

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

**SECOND QUARTER ENDED 30 JUNE 2019 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**

	2Q ended			6 Months ended		
	30/06/2019	30/06/2018	Change	30/06/2019	30/06/2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	26,426	28,270	(6.5)	51,007	47,065	8.4
Other income	1,851	1,592	16.3	3,659	3,296	11.0
Less:						
Depreciation and amortisation expense	(2,737)	(2,259)	21.2	(5,540)	(5,121)	8.2
Changes in inventories and purchases of goods	(703)	(710)	(1.0)	(1,466)	(1,240)	18.2
Consultancy expense	(213)	(138)	54.3	(456)	(286)	59.4
Sales and marketing expenses	(437)	(598)	(26.9)	(1,023)	(1,245)	(17.8)
Exchange (losses)/ gains	(391)	-	n.m.	76	178	(57.3)
Loss on disposal of property, plant and equipment	(16)	(8)	100.0	(21)	(20)	5.0
Operating lease expense	(893)	(1,629)	(45.2)	(1,662)	(3,102)	(46.4)
Property and other taxes	(402)	(450)	(10.7)	(821)	(879)	(6.6)
Repair and maintenance expenses	(1,044)	(1,241)	(15.9)	(2,000)	(2,355)	(15.1)
Staff cost	(5,753)	(5,595)	2.8	(11,579)	(11,020)	5.1
Utilities expense	(674)	(632)	6.6	(1,357)	(1,281)	5.9
Other operating expenses	(501)	(398)	25.9	(996)	(723)	37.8
Other administrative expenses	(596)	(594)	0.3	(1,059)	(1,059)	0.0
Operating profit	13,917	15,610	(10.8)	26,762	22,208	20.5
Finance costs	(499)	(282)	77.0	(1,017)	(551)	84.6
Profit before income tax	13,418	15,328	(12.5)	25,745	21,657	18.9
Tax expense	(3,854)	(3,881)	(0.7)	(7,172)	(6,698)	7.1
<b>Profit for the period</b>	<b>9,564</b>	<b>11,447</b>	<b>(16.4)</b>	<b>18,573</b>	<b>14,959</b>	<b>24.2</b>
<b>Profit attributable to:</b>						
Owners of the Company	9,006	10,825	(16.8)	17,512	14,379	21.8
Non-controlling interests	558	622	(10.3)	1,061	580	82.9
<b>Profit for the period</b>	<b>9,564</b>	<b>11,447</b>	<b>(16.4)</b>	<b>18,573</b>	<b>14,959</b>	<b>24.2</b>

**STATEMENT OF COMPREHENSIVE INCOME**

	2Q ended			6 Months ended		
	30/06/2019	30/06/2018	Change	30/06/2019	30/06/2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Profit for the period</b>	<b>9,564</b>	<b>11,447</b>	<b>(16.4)</b>	<b>18,573</b>	<b>14,959</b>	<b>24.2</b>
<b>Other comprehensive income for the period, net of tax</b>						
Translation differences relating to financial statements of foreign subsidiaries	(3,900)	(1,948)	100.2	(1,724)	1,255	n.m.
<b>Other comprehensive income for the period, net of tax</b>	<b>(3,900)</b>	<b>(1,948)</b>	<b>100.2</b>	<b>(1,724)</b>	<b>1,255</b>	<b>n.m.</b>
<b>Total comprehensive income for the period</b>	<b>5,664</b>	<b>9,499</b>	<b>(40.4)</b>	<b>16,849</b>	<b>16,214</b>	<b>3.9</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	5,246	8,951	(41.4)	15,850	15,599	1.6
Non-controlling interests	418	548	(23.7)	999	615	62.4
<b>Total comprehensive income for the period</b>	<b>5,664</b>	<b>9,499</b>	<b>(40.4)</b>	<b>16,849</b>	<b>16,214</b>	<b>3.9</b>

n.m. – not meaningful

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

	2Q ended		6 Months ended	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,702	1,745	3,469	4,094
Depreciation of right-of-use asset	519	-	1,040	-
Depreciation of investment property	363	361	726	722
Amortisation of intangible assets	153	153	305	305
Interest income	(1,322)	(1,119)	(2,689)	(2,157)
Interest expense	499	282	1,017	551
Foreign exchange losses/ (gains)	391	-	(76)	(178)
Loss on disposal of property, plant and equipment	16	8	21	20
Government grant	(76)	(17)	(93)	(136)

