

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

FIRST QUARTER ENDED 31 MARCH 2015 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

	1Q ended		
	31/03/2015	31/03/2014	<i>Change</i>
	S\$'000	S\$'000	%
Revenue	25,154	14,663	71.5
Other income	827	1,033	(19.9)
Less:			
Depreciation and amortisation expense	(3,144)	(989)	217.9
Sales and marketing expenses	(627)	(337)	86.1
Exchange losses	(231)	(1,010)	(77.1)
Operating lease expense	(1,421)	(799)	77.8
Property and other taxes	(374)	(102)	266.7
Repair and maintenance expenses	(1,209)	(445)	171.7
Staff cost	(3,549)	(2,380)	49.1
Utilities expense	(867)	(552)	57.1
Other operating expenses	(910)	(362)	151.4
Other administrative expenses	(795)	(497)	60.0
Operating profit	12,854	8,223	56.3
Finance costs	(440)	-	<i>n.m.</i>
Profit before income tax	12,414	8,223	51.0
Tax expense	(3,229)	(2,598)	24.3
Profit for the period	9,185	5,625	63.3
Profit attributable to:			
Owners of the Company	8,683	5,409	60.5
Non-controlling interests	502	216	132.4
Profit for the period	9,185	5,625	63.3

STATEMENT OF COMPREHENSIVE INCOME

	1Q ended		
	31/03/2015	31/03/2014	Change
	S\$'000	S\$'000	%
Profit for the period	9,185	5,625	63.3
Other comprehensive income/(loss) for the period, net of tax			
Translation differences relating to financial statements of foreign subsidiaries	5,806	(2,771)	n.m.
Other comprehensive income/ (loss) for the period, net of tax	5,806	(2,771)	n.m.
Total comprehensive income for the period	14,991	2,854	425.3
Total comprehensive income attributable to:			
Owners of the Company	14,282	2,739	421.4
Non-controlling interests	709	115	516.5
Total comprehensive income for the period	14,991	2,854	425.3

n.m. – not meaningful

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

	1Q ended	
	31/03/2015	31/03/2014
	S\$'000	S\$'000
Depreciation of property, plant and equipment	2,586	989
Depreciation of investment property	352	-
Amortisation of intangible assets	206	-
Interest income	(436)	(755)
Interest expense	440	-
Foreign exchange losses	231	1,010
Loss on disposal of property, plant and equipment	12	1
Government grant	(18)	(16)

Notes:

1. The increases in depreciation and amortisation expenses are mainly attributable to the depreciation and amortization charges on the assets, investment property, and intangible assets of Singapore Flyer acquired by a subsidiary, Straco Leisure Pte Ltd ("SLPL") in November 2014.
2. Interest expense of \$440,000 is mainly attributable to the long-term bank borrowing for the purpose of acquiring the assets of Singapore Flyer.
3. Foreign exchange differences arise 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 31/03/2015	As at 31/12/2014	As at 31/03/2015	As at 31/12/2014
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	139,983	139,645	2,279	2,301
Investment property	49,659	49,883		
Investments in subsidiaries	-	-	102,220	102,220
Intangible assets	4,407	4,613	-	-
	194,049	194,141	104,499	104,521
Current assets				
Inventories	2,231	2,790	-	-
Trade and other receivables	4,576	3,913	-	-
Loans and receivables from subsidiaries	-	-	1,419	1,837
Other current assets	1,462	1,391	46	23
Cash and cash equivalents	123,536	112,465	3,081	3,770
	131,805	120,559	4,546	5,630
Total assets	325,854	314,700	109,045	110,151
Equity attributable to owners of the Company				
Share capital	76,985	76,985	76,985	76,985
Reserves	22,042	16,008	(956)	(1,391)
Retained earnings	102,332	93,649	24,059	25,491
	201,359	186,642	100,088	101,085
Non-controlling interests	8,445	7,736	-	-
Total equity	209,804	194,378	100,088	101,085
Non-current liabilities				
Borrowings	70,900	73,900	-	-
Deferred income	138	150	-	-
Deferred tax liabilities	13,373	13,060	-	-
Provision for reinstatement cost	374	-	-	-
	84,785	87,110	-	-
Current liabilities				
Trade and other payables	8,553	11,101	639	1,071
Amounts due to subsidiaries	-	-	558	536
Current tax liabilities	2,952	2,652	-	-
Current borrowings	19,760	19,459	7,760	7,459
	31,265	33,212	8,957	9,066
Total liabilities	116,050	120,322	8,957	9,066
Total equity and liabilities	325,854	314,700	109,045	110,151

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

	As at 31/03/2015		As at 31/12/2014	
	<u>Secured</u> S\$'000	<u>Unsecured</u> S\$'000	<u>Secured</u> S\$'000	<u>Unsecured</u> S\$'000
Amount payable in one year or less, or on demand	19,759,672	-	19,458,711	-
Amount payable after one year	68,000,000	2,900,000	71,000,000	2,900,000

