	30-06-2021
(a) Based on the number of ordinary shares in issue (cents)	(0.99)	1.13
(b) On fully diluted basis (cents)	(0.99)	1.13

The calculation of basic losses per share for 1H ended 30 June 2022 is based on the net losses attributable to shareholders for the 1H ended 30 June 2022 divided by the weighted average number of ordinary shares outstanding of 854,965,680.

The calculation of basic earnings per share for 1H ended 30 June 2021 is based on the net profits attributable to shareholders for the 1H ended 30 June 2021 divided by the weighted average number of ordinary shares outstanding of 855,079,326.

The calculation of diluted losses per share for 1H ended 30 June 2022 is based on the net losses attributable to shareholders for the 1H ended 30 June 2022 divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 855,155,118.

The calculation of diluted earnings per share for 1H ended 30 June 2021 is based on the net profits attributable to shareholders for the 1H ended 30 June 2021 divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 855,409,586.

7. Net asset value

	Group		Company	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Net asset value per ordinary share (cents) based on number of issued shares excluding treasury shares at the end of:	30.37	32.63	20.29	21.45

Net asset value per ordinary share was calculated based on 854,965,680 ordinary shares issued (excluding treasury shares) as at 30 June 2022 and 854,965,680 ordinary shares issued (excluding treasury shares) as at 31 December 2021.

8. Dividends

No interim dividend for the half year ended 30 June 2022 (30 June 2021: Nil) is recommended. It is the Group's practice to recommend final dividend payment annually after its financial year ends.

9. Financial assets and financial liabilities

The carrying amounts of the financial assets and financial liabilities are as follows:

	Group		Company	
	At 30-06-2022	At 31-12-2021	At 30-06-2022	At 31-12-2021
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	157,961	178,494	55,284	69,358
Trade and other receivables	4,746	5,523	971	649
Loans and advances to subsidiaries	-	-	40,250	36,650
Financial assets at amortised cost	162,707	184,017	96,505	106,657
Financial liabilities				
Trade and other payables	(4,877)	(7,802)	(837)	(1,047)
Lease liabilities	(42,103)	(42,819)	-	-
Borrowings	(8,520)	(8,602)	-	-
Financial liabilities at amortised cost	(55,500)	(59,223)	(837)	(1,047)

10. Investment property

	At 30-06-2022	At 31-12-2021
	\$'000	\$'000
Cost		
Beginning of financial year	27,643	27,643
End of period/ financial year	27,643	27,643
Accumulated depreciation and impairment		
Beginning of financial year	8,162	6,973
Depreciation charge	394	789
Impairment	-	400
End of period/ financial year	8,556	8,162
Net book value	19,087	19,481

Investment property comprises lettable retail units at Singapore Flyer premise that are leased to third parties under operating leases. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses. Fair value assessment is performed annually by an external, independent and qualified valuer at the end of each financial year. As at 31 December 2021, the fair value of investment property was determined to be approximately \$19.5 million.

The fair value of the Group's investment property is classified within Level 3 of the fair value hierarchy and has been derived using the discounted cash flow approach and capitalisation approach. The most significant input in each valuation approach is the discount rate and capitalisation rate of 8.0% and 5.5% respectively.

11. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to \$0.671 million (30 June 2021: \$2.264 million).

12. Intangible assets and goodwill

	Group		
	Goodwill on consolidation	Logo and trademark	Total
	\$'000	\$'000	\$'000
At 30 June 2022			
Cost	1,419	3,345	4,764
Accumulated amortisation	-	(3,285)	(3,285)
Net book value	1,419	60	1,479
At 31 December 2021			
Cost	1,419	3,347	4,766
Accumulated amortisation	-	(3,282)	(3,282)
Net book value	1,419	65	1,484

Impairment test for goodwill arising on consolidation

Goodwill is allocated to the Group's cash-generating units ("CGUs") for a subsidiary in the PRC, Underwater World Xiamen Co Ltd, whose principal activity is the operation of an underwater aquarium.

The recoverable amount of this CGU is based on its value-in-use and is determined by discounting the future cash flows to be generated from the continuing use of the CGU.

Goodwill for this CGU are tested annually for impairment at the end of the financial year.