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, as well as the interest on finance lease arising from the adoption of SFRS(I) 16 with effect from 1 January 2019.
3. Foreign exchange losses/ (gains) 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
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	111,647	113,540	1,998	2,024
Right-of-use assets	32,540	-	-	-
Investment property	45,035	45,761	-	-
Investments in subsidiaries	-	-	76,071	76,071
Loans and advances to subsidiaries	-	-	26,750	26,750
Intangible assets	1,673	1,978	-	-
	190,895	161,279	104,819	104,845
<b>Current assets</b>				
Inventories	2,114	2,196	-	-
Trade and other receivables	6,598	5,824	204	40
Loans and receivables from subsidiaries	-	-	417	488
Other current assets	1,398	988	39	27
Fixed deposits pledged	1,000	1,000	-	-
Cash and cash equivalents	188,434	201,695	18,384	46,075
	199,544	211,703	19,044	46,630
<b>Total assets</b>	<b>390,439</b>	<b>372,982</b>	<b>123,863</b>	<b>151,475</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	76,985	76,985	76,985	76,985
Reserves	14,619	13,827	5,247	2,901
Retained earnings	179,792	192,632	40,829	70,039
	271,396	283,444	123,061	149,925
<b>Non-controlling interests</b>	12,753	11,856	-	-
<b>Total equity</b>	<b>284,149</b>	<b>295,300</b>	<b>123,061</b>	<b>149,925</b>
<b>Non-current liabilities</b>				
Borrowings	19,900	25,900	-	-
Finance lease liabilities	31,541	-	-	-
Deferred income	154	188	-	-
Deferred tax liabilities	23,392	21,456	-	-
Provision for reinstatement cost	5,184	5,184	-	-
	80,171	52,728	-	-
<b>Current liabilities</b>				
Trade and other payables	9,626	10,729	299	958
Amounts due to subsidiaries	-	-	503	507
Current tax liabilities	2,939	2,225	-	85
Finance lease liabilities	1,554	-	-	-
Current borrowings	12,000	12,000	-	-
	26,119	24,954	802	1,550
<b>Total liabilities</b>	<b>106,290</b>	<b>77,682</b>	<b>802</b>	<b>1,550</b>
<b>Total equity and liabilities</b>	<b>390,439</b>	<b>372,982</b>	<b>123,863</b>	<b>151,475</b>

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

	As at 30/06/2019		As at 31/12/2018	
	<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	12,000	-	12,000	-
Amount payable after one year	17,000	2,900	23,000	2,900