Details of any collateral

The borrowings are secured by fixed and floating charges over certain assets of certain subsidiaries 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 31/03/2015	Q1 ended 31/03/2014
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before income tax	12,414	8,223
Adjustments for:		
Amortisation of intangible assets	206	-
Depreciation of property, plant and equipment	2,586	989
Depreciation of investment property	352	-
Equity-settled share-based payment transactions	435	136
Loss on disposal of property, plant and equipment	12	1
Government grant utilised	(18)	(16)
Interest income	(436)	(755)
Interest expense	440	-
Exchange losses	225	1,001
Operating profit before working capital changes	16,216	9,579
Changes in working capital:		
Trade and other receivables	(299)	(861)
Inventories	622	45
Trade and other payables	(2,825)	(2,119)
Cash generated from operating activities	13,714	6,644
Income taxes paid	(2,717)	(5,791)
Net cash from operating activities	10,997	853
Cash flows from investing activities		
Purchase of property, plant and equipment	(971)	(267)
Interest received	158	582
Net cash (used in)/ from investing activities	(813)	315
Cash flows from financing activities		
Proceeds from exercise of share options	-	234
Repayment of borrowings	(3,000)	-
Interest paid	(355)	-
Net cash (used in)/ from financing activities	(3,355)	234
Net increase in cash and cash equivalents	6,829	1,402
Cash and cash equivalents at beginning of the period	112,465	108,055
Effects of exchange rate fluctuations	4,242	(2,625)
Cash and cash equivalents at end of the period	123,536	106,832

Included in cash and cash equivalent is an amount of \$18.74 million (31 March 2014: Nil) deposit pledged as security to obtain credit facilities.

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
At 1 January 2015	76,985	(4,710)	(267)	3,586	12,282	5,117	93,649	186,642	7,736	194,378
Changes in equity for the period:										
Share-based payment transactions	-	-	-	435	-	-	-	435	-	435
Total comprehensive income for the period	-	-	-	-	-	5,599	8,683	14,282	709	14,991
At 31 March 2015	76,985	(4,710)	(267)	4,021	12,282	10,716	102,332	201,359	8,445	209,804

(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
At 1 January 2014	76,985	(5,043)	(206)	2,246	12,208	1,725	72,981	160,896	3,116	164,012
Changes in equity for the period:										
Share-based payment transactions	-	-	-	136	-	-	-	136	-	136
Treasury shares reissued	-	258	(24)	-	-	-	-	234	-	234
Total comprehensive income for the period	-	-	-	-	-	(2,670)	5,409	2,739	115	2,854
At 31 March 2014	76,985	(4,785)	(230)	2,382	12,208	(945)	78,390	164,005	3,231	167,236

(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
At 1 January 2015	76,985	(4,710)	(267)	3,586	25,491	101,085
Share-based payment transactions	-	-	-	435	-	435
Total comprehensive income/ (loss) for the period	-	-	-	-	(1,432)	(1,432)
At 31 March 2015	76,985	(4,710)	(267)	4,021	24,059	100,088

(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
At 1 January 2014	76,985	(5,043)	(206)	2,246	38,256	112,238
Share-based payment transactions	-	-	-	136	-	136
Treasury shares re-issued	-	258	(24)	-	-	234
Total comprehensive income/ (loss) for the period	-	-	-	-	(1,329)	(1,329)
At 31 March 2014	76,985	(4,785)	(230)	2,382	36,927	111,279

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 exercise of share options during the 1Q2015.

The Company's issued and fully paid up shares as at 31 March 2015 comprised 847,459,580 (31 March 2014: 845,029,580) ordinary shares and 21,470,000 (31 March 2014: 23,900,000) treasury shares.

As at 31 March 2015, options to subscribe for 26,850,000 (31 March 2014: 22,410,000) 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 31/03/2015	As at 31/12/2014
Total number of issued shares	868,929,580	868,929,580
Less: Treasury shares	(21,470,000)	(21,470,000)
Total number of issued shares excluding treasury shares	847,459,580	847,459,580

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 31/12/2014 and 31/03/2015	21,470,000	4,710

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 2014.

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 2015 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	
	31/03/2015	31/03/2014
(a) Based on the number of ordinary shares in issue (cents)	1.02	0.64
(b) On fully diluted basis (cents)	1.01	0.63

The calculation of basic earnings per share for 1Q ended 31 March 2015 is based on the net profits attributable to shareholders for the 1Q ended 31 March 2015 divided by the weighted average number of ordinary shares outstanding of 847,459,580.

The calculation of basic earnings per share for 1Q ended 31 March 2014 is based on the net profits attributable to shareholders for the 1Q ended 31 March 2014 divided by the weighted average number of ordinary shares outstanding of 844,068,024.

