

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

THIRD QUARTER ENDED 30 SEPTEMBER 2018 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

	3Q ended			9 Months ended		
	30/09/2018	30/09/2017	Change	30/09/2018	30/09/2017	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	48,489	46,111	5.2	95,554	103,854	(8.0)
Other income	1,907	1,803	5.8	5,203	4,893	6.3
Less:						
Depreciation and amortisation expense	(2,157)	(3,207)	(32.7)	(7,278)	(9,612)	(24.3)
Changes in inventories and purchases of goods	(1,096)	(1,075)	2.0	(2,336)	(2,733)	(14.5)
Consultancy expense	(208)	(268)	(22.4)	(494)	(555)	(11.0)
Sales and marketing expenses	(466)	(352)	32.4	(1,711)	(1,197)	42.9
Exchange (losses)/ gains	(1,279)	101	n.m.	(1,101)	(369)	198.4
Loss on disposal of property, plant and equipment	(644)	(7)	n.m.	(664)	(21)	n.m.
Operating lease expense	(2,662)	(2,552)	4.3	(5,764)	(5,812)	(0.8)
Property and other taxes	(460)	(468)	(1.7)	(1,339)	(1,360)	(1.5)
Repair and maintenance expenses	(1,546)	(998)	54.9	(3,901)	(3,186)	22.4
Staff cost	(6,041)	(5,668)	6.6	(17,061)	(16,700)	2.2
Utilities expense	(804)	(830)	(3.1)	(2,085)	(2,130)	(2.1)
Other operating expenses	(634)	(525)	20.8	(1,357)	(1,567)	(13.4)
Other administrative expenses	(567)	(515)	10.1	(1,626)	(1,516)	7.3
Operating profit	31,832	31,550	0.9	54,040	61,989	(12.8)
Finance costs	(279)	(271)	3.0	(830)	(854)	(2.8)
Profit before income tax	31,553	31,279	0.9	53,210	61,135	(13.0)
Tax expense	(8,849)	(8,679)	2.0	(15,547)	(16,967)	(8.4)
Profit for the period	22,704	22,600	0.5	37,663	44,168	(14.7)
Profit attributable to:						
Owners of the Company	21,417	21,348	0.3	35,796	41,673	(14.1)
Non-controlling interests	1,287	1,252	2.8	1,867	2,495	(25.2)
Profit for the period	22,704	22,600	0.5	37,663	44,168	(14.7)

STATEMENT OF COMPREHENSIVE INCOME

	3Q ended			9 Months ended		
	30/09/2018	30/09/2017	Change	30/09/2018	30/09/2017	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period	22,704	22,600	0.5	37,663	44,168	(14.7)
Other comprehensive income/ (loss) for the period, net of tax						
Translation differences relating to financial statements of foreign subsidiaries	(5,439)	663	n.m.	(4,184)	(3,058)	36.8
Other comprehensive income/ (loss) for the period, net of tax	(5,439)	663	n.m.	(4,184)	(3,058)	36.8
Total comprehensive income for the period	17,265	23,263	(25.8)	33,479	41,110	(18.6)
Total comprehensive income attributable to:						
Owners of the Company	16,170	21,989	(26.5)	31,769	38,726	(18.0)
Non-controlling interests	1,095	1,274	(14.1)	1,710	2,384	(28.3)
Total comprehensive income for the period	17,265	23,263	(25.8)	33,479	41,110	(18.6)

n.m. – not meaningful

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

	3Q ended		9 Months ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,644	2,694	5,738	8,072
Depreciation of investment property	361	361	1,083	1,083
Amortisation of intangible assets	152	152	457	457
Interest income	(1,196)	(1,068)	(3,353)	(3,118)
Interest expense	279	271	830	854
Foreign exchange losses/ (gains)	1,279	(101)	1,101	369
Loss on disposal of property, plant and equipment	644	7	664	21
Government grant	(12)	(17)	(148)	(154)