**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				
	Q2 ended 30/06/2019	Q2 ended 30/06/2018	6 Months ended 30/06/2019	6 Months ended 30/06/2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	13,418	15,328	25,745	21,657
Adjustments for:				
Amortisation of intangible assets	153	153	305	305
Depreciation of property, plant and equipment	1,702	1,745	3,469	4,094
Depreciation of right-of-use asset	519	-	1,040	-
Depreciation of investment property	363	361	726	722
Equity-settled share-based payment transactions	114	185	296	377
Loss on disposal of property, plant and equipment	16	8	21	20
Government grant utilised	(16)	(15)	(33)	(30)
Interest income	(1,322)	(1,119)	(2,689)	(2,157)
Interest expense	499	282	1,017	551
Exchange losses/ (gains)	387	(8)	(77)	(188)
Operating profit before working capital changes	15,833	16,920	29,820	25,351
Changes in working capital:				
Trade and other receivables	(602)	(288)	(577)	(199)
Inventories	23	(137)	71	(103)
Trade and other payables	860	1,381	(762)	(1,086)
Cash generated from operating activities	16,114	17,876	28,552	23,963
Interest paid on lease liability	(252)	-	(509)	-
Income taxes paid	(2,339)	(4,891)	(4,486)	(7,367)
Net cash from operating activities	13,523	12,985	23,557	16,596
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(873)	(698)	(1,884)	(1,428)
Proceeds from disposal of property, plant and equipment	1	1	1	1
Interest received	1,488	1,744	2,020	1,975
Net cash from investing activities	616	1,047	137	548
<b>Cash flows from financing activities</b>				
Dividend paid to owners of company	(30,244)	(21,555)	(30,244)	(21,555)
Dividend paid to non-controlling interests	(102)	-	(102)	(73)
Repurchase of own shares	-	(653)	-	(653)
Proceeds from exercise of share options	2,050	528	2,050	528
Repayment of borrowings	(3,000)	(3,000)	(6,000)	(6,000)
Repayment of lease liability	(384)	-	(765)	-
Interest paid	(248)	(292)	(523)	(550)
Net cash used in financing activities	(31,928)	(24,972)	(35,584)	(28,303)
<b>Net decrease in cash and cash equivalents</b>	(17,789)	(10,940)	(11,890)	(11,159)
Cash and cash equivalents at beginning of the period	209,813	192,951	201,695	190,414
Effects of exchange rate fluctuations	(3,590)	(1,564)	(1,371)	1,192
<b>Cash and cash equivalents at end of the period</b>	<b>188,434</b>	<b>180,447</b>	<b>188,434</b>	<b>180,447</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 2019</b>	76,985	(4,547)	(1,377)	8,825	16,412	(5,486)	192,632	283,444	11,856	295,300
Changes in equity for the period:										
Share-based payment transactions	-	-	-	182	-	-	-	182	-	182
Total comprehensive income for the period	-	-	-	-	-	2,098	8,506	10,604	581	11,185
<b>At 31 March 2019</b>	76,985	(4,547)	(1,377)	9,007	16,412	(3,388)	201,138	294,230	12,437	306,667
Changes in equity for the period:										
Share-based payment transactions	-	-	-	114	-	-	-	114	-	114
Treasury shares reissued	-	1,901	149	-	-	-	-	2,050	-	2,050
Transfer to general reserve fund	-	-	-	-	108	-	(108)	-	-	-
Dividend paid of 3.50 cents per share	-	-	-	-	-	-	(30,244)	(30,244)	-	(30,244)
Dividend to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	(102)	(102)
Total comprehensive income for the period	-	-	-	-	-	(3,760)	9,006	5,246	418	5,664
<b>At 30 June 2019</b>	76,985	(2,646)	(1,228)	9,121	16,520	(7,148)	179,792	271,396	12,753	284,149

(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 2018</b>	76,985	(4,195)	(982)	8,085	16,304	(1,754)	172,460	266,903	11,489	278,392
Changes in equity for the period:										
Share-based payment transactions	-	-	-	192	-	-	-	192	-	192
Transfer to general reserve fund	-	-	-	-	77	-	(77)	-	-	-
Dividend to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	(73)	(73)
Total comprehensive income for the period	-	-	-	-	-	3,094	3,554	6,648	67	6,715
<b>At 31 March 2018</b>	76,985	(4,195)	(982)	8,277	16,381	1,340	175,937	273,743	11,483	285,226
Changes in equity for the period:										
Purchase of own shares	-	(653)	-	-	-	-	-	(653)	-	(653)
Share-based payment transactions	-	-	-	185	-	-	-	185	-	185
Treasury shares reissued	-	923	(395)	-	-	-	-	528	-	528
Transfer to general reserve fund	-	-	-	-	31	-	(31)	-	-	-
Dividend paid of 2.50 cents per share	-	-	-	-	-	-	(21,555)	(21,555)	-	(21,555)
Dividend to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	(1,717)	(1,717)
Total comprehensive income for the period	-	-	-	-	-	(1,874)	10,825	8,951	548	9,499
<b>At 30 June 2018</b>	76,985	(3,925)	(1,377)	8,462	16,412	(534)	165,176	261,199	10,314	271,513

**(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 2019</b>	76,985	(4,547)	(1,377)	8,825	70,039	149,925
Share-based payment transactions	-	-	-	182	-	182
Total comprehensive income/ (loss) for the period	-	-	-	-	(30)	(30)
<b>At 31 March 2019</b>	76,985	(4,547)	(1,377)	9,007	70,009	150,077
Share-based payment transactions	-	-	-	114	-	114
Treasury shares reissued	-	1,901	149	-	-	2,050
Dividend paid of 3.50 cents per share	-	-	-	-	(30,244)	(30,244)
Total comprehensive income/ (loss) for the period	-	-	-	-	1,064	1,064
<b>At 30 June 2019</b>	76,985	(2,646)	(1,228)	9,121	40,829	123,061