The calculation of diluted earnings per share for 1Q ended 31 March 2015 is based on the net profits attributable to shareholders for the 1Q ended 31 March 2015 divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 861,209,205.

The calculation of diluted earnings per share for 1Q ended 31 March 2014 is based on the net profits attributable to shareholders for the 1Q ended 31 March 2014 divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 856,771,826.

- 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	
	31/03/2015	31/12/2014	31/03/2015	31/12/2014
Net asset value per ordinary share (cents) based on number of issued shares excluding treasury shares at the end of:	23.76	22.02	11.81	11.93

Net asset value per ordinary share was calculated based on 847,459,580 ordinary shares issued (excluding treasury shares) as at 31 March 2015 and 31 December 2014.

- 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 FY2015, the Group achieved sales of \$25.15 million, an increase of 71.5% over the same period in FY2014, mainly attributable to the revenue contributed by Straco Leisure Pte Ltd ("SLPL") from the operation of the Singapore Flyer acquired in November 2014, as well as increased revenue from Shanghai Ocean Aquarium ("SOA") arising from more visitor arrival compared to 1Q2014.

Overall visitation to all our attractions was 942,000 visitors for the quarter, an increase of 32.9% compared to 1Q2014, attributable to the addition of the Singapore Flyer to our Group.

Operational Results

Other income for 1Q2015 decreased \$206,000, or 19.9% from 1Q2014, mainly attributable to lower interest income recognized in the current period.

Expenses (excluding finance cost) in total for 1Q2015 increased \$5.65 million, or 75.7% from 1Q2014, mainly attributable to the expenses incurred by SLPL for the operation of the Singapore Flyer, as explained above.

Profit before tax was \$12.41 million for the current quarter, an increase of 51% compared to the profit before tax of \$8.22 million for 1Q2014.

Balance Sheet items

Inventories decreased 20% from \$2.79 million at 31 December 2014 to \$2.23 million at 31 March 2015, mainly due to reclassification of certain spare parts at Lixing Cable Car to property, plant and equipment.

Trade and other receivables increased 16.9% from \$3.91 million at 31 December 2014 to \$4.58 million at 31 March 2015 mainly due to increase in trade receivables in SOA on increased

business volume, increased in interest receivables from fixed deposits placed, as well as increased in other receivables at SLPL arising from the GST input tax claimable for the quarter.

Reserves increased from \$16.01 million at 31 December 2014 to \$22.04 million at 31 March 2015, due to the translation gain of \$5.6 million arising from the stronger RMB currency against SGD at the end of the current period compared to the end of last year, as well as the share option reserves of \$435,000 recognised in the current period arising from share options granted in May 2014.

Provision for reinstatement cost of \$374,000 as at 31 March 2015 was made by SLPL in accordance with the requirements under the lease agreement.

Trade and other payables decreased 23% from \$11.1 million at 31 December 2014 to \$8.55 million at 31 March 2015, mainly due to the decrease in trade payables, as well as the payment of performance bonus which were accrued in last year.

Current tax liabilities increased 11.3% from \$2.65 million at 31 December 2014 to \$2.95 million at 31 March 2015, mainly due to the provision of income taxes on 1Q2015 profits of SOA, UWX, Lixing Cable Car, and SLPL, partially offset by the payment of 4Q2014 income taxes by SOA, UWX, and Lixing Cable Car in the current period.

Cash flow Statement

The Group generated net cash from operating activities before working capital changes of \$16.22 million in 1Q2015, compared to \$9.58 million in 1Q2014, mainly attributable to the operating cash flow generated by the Singapore Flyer at SLPL, which was acquired in November 2014. As at 31 March 2015, the Group's cash and cash equivalent balance amounted to \$123.54 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 7% in the first quarter of 2015, compared to the same period a year ago. This was the weakest quarterly expansion since 2009, and was widely expected as the Chinese government continues with structural adjustment and transformation to move the economy towards a more sustainable growth model. However, to avoid an abrupt slowdown that could cause unemployment and threaten financial stability, further easing of monetary policy is expected in the coming months.

In Singapore, the outlook of the tourism sector remains good. Despite a dip in the total number of visitors in 2014, tourism receipts had remained constant, as per capita spending rose. The Singapore Tourism Board has recently announced a \$20 million campaign to attract visitors to Singapore. The campaign will run from middle of the year till December and will be launched in several countries in Asia. This augurs well for the Group.

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 1Q2015 financial results to be false or misleading in any material aspect.

On behalf of the Board

Wu Hsioh Kwang
Chairman

Lim Song Joo
Director

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

15. 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.

- 16. 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.

- 17. A breakdown of sales.**

Not applicable.

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

Not applicable.

- 19. 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
8 May 2015