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 (gains)/ 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
	30/09/2018	31/12/2017	30/09/2018	31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	112,913	118,229	2,041	2,086
Investment property	45,843	46,926	-	-
Investments in subsidiaries	-	-	102,821	103,130
Intangible assets	2,130	2,588	-	-
	160,886	167,743	104,862	105,216
Current assets				
Inventories	2,159	2,096	-	-
Trade and other receivables	5,878	5,108	247	164
Loans and receivables from subsidiaries	-	-	417	418
Other current assets	1,249	939	44	29
Fixed deposits pledged	1,000	1,000	-	-
Cash and cash equivalents	203,149	190,414	46,157	24,340
	213,435	199,557	46,865	24,951
Total assets	374,321	367,300	151,727	130,167
Equity attributable to owners of the Company				
Share capital	76,985	76,985	76,985	76,985
Reserves	13,509	17,458	2,878	2,908
Retained earnings	186,593	172,461	70,667	48,655
	277,087	266,904	150,530	128,548
Non-controlling interests	11,409	11,489	-	-
Total equity	288,496	278,393	150,530	128,548
Non-current liabilities				
Borrowings	28,900	37,900	-	-
Deferred income	137	184	-	-
Deferred tax liabilities	20,360	20,942	-	-
Provision for reinstatement cost	4,223	4,223	-	-
	53,620	63,249	-	-
Current liabilities				
Trade and other payables	12,536	11,205	690	1,022
Amounts due to subsidiaries	-	-	507	520
Current tax liabilities	7,669	2,453	-	77
Current borrowings	12,000	12,000	-	-
	32,205	25,658	1,197	1,619
Total liabilities	85,825	88,907	1,197	1,619
Total equity and liabilities	374,321	367,300	151,727	130,167

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

	As at 30/09/2018		As at 31/12/2017	
	<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	26,000	2,900	35,000	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		Q3 ended 30/9/2018	Q3 ended 30/9/2017
		S\$'000	S\$'000
Cash flows from operating activities			
Profit before income tax		31,553	31,279
Adjustments for:			
Amortisation of intangible assets		152	152
Depreciation of property, plant and equipment		1,644	2,694
Depreciation of investment property		361	361
Equity-settled share-based payment transactions		182	192
Loss on disposal of property, plant and equipment		644	7
Government grant utilised		(13)	(17)
Interest income		(1,196)	(1,068)
Interest expense		279	271
Exchange losses/(gains)		1,324	(34)
Operating profit before working capital changes		34,930	33,837
Changes in working capital:			
Trade and other receivables		(1,729)	(400)
Inventories		2	(102)
Trade and other payables		2,653	3,338
Cash generated from operating activities		35,856	36,673
Income taxes paid		(3,314)	(3,609)
Net cash from operating activities		32,542	33,064
Cash flows from investing activities			
Purchase of property, plant and equipment		(645)	(336)
Proceeds from disposal of property, plant and equipment		-	2
Interest received		2,068	325
Net cash from/ (used in) investing activities		1,423	(9)
Cash flows from financing activities			
Dividend paid to non-controlling interests		(1,717)	-
Repurchase of own shares		(464)	(776)
Repayment of borrowings		(3,000)	(3,000)
Interest paid		(268)	(265)
Net cash used in financing activities		(5,449)	(4,041)
Net increase in cash and cash equivalents		28,516	29,014
Cash and cash equivalents at beginning of the period		180,447	159,503
Effects of exchange rate fluctuations		(5,814)	590
Cash and cash equivalents at end of the period		203,149	189,107

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 2018	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
At 31 March 2018	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
At 30 June 2018	76,985	(3,925)	(1,377)	8,462	16,412	(534)	165,176	261,199	10,314	271,513
Changes in equity for the period:										
Purchase of own shares	-	(464)	-	-	-	-	-	(464)	-	(464)
Share-based payment transactions	-	-	-	182	-	-	-	182	-	182
Total comprehensive income for the period	-	-	-	-	-	(5,247)	21,417	16,170	1,095	17,265
At 30 September 2018	76,985	(4,389)	(1,377)	8,644	16,412	(5,781)	186,593	277,087	11,409	288,496

