

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

**SECOND QUARTER ENDED 30 JUNE 2009 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 (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		
	30/06/2009	30/06/2008	Change	30/06/2009	30/06/2008	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sales	8,364	7,590	10	15,518	13,763	13
Other operating income	552	455	21	946	771	23
Operating expenses	(4,101)	(3,788)	8	(8,068)	(8,114)	(1)
Administrative expenses	(2,567)	(1,446)	78	(3,161)	(2,808)	13
Finance costs	-	(704)	n.m.	5	(704)	n.m.
Profit before tax	2,248	2,107	7	5,240	2,908	80
Income tax expense	(842)	(505)	67	(1,589)	(734)	116
<b>Profit for the year</b>	<b>1,406</b>	<b>1,602</b>	<b>(12)</b>	<b>3,651</b>	<b>2,174</b>	<b>68</b>
<b>Profit attributable to:</b>						
Equity holders of the parent	1,304	1,481	(12)	3,455	2,013	72
Minority interests	102	121	(16)	196	161	22
<b>Profit for the year</b>	<b>1,406</b>	<b>1,602</b>	<b>(12)</b>	<b>3,651</b>	<b>2,174</b>	<b>68</b>

**STATEMENT OF COMPREHENSIVE INCOME**

	2Q ended			6 months ended		
	30/06/2009	30/06/2008	Change	30/06/2009	30/06/2008	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Profit for the year</b>	<b>1,406</b>	<b>1,602</b>	<b>(12)</b>	<b>3,651</b>	<b>2,174</b>	<b>68</b>
<b>Other comprehensive income/(loss)</b>						
Translation differences relating to financial statements of foreign subsidiaries	(3,006)	453	n.m.	517	123	320
Exchange differences on monetary items forming part of net investment in a foreign operation	(359)	62	n.m.	58	13	346
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>(3,365)</b>	<b>515</b>	<b>n.m.</b>	<b>575</b>	<b>136</b>	<b>323</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>(1,959)</b>	<b>2,117</b>	<b>n.m.</b>	<b>4,226</b>	<b>2,310</b>	<b>83</b>
<b>Total comprehensive income/(loss) attributable to:</b>						
Equity holders of the parent	(1,947)	1,978	n.m.	4,008	2,143	87
Minority interests	(12)	139	n.m.	218	167	31
<b>Total comprehensive income/(loss) for the year</b>	<b>(1,959)</b>	<b>2,117</b>	<b>n.m.</b>	<b>4,226</b>	<b>2,310</b>	<b>83</b>

n.m.: not meaningful

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

	<b>2Q ended</b>		<b>6 months ended</b>	
	<b>30/06/2009</b>	<b>30/06/2008</b>	<b>30/06/2009</b>	<b>30/06/2008</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Depreciation of property, plant and equipment	1,329	1,191	2,706	2,385
Amortisation of intangible assets	39	39	79	79
Interest income	(137)	(127)	(196)	(244)
Interest expense	-	704	(5)	704
Foreign exchange (gain)/loss	1,038	(153)	61	(223)
(Gain)/Loss on disposal of property, plant and equipment	1	-	16	(1)
Allowance for doubtful debts	-	-	10	-

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**BALANCE SHEETS**

	<b>Group</b>		<b>Company</b>	
	<b>30/06/2009</b>	<b>31/12/2008</b>	<b>30/06/2009</b>	<b>31/12/2008</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	65,075	66,699	2,804	2,870
Interest in subsidiaries	-	-	55,250	55,208
Long-term loans to subsidiaries	-	-	5,203	5,198
Intangible assets	1,644	1,724	-	-
Deferred tax assets	22	22	-	-
	<b>66,741</b>	<b>68,445</b>	<b>63,257</b>	<b>63,276</b>
<b>Current assets</b>				
Inventories	802	762	-	-
Trade and other receivables	794	1,058	30	29
Due from subsidiaries	-	-	13,304	12,796
Other current assets	315	192	23	11
Cash and cash equivalents	36,982	34,331	7,189	6,923
	<b>38,893</b>	<b>36,343</b>	<b>20,546</b>	<b>19,759</b>
<b>Total assets</b>	<b>105,634</b>	<b>104,788</b>	<b>83,803</b>	<b>83,035</b>
<b>Equity attributable to equity holders of the Parent</b>				
Share capital	76,985	76,985	76,985	76,985
Reserves	20,697	19,947	6,338	5,522
	<b>97,682</b>	<b>96,932</b>	<b>83,323</b>	<b>82,507</b>
<b>Minority interest</b>	<b>2,432</b>	<b>2,460</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>100,114</b>	<b>99,392</b>	<b>83,323</b>	<b>82,507</b>
<b>Non-current liabilities</b>				
Deferred income	94	99	-	-
Deferred tax liabilities	741	519	-	-
	<b>835</b>	<b>618</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables	3,976	4,388	277	315
Due to subsidiaries	-	-	203	194
Current tax payable	709	390	-	19
	<b>4,685</b>	<b>4,778</b>	<b>480</b>	<b>528</b>
<b>Total liabilities</b>	<b>5,520</b>	<b>5,396</b>	<b>480</b>	<b>528</b>
<b>Total equity and liabilities</b>	<b>105,634</b>	<b>104,788</b>	<b>83,803</b>	<b>83,035</b>