(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 2018</b>	76,985	(4,195)	(982)	8,085	48,655	128,548
Share-based payment transactions	-	-	-	192	-	192
Total comprehensive income/ (loss) for the period	-	-	-	-	771	771
<b>At 31 March 2018</b>	76,985	(4,195)	(982)	8,277	49,426	129,511
Purchase of own shares	-	(653)	-	-	-	(653)
Share-based payment transactions	-	-	-	185	-	185
Treasury shares reissued	-	923	(395)	-	-	528
Dividend paid of 2.50 cents per share	-	-	-	-	(21,555)	(21,555)
Total comprehensive income/ (loss) for the period	-	-	-	-	44,547	44,547
<b>At 30 June 2018</b>	76,985	(3,925)	(1,377)	8,462	72,418	152,563

**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 was no share buyback in 2Q2019.

During the second quarter ended 30 June 2019, 3,460,000 share options were exercised from the options that were granted in 2012 and 2014; resulting in 3,460,000 treasury shares being reissued.

The Company's issued and fully paid up shares as at 30 June 2019 comprised 864,114,280 (30 June 2018: 861,492,380) ordinary shares and 4,815,300 (30 June 2018: 7,437,200) treasury shares.

During the second quarter ended 30 June 2019, 1,318,000 share options had lapsed upon the retirement of a director, and the Company issued 4,490,000 share options to the directors and employees of the Group pursuant to the acceptances of share options granted on 23 May 2019.

As at 30 June 2019, options to subscribe for 25,690,000 (30 June 2018: 26,242,000) 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.**

	<b>As at 30/06/2019</b>	<b>As at 31/12/2018</b>
Total number of issued shares	868,929,580	868,929,580
Less: Treasury shares	(4,815,300)	(8,275,300)
Total number of issued shares excluding treasury shares	864,114,280	860,654,280

**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.**

<b>Treasury shares</b>	<b>No. of shares</b>	<b>S\$'000</b>
Balance as at 31/03/2019	8,275,300	4,547
No. of shares transferred on exercise of share option	(3,460,000)	(1,901)
Balance as at 30/06/2019	4,815,300	2,646

**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 accounting policies and methods of computation in the preparation of the financial statements for the current reporting period are consistent with those of the audited financial statements for the financial year ended 31 December 2018, except as disclosed in paragraph 5 below.

**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.**

The Group have adopted the following new SFRS(I)s from the financial year beginning 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS (I) INT 23 *Uncertainty over Income Tax Treatments*



In adopting SFRS(I) 16, the Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised, except for short-term leases and leases of low value assets.

The adoption of SFRS(I) 16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. The differences from the balance sheet as previously reported at 31 December 2018 are as follows:

	Group	
	1 January 2019	31 December 2018
	S\$'000	S\$'000
Increase/ (Decrease) in:		
<b><u>Statement of Financial Position</u></b>		
Right-of-use asset	33,655	-
Finance lease liabilities	33,940	-

The adoption of SFRS(I) INT 23 is assessed to have no material 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	Q2 ended		6 Months ended	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
(a) Based on the number of ordinary shares in issue (cents)	1.04	1.26	2.03	1.67
(b) On fully diluted basis (cents)	1.04	1.25	2.03	1.67

The calculation of basic earnings per share for 2Q and 6 months ended 30 June 2019 are based on the net profits attributable to shareholders for the 2Q and 6 months ended 30 June 2019 divided by the weighted average number of ordinary shares outstanding of 863,796,588 and 862,234,114 respectively.

The calculation of basic earnings per share for 2Q and 6 months ended 30 June 2018 are based on the net profits attributable to shareholders for the 2Q and 6 months ended 30 June 2018 divided by the weighted average number of ordinary shares outstanding of 861,422,737 and 860,962,366 respectively.

The calculation of diluted earnings per share for 2Q and 6 months ended 30 June 2019 are based on the net profits attributable to shareholders for the 2Q and 6 months ended 30 June 2019 divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 864,625,010 and 863,404,112 respectively.

The calculation of diluted earnings per share for 2Q and 6 months ended 30 June 2018 are based on the net profits attributable to shareholders for the 2Q and 6 months ended 30 June 2018 divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 863,403,593 and 863,328,170 respectively.

- 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	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Net asset value per ordinary share (cents) based on number of issued shares excluding treasury shares at the end of:	31.41	32.93	14.24	17.42

Net asset value per ordinary share was calculated based on 864,114,280 ordinary shares issued (excluding treasury shares) as at 30 June 2019 and 860,654,280 ordinary shares issued (excluding treasury shares) as at 31 December 2018.