(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 2017	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
At 31 March 2017	76,985	(4,546)	(696)	7,450	16,304	(3,149)	155,143	247,491	9,132	256,623
Changes in equity for the period:										
Share-based payment transactions	-	-	-	251	-	-	-	251	-	251
Treasury shares reissued	-	619	(343)	-	-	-	-	276	-	276
Dividend paid of 2.50 cents per share	-	-	-	-	-	-	(21,509)	(21,509)	-	(21,509)
Total comprehensive income for the period	-	-	-	-	-	341	11,412	11,753	688	12,441
At 30 June 2017	76,985	(3,927)	(1,039)	7,701	16,304	(2,808)	145,046	238,262	9,820	248,082
Changes in equity for the period:										
Purchase of own shares	-	(776)	-	-	-	-	-	(776)	-	(776)
Share-based payment transactions	-	-	-	192	-	-	-	192	-	192
Total comprehensive income for the period	-	-	-	-	-	641	21,348	21,989	1,274	23,263
At 30 September 2017	76,985	(4,703)	(1,039)	7,893	16,304	(2,167)	166,394	259,667	11,094	270,761

(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 2018	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
At 31 March 2018	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
At 30 June 2018	76,985	(3,925)	(1,377)	8,462	72,418	152,563
Purchase of own shares	-	(464)	-	-	-	(464)
Share-based payment transactions	-	-	-	182	-	182
Total comprehensive income/ (loss) for the period	-	-	-	-	(1,751)	(1,751)
At 30 September 2018	76,985	(4,389)	(1,377)	8,644	70,667	150,530

(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 2017	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
At 31 March 2017	76,985	(4,546)	(696)	7,450	72,409	151,602
Purchase of own shares	-	-	-	-	-	-
Share-based payment transactions	-	-	-	251	-	251
Treasury shares reissued	-	619	(343)	-	-	276
Dividend paid of 2.50 cents per share	-	-	-	-	(21,509)	(21,509)
Total comprehensive income/ (loss) for the period	-	-	-	-	(708)	(708)
At 30 June 2017	76,985	(3,927)	(1,039)	7,701	50,192	129,912
Purchase of own shares	-	(776)	-	-	-	(776)
Share-based payment transactions	-	-	-	192	-	192
Total comprehensive income/ (loss) for the period	-	-	-	-	(727)	(727)
At 30 September 2017	76,985	(4,703)	(1,039)	7,893	49,465	128,601

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.

Pursuant to the Share Buy-back Mandate approved by shareholders, the Company purchased a total of 615,500 shares by way of on-market purchases for a total consideration of \$464,000 (including transaction costs) in 3Q2018. These shares purchased were made out of the Company's capital and held as treasury shares.

The Company's issued and fully paid up shares as at 30 September 2018 comprised 860,876,880 (30 September 2017: 859,457,980) ordinary shares and 8,052,700 (30 September 2017: 9,471,600) treasury shares.

No share options were exercised in 3Q2018. During the third quarter ended 30 September 2018, 264,000 share options were lapsed from the options that were granted in 2016 upon the resignation of a Non-Executive Director. As at 30 September 2018, options to subscribe for 25,978,000 (30 September 2017: 24,056,000) 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 30/09/2018	As at 31/12/2017
Total number of issued shares	868,929,580	868,929,580
Less: Treasury shares	(8,052,700)	(8,432,700)
Total number of issued shares excluding treasury shares	860,876,880	860,496,880

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 30/06/2018	7,437,200	3,925
No. of shares purchased	615,500	464
Balance as at 30/09/2018	8,052,700	4,389

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 adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") issued by the Singapore Accounting Standards Council which is identical to the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

Other than the adoption of the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from the current financial year, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the

current reporting period as compared with the audited financial statements for the financial year ended 31 December 2017.