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

	As at 30/06/2009		As at 31/12/2008	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Amount payable in one year or less, or on demand	-	-	-	-
Amount payable after one year	-	-	-	-

**Details of any collateral**

Not applicable.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

CONSOLIDATED STATEMENTS OF CASH FLOWS				Q2 ended 30/06/2009	Q2 ended 30/06/2008
				S\$'000	S\$'000
<b>Operating activities</b>					
Profit before taxation				2,248	2,107
Adjustments for:					
Depreciation				1,329	1,191
Amortisation				39	39
Equity-settled share-based payment transactions				-	119
(Gain)/Loss on disposal of property, plant and equipment				1	-
Government grant utilised				(2)	(2)
Interest income				(137)	(127)
Interest expense				-	704
Exchange (gain)/loss				889	(124)
Operating cash flow before working capital change				4,367	3,907
Changes in operating assets and liabilities					
Trade and other receivables				237	(384)
Inventories				(23)	(18)
Trade and other payables				(36)	(371)
Cash generated from operations				4,545	3,134
Income tax paid				(724)	(508)
Cash flows from operating activities				3,821	2,626
<b>Investing activities</b>					
Acquisition of property, plant and equipment				(237)	(190)
Interest received				137	127
Cash flows from investing activities				(100)	(63)
<b>Financing activities</b>					
Dividend paid				(3,258)	(3,258)
Cash flow from financing activities				(3,258)	(3,258)
<b>Net increase in cash and cash equivalents</b>				463	(695)
Cash and cash equivalents at the beginning of the financial period				37,838	30,795
Effects of exchange rate fluctuations				(1,319)	100
<b>Cash and cash equivalents at the end of the financial period</b>				36,982	30,200

**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)

	Interest of shareholders of the Company							
	Share capital	Share option reserves	Statutory reserves	Foreign currency translation reserves	Retained earnings	Total	Minority Interest	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>As at 1 January 2009</b>	76,985	573	1,973	932	16,469	96,932	2,460	99,392
Changes in equity for the period:								
Transfer to statutory reserve	-	-	889	-	(889)	-	-	-
Dividend declared by subsidiary	-	-	-	-	-	-	(246)	(246)
Total comprehensive income for the period	-	-	-	3,804	2,151	5,955	230	6,185
<b>As at 31 March 2009</b>	76,985	573	2,862	4,736	17,731	102,887	2,444	105,331
Changes in equity for the period:								
Transfer to statutory reserve	-	-	237	-	(237)	-	-	-
Dividend paid of 0.375 cents per share	-	-	-	-	(3,258)	(3,258)	-	(3,258)
Total comprehensive income/(loss) for the period	-	-	-	(3,251)	1,304	(1,947)	(12)	(1,959)
<b>As at 30 June 2009</b>	76,985	573	3,099	1,485	15,540	97,682	2,432	100,114

(ii)

	Interest of shareholders of the Company							
	Share capital	Share option reserves	Statutory reserves	Foreign currency translation reserves	Retained earnings	Total	Minority Interest	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>As at 1 January 2008</b>	76,985	95	1,512	(2,822)	12,451	88,221	2,067	90,288
Changes in equity for the period:								
Value of employee services received for issue of share options	-	120	-	-	-	120	-	120
Transfer to statutory reserve	-	-	461	-	(461)	-	-	-
Dividend declared by subsidiary	-	-	-	-	-	-	(221)	(221)
Total comprehensive income/(loss) for the period	-	-	-	(367)	532	165	28	193
<b>As at 31 March 2008</b>	76,985	215	1,973	(3,189)	12,522	88,506	1,874	90,380
Changes in equity for the period:								
Value of employee services received for issue of share options	-	119	-	-	-	119	-	119
Total comprehensive income for the period	-	-	-	497	1,481	1,978	139	2,117
Dividend paid of 0.375 cents per share	-	-	-	-	(3,258)	(3,258)	-	(3,258)
<b>As at 30 June 2008</b>	76,985	334	1,973	(2,692)	10,745	87,345	2,013	89,358