13. Borrowings

	Group			
	At 30-06-2022		At 31-12-2021	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount payable in one year or less, or on demand	978	-	968	-
Amount payable after one year	3,142	4,400	3,634	4,000

The bank borrowings of the Group are secured by corporate guarantee from the Company.

14. Share Capital

There was no share buy-back in 1H2022.

The Company's issued and fully paid-up shares as at 30 June 2022 comprised 854,965,680 (30 June 2021: 854,965,680) ordinary shares and 13,963,900 (30 June 2021: 13,963,900) treasury shares.

No share options were exercised and 2,460,000 share options had lapsed or expired in 1H2022. As at 30 June 2022, options to subscribe for 21,910,000 (30 June 2021: 24,430,000) ordinary shares remain outstanding.

(i) *Total number of issued shares excluding treasury shares*

	As at 30-06-2022	As at 31-12-2021
Total number of issued shares	868,929,580	868,929,580
Less: Treasury shares	(13,963,900)	(13,963,900)
Total number of issued shares excluding treasury shares	854,965,680	854,965,680

(ii) *Sales, transfer, disposal, cancellation and/or use of treasury shares*

Treasury shares	No. of shares	\$'000
Balance as at 31-12-2021	13,963,900	7,580
No. of shares purchased	-	-
No. of shares transferred on exercise of share option	-	-
Balance as at 30-06-2022	13,963,900	7,580

F. Other Information required by Listing Rule Appendix 7.2

1. Review

The Condensed Consolidated Statement of Financial Position of Straco Corporation Limited and its subsidiaries as at 30 June 2022 and the related Condensed Consolidated Profit or Loss and Other Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Revenue

In the first half of FY2022, the Group generated revenue of \$8.81 million, 59.7% lower than the corresponding period in 1H2021 as revenues from our three China attractions decreased significantly below 1H2021. Increased Covid-19 infections in China resulted in strict control measures being implemented, including protracted lockdowns in Shanghai, as the country is still enforcing a zero-Covid policy. Our flagship attraction, Shanghai Ocean Aquarium (“SOA”) faced prolonged closures since middle of March till end of June. Rides on Singapore Flyer were also suspended for about three months following the detection of a technical issue during a routine maintenance inspection, in compliance with the authority’s directive. There were no temporary closures of our attractions in 1H2021, albeit operating with safe distancing and preventive measures and capacity restriction in accordance with the authorities’ directive.

Overall visitation to all our attractions totalled 307,000 visitors for the half year, 65% lower than the corresponding period of 888,000 visitors in 1H2021; and slightly higher than the onset of the global pandemic in 1H2020.

Other income decreased significantly over corresponding period, in the absence of the arbitration award to Singapore Flyer for the insurance claim amounting to \$10.4 million as in 1H2021, as well as lower amounts received under the Singapore government’s job support scheme and lower income from concessionaire sales, offset by higher interest income.

Operational Results

Total Expenses (excluding finance cost) for 1H2022 was \$20.11 million, marginally lower than 1H2021. Exchange loss of \$1.3 million was recorded in this period, as Renminbi weakened against the Singapore Dollar in the current period compared to last year-end exchange rate. Excluding the exchange losses/ gains in both periods, total expenses for 1H2022 would have been \$18.82 million; 12% lower than 1H2021.

Depreciation and amortisation expenses decreased, mainly due to certain property, plant and equipment being fully depreciated. Retail and F&B cost of sales, and sales and marketing expenses were lower in view of the lower footfall. Rental expense decreased, mainly due to the much lower variable land rental at SOA as revenue generated in 1H2022 was significantly lower due to the temporary closure. Property and other taxes decreased 54.9% compared to 1H2021, mainly due to the significant reduction in annual value of our Giant Observation Wheel (Singapore Flyer), as revised by the Inland Revenue Authority. Utilities expense increased compared to 1H2021, due to rising energy cost.

Loss before tax was \$9.49 million for 1H2022, as all our attractions reported losses for the period.

Balance Sheet items

Trade and other receivables decreased 16.2% from \$6.2 million at 31 December 2021 to \$5.19 million at 30 June 2022, mainly due to last year’s trade receivable relating to sales of SingaporeRediscover Vouchers (“SRV”) being received via offset against deposits received from

the online travel agencies in the current period, Singapore Tourism Board's land rental waiver for October 2021 recognised in last year as receivable was reversed upon refund being received in the current period, and grant receivable under the Job Support Scheme recognised in last year was received in the current period; offset by increase in fixed deposits interest receivable recognised in the current period.