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.

In adopting the new SFRS(I), the Group is required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

In addition, the Group have adopted the following new SFRS(I)s from the financial year beginning 1 January 2018:

- SFRS(I) 9 *Financial Instruments*
- SFRS (I) 15 *Revenue from Contracts with Customers*

The adoption of the above new SFRS(I)s 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	Q3 ended		9 Months ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
(a) Based on the number of ordinary shares in issue (cents)	2.49	2.48	4.16	4.85
(b) On fully diluted basis (cents)	2.48	2.47	4.15	4.83

The calculation of basic earnings per share for 3Q and 9 months ended 30 September 2018 are based on the net profits attributable to shareholders for the 3Q and 9 months ended 30 September 2018 divided by the weighted average number of ordinary shares outstanding of 861,161,312 and 861,029,410 respectively.

The calculation of basic earnings per share for 3Q and 9 months ended 30 September 2017 are based on the net profits attributable to shareholders for the 3Q and 9 months ended 30 September 2017 divided by the weighted average number of ordinary shares outstanding of 859,956,893 and 859,713,035 respectively.

The calculation of diluted earnings per share for 3Q and 9 months ended 30 September 2018 are based on the net profits attributable to shareholders for the 3Q and 9 months ended 30 September 2018 divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 862,599,402 and 863,108,021 respectively.

The calculation of diluted earnings per share for 3Q and 9 months ended 30 September 2017 are based on the net profits attributable to shareholders for the 3Q and 9 months ended 30 September 2017 divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 863,550,297 and 863,453,262 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	
	30/09/2018	31/12/2017	30/09/2018	31/12/2017
Net asset value per ordinary share (cents) based on number of issued shares excluding treasury shares at the end of:	32.19	31.02	17.49	14.94

Net asset value per ordinary share was calculated based on 860,876,880 ordinary shares issued (excluding treasury shares) as at 30 September 2018 and 860,496,880 ordinary shares issued (excluding treasury shares) as at 31 December 2017.

- 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 third quarter of FY2018, the Group achieved sales of \$48.49 million, 5.2% higher than the corresponding period in 3Q2017, mainly due to higher revenues achieved by Shanghai Ocean Aquarium ("SOA"), Underwater World Xiamen ("UWX") and Lixing Cable Car, partially offset by lower revenue achieved by our Singapore Flyer. Reversal of value-added tax ("VAT") on ticket revenue were being accounted for in this quarter by SOA, as the tax waiver on ticket revenue for Shanghai educational bases for three years from 2018 to 2020 has been issued and SOA will be applying for the refund for the net VAT paid for January to June this year.

Cumulatively, overall revenue for the first nine months of FY2018 amounted to \$95.55 million, 8.0% lower than the corresponding period in FY2017, mainly attributable to the more than two months suspension of rides on our Singapore Flyer during the first quarter due to a technical issue.

Overall visitation to all our attractions was 2.01 million visitors for the quarter, 5.5% higher than the corresponding period in 3Q2017, as all three attractions in China reported higher visitor numbers.

Operational Results

Total Expenses (excluding finance cost) for 3Q2018 was 18.56 million, an increase of \$2.2 million, or 13.4% from 3Q2017. Depreciation and amortization expense was lower than corresponding period, mainly due to certain assets being fully depreciated assets at Singapore Flyer and UWX. Sales and marketing expenses for the quarter increased, as higher service charge were incurred by UWX on more tickets sold by ferry operators as well as higher advertising and promotion expenses incurred. Loss on disposal of property, plant and equipment amounted to \$0.64 million this quarter, as construction in progress relating to amounts for the conceptual design fees and expenses for the previously intended phase 2 developments of SOA and UWX were written off. Repair and maintenance expenses for

3Q2018 increased significantly over corresponding period, mainly due to expenses incurred in relation to the technical issue which resulted in the rides suspension at Singapore Flyer, as well as higher expenses incurred for the general maintenance of the Giant Observation Wheel, while SOA, UWX and Lixing Cable Car also incurred higher maintenance expenses. Other operating expenses increased over corresponding period, as SOA accounted for the non-claimable input taxes previously claimed for January to June 2018 in the current quarter when the tax waiver on ticket revenue were granted.