- 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 second quarter of FY2019, the Group achieved sales of \$26.43 million, 6.5% lower than the corresponding period in 2Q2018 as all three attractions at China reported lower revenue on decreased visitor numbers, partially offset by increased revenue at Singapore Flyer this quarter compared to 2Q2018 on higher volume as it was permitted to operate at full capacity since 31 January 2019.

Overall visitation to all our attractions was 1.08 million visitors for the quarter, 11.4% lower than the corresponding period in 2Q2018.

Cumulatively, overall revenue for the first half of FY2019 amounted to \$51.01 million, 8.4% higher than corresponding period in 1H2018.

### Operational Results

Total Expenses (excluding finance cost) for 2Q2019 was 14.36 million, 0.8% higher than 2Q2018. Depreciation and amortization expense increased, mainly attributable to the depreciation of the right-of-use assets for the land leased by Singapore Flyer and Underwater World Xiamen ("UWX") arising from the adoption of the new SFRS(I) 16 Leases starting this year; correspondingly, operating lease expense decreased. Consultancy expenses increased, as a fixed recurring consultancy fee was taken into account this quarter; as well as one-off legal and professional fees incurred by Singapore Flyer. Sales and marketing expenses decreased, mainly due to lower sales and operation-related taxes incurred by the two aquariums, lower service charge paid to ferry operators at UWX, and lower promotional expenses incurred. Exchange loss of \$0.39 million was recorded this quarter, as Renminbi currency weakened against Singapore dollar. Repair and maintenance expense decreased, mainly attributable to lower expenses incurred by Shanghai Ocean Aquarium and Singapore Flyer. Other operating

expenses increased, mainly due to higher insurance premium and packaging expenses incurred by Singapore Flyer.

Finance cost for 2Q2019 increased substantially over corresponding period, mainly due to the interest expense on finance lease recognised following the adoption of SFRS(I) 16 starting 1 January 2019.

Profit before tax was \$13.42 million for the current quarter, 12.5% lower than the profit before tax of \$15.33 million for 2Q2018, as our China attractions reported lower profitability in the current quarter.

### **Balance Sheet items**

Intangible assets decreased 15.4% from \$1.98 million at 31 December 2018 to \$1.67 million at 30 June 2019, due to the amortization of intangible assets for the period.

Trade and other receivables increased 13.3% from \$5.82 million at 31 December 2018 to \$6.60 million at 30 June 2019, mainly due to increase in trade receivables at UWX and Singapore Flyer arising from higher balances outstanding from mobile payments, travel agencies and online travel agencies; as well as increase in interest receivables arising from the quarterly interest recognised on fixed deposits placed.

Other current assets increased 41.5% from \$0.99 million at 31 December 2018 to \$1.40 million at 30 June 2019, mainly due to increase in prepayments, advance payment and down payment for purchase of spare parts by Lixing Cable Car and Singapore Flyer respectively.

Deferred income decreased 18.1% from \$0.18 million at 31 December 2018 to \$0.15 million at 30 June 2019, mainly due to the periodic recognition of deferred income to profit & loss in the current period.

Current tax liabilities increased 32.1% from \$2.23 million at 31 December 2018 to \$2.94 million at 30 June 2019, mainly due to the provision of income taxes for 2Q2019 profits at our China subsidiaries, partially offset by the payments of 4Q2018 income taxes of China subsidiaries and 2018 (YA2019) income taxes of Singapore entities in the current period.

### **Cash flow Statement**

The Group generated net cash from operating activities amounting to \$13.52 million for 2Q2019. During the quarter, the Company paid out final and special dividends amounting to \$30.24 million for the financial year ended 31 December 2018, and received \$2.05 million from the exercises of share options. As at 30 June 2019, the Group's cash and cash equivalent balance amounted to \$188.43 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 6.2% from a year ago, in the second quarter of 2019, amid the ongoing trade dispute with the United States. For the first half of the year, the economy grew 6.3% year-on-year. Despite the economic slowdown, domestic tourism remains resilient.

In Singapore, the economy expanded by 0.1% year-on-year in 2Q2019, based on advance estimates from the Ministry of Trade and Industry, attributed mainly to the manufacturing sector. For the tourism sector, Singapore Tourism Board ("STB") statistics showed that overall visitor arrivals for January to May period increased 1.49% year-on-year to 7.77 million.

**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 2Q2019 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  
13 August 2019