Other current assets increased 92.2% from \$0.71 million at 31 December 2021 to \$1.36 million at 30 June 2022, mainly due to increase at Singapore Flyer arising from increase in prepayment of insurance premiums for the yearly renewal in May 2022, progress payment for certain system upgrading and software development, as well as down payment for spoke cable assemblies and replacement works.

Reserves decreased 10.7% from \$21.39 million at 31 December 2021 to \$19.11 million at 30 June 2022, due to the translation loss of \$2.29 million arising from the weaker RMB against SGD at the end of the current period compared to the end of last year.

Trade and other payables decreased 36% from \$12.26 million at 31 December 2021 to \$7.84 million at 30 June 2022, mainly due to decrease in deposits from online travel agencies for the SRV scheme which were offset against trade receivables in current period and that the SRV scheme has ceased, decrease in deferred revenue upon SRV tickets being redeemed in the current period; decrease in variable land rental payable at SOA as no revenue was generated in the second quarter, as well as certain expenses accrued in last year has been paid in the current period.

Deferred income decreased 30% from \$0.08 million at 31 December 2021 to \$0.06 million at 30 June 2022, due to the periodic recognition of deferred income to profit & loss in the current period.

Current tax liabilities decreased 81.9% from \$0.22 million at 31 December 2021 to \$0.04 million at 30 June 2022, mainly due to no provision of income taxes for the current period in view of the losses incurred by all attractions, payment of 4Q2021 income taxes by SOA in the current period and instalment payment of YA2022 income taxes at HQ; offset by refund of last year's income taxes paid by Underwater World Xiamen upon finalisation of 2021 tax status by the tax bureau.

Cash flow Statement

The Group reported net cash of \$7.44 million used in operating activities for 1H2022, compared to net cash generated of \$6.75 million in 1H2021, in view of the losses incurred in the current period. Final dividend of 1.0 cent per share in respect of FY2021 was paid out to the Company's shareholders in the current period, upon the passing of resolution at the AGM held in April 2022. Borrowings of \$0.4 million was received by Singapore Flyer from its minority shareholder, being their share of 10% of the agreed shareholders' loan quantum. Instalment repayment of borrowings and interest in 1H2022 totalled \$0.53 million for the temporary bridging loan taken up by Singapore Flyer in July 2021, compared to the repayment of \$1.34 million in 1H2021 for the term loan taken up in 2014 for the acquisition of Singapore Flyer. The term loan has been fully repaid in November 2021.

As at 30 June 2022, the Group's cash and cash equivalent balance amounted to \$156.96 million.

3. Whether a forecast, or 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 period under review, except for the profit guidance provided on 18 July 2022.

4. 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 2.5% year-on-year in the first half of 2022, dragged down by a slow 0.4% expansion in the second quarter from the same period last year, as the economy was affected by the Covid lockdowns. Shanghai, in particular, was in a two-month city-wide lockdown that stretched from April to June, resulting in a 13.7% contraction in Shanghai's GDP.

Singapore's economy grew 4.8% on a year-on-year basis in the second quarter of 2022, according to advance estimates released by the Ministry of Trade and Industry ("MTI"). On the tourism sector, the Singapore Tourism Board ("STB") had reported that, with the reopening of borders under the Vaccinated Travel Framework since 1 April 2022, Singapore received 1.5 million visitors in the first half of 2022, compared to 119,000 visitors in the same period of 2021. As global travel picks up pace, and with a strong pipeline of events such as Singapore Grand Prix 2022, as well as new and rejuvenated offerings, Singapore expects to receive between 4 to 6 million international visitors in 2022.

As uncertainties remain for the Covid-19 situation in China and with the increasing risk of stagflation in the world economy, the Group will continue to closely monitor and manage the impact on its operations.

5. Dividend information

(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.

No dividend has been declared/ recommended for the current financial period.

6. Interested person transaction

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

7. 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.

8. Negative confirmation pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge and belief, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Wu Hsioh Kwang
Chairman

Lim Song Joo
Director

BY ORDER OF THE BOARD,

Lotus Isabella Lim Mei Hua
Company Secretary
12 August 2022