Profit before tax was \$31.55 million for the current quarter, 0.9% higher than the profit before tax of \$31.28 million for 3Q2017.

Balance Sheet items

Intangible assets decreased 17.7% from \$2.59 million at 31 December 2017 to \$2.13 million at 30 September 2018, due to the amortization of intangible assets for the period.

Trade and other receivables increased 15.1% from \$5.11 million at 31 December 2017 to \$5.88 million at 30 September 2018, mainly due to increase in trade receivables at SLPL and UWX, as well as increase in other receivables arising from the net VAT refundable to SOA upon the tax waiver for 2018 being granted, partially offset by decrease in fixed deposits interest receivables as certain RMB fixed deposits placed on two years tenure had matured in this quarter.

Other current assets increased 33% from \$0.94 million at 31 December 2017 to \$1.25 million at 30 September 2018, mainly due to increase in prepayments.

Reserves decreased 22.6% from \$17.46 million at 31 December 2017 to \$13.51 million at 30 September 2018, mainly due to the translation loss of \$4.03 million arising from the weaker RMB currency against SGD at the end of current period compared to the end of last year, net increase in treasury shares from share buyback of \$1.12 million and treasury shares reissued of \$0.92 million, loss on treasury shares reissued of \$0.39 million; partially offset by increase in share option reserves of \$0.56 million during the period arising from share options granted in 2017 and 2018 and increase in general reserves of \$0.11 million.

Deferred income decreased 25.5% from \$0.18 million at 31 December 2017 to \$0.14 million at 30 September 2018, mainly due to the periodic recognition of deferred income to profit & loss in the current period.

Trade and other payables increased 11.9% from \$11.21 million at 31 December 2017 to \$12.54 million at 30 September 2018, mainly due to increase in trade and other payables at SOA and UWX.

Current tax liabilities increased 212.6% from \$2.45 million at 31 December 2017 to \$7.67 million at 30 September 2018, mainly due to the provision of income taxes for 3Q2018 profits at our subsidiaries, partially offset by the payments of 4Q2017 income taxes of China subsidiaries and 2017 (YA2018) income taxes of Singapore entities in the current period.

Cash flow Statement

The Group generated net cash from operating activities amounting to \$32.54 million for 3Q2018. During the quarter, the Group paid out \$1.72 million to a non-controlling shareholder for dividend declared by SOA in June 2018; and the Company used \$0.46 million for share buyback from the open market. As at 30 September 2018, the Group's cash and cash equivalent balance amounted to \$203.15 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 6.5% in the third quarter of 2018, as the country's trade war with the United States puts pressure on growth. For the first nine months of 2018, the economy grew 6.7% year-on-year.

In a press release from Ministry of Culture and Tourism of the People's Republic of China, it was reported that the domestic travel market has increased steadily, with 2.826 billion domestic tourists in the first half of 2018, an increase of 11.4% over the corresponding period, while domestic tourism income reached 2.45 trillion Yuan, an increase of 12.5% over same period last year.

In Singapore, the economy grew 2.6% year-on-year in 3Q2018, based on advance estimates from the Ministry of Trade and Industry. On the tourism sector, it was reported that visitor arrivals to Singapore increased 7.7% year-on-year to 9.2 million in the first half of 2018, with about 15% of visitors here for business travel and meeting, incentive travel, conventions and exhibitions (BTMICE). Singapore was also named "Best BTMICE City 2018" by TTG Travel Awards in September this year. The country is working to enhance its overall attractiveness as a destination by investing in quality attractions and reinventing tourism offerings, attracting new visitor segments and increasing their spending, and forging strong partnerships with industry stakeholders to co-create innovative solutions.

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 3Q2018 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
12 November 2018