**(b) Company**

(i)

	Share capital	Share option reserves	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 January 2009</b>	76,985	573	4,949	82,507
Total comprehensive income for the period	-	-	5,325	5,325
<b>Balance as at 31 March 2009</b>	76,985	573	10,274	87,832
Total comprehensive loss for the period	-	-	(1,251)	(1,251)
Dividend paid of 0.375 cents per share	-	-	(3,258)	(3,258)
<b>Balance as at 30 June 2009</b>	76,985	573	5,765	83,323

(ii)

	Share capital	Share option reserves	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 January 2008</b>	76,985	95	5,384	82,464
Value of employee services received for issue of share options	-	120	-	120
Total comprehensive income for the period	-	-	3,771	3,771
<b>Balance as at 31 March 2008</b>	76,985	215	9,155	86,355
Value of employee services received for issue of share options	-	119	-	119
Total comprehensive loss for the period	-	-	(943)	(943)
Dividend paid of 0.375 cents per share	-	-	(3,258)	(3,258)
<b>Balance as at 30 June 2008</b>	76,985	334	4,954	82,273

**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 is no change in the company's share capital since 31 December 2008 to the date of the current reporting period.

No new share options were issued during the period. As at 30 June 2009, options to subscribe for 5,080,000 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 June 2009 and 31 December 2008, the company's issued and paid-up capital comprised 868,929,580 ordinary shares.

**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.**

Not applicable.

**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 2008.

**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 2009 and there is no material impact to the Group's results.

**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	
	30/06/2009	30/06/2008	30/06/2009	30/06/2008
(a) Based on the number of ordinary shares in issue (cents)	0.15	0.17	0.40	0.23
(b) On fully diluted basis (cents)	0.15	0.17	0.40	0.23



The calculations of basic earnings per share for the 2Q and 6 months ended 30 June 2009 and their comparatives are based on the net profits attributable to shareholders for the respective periods divided by the share capital of 868,929,580 shares in issue.

Diluted earnings per share is the same as basic earnings per share because the Company's outstanding share options do not have a dilutive effect.

- 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	
	30/06/2009	31/12/2008	30/06/2009	31/12/2008
Net asset value per ordinary share (cents)	11.24	11.16	9.59	9.50

Net asset value per ordinary share was calculated based on the issued share capital of 868,929,580 shares as at 30 June 2009 and 31 December 2008.

- 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 FY2009, the Group achieved sales of \$8.36 million, a 10% increase over the same period in FY2008. The increase was mainly attributable to increased visitations to our Underwater World Xiamen ("UWX"), as well as the stronger RMB currency against SGD in the current quarter compared to 2Q2008.

Overall visitation to our Group's major attractions was 466,000 visitors for the quarter, marginally down by 0.1% compared to 2Q2008.

Cumulatively, overall revenue for the first half of FY2009 amounted to \$15.5 million, an increase of \$1.8 million, or 13% compared to 1H2008. The increase was mainly attributable to increase in revenues of our attractions, offset by the decrease in performance fee in Straco Creation Pte Ltd as no performances were staged in the current half year.

### Operational Results

Expenses for 2Q2009 increased \$0.73 million in total, or 12% over 2Q2008. Operating expenses increased by \$0.31 million, or 8%; due mainly to increase in utilities, aquarium cost, depreciation, and advertising and promotional expenses.

Administrative expenses for 2Q2009 increased \$1.12 million; or 78% over 2Q2008, due mainly due to the exchange loss recognized in the current period compared to an exchange gain recognized in 2Q2008. The RMB currency weakened against SGD in the second quarter of this year, after gaining 5% in the 1<sup>st</sup> quarter. This completely eradicated the exchange gain recognized in the 1<sup>st</sup> quarter.

No finance cost was incurred 2Q2009 as opposed to a finance cost of \$0.7 million in 2Q2008 which arose from the non-recurring provision of interest on unpaid shareholders' loans due from the Group to the respective founding shareholders then.

Profit before tax increased 6.7% to \$2.25 million for the quarter, compared to a profit before tax of \$2.11 million for 2Q2008. Taking away the effects of foreign exchange gain/loss in both periods, profit before tax would have been \$3.29 million, compared to \$1.95 million in 2Q2008, an increase of 68.3%, mainly due to the increase in revenue and decrease in finance cost.

Tax expense for 2Q2009 increased 67% compared to 2Q2008 due to the higher profit for the quarter, the increase in tax rate from 18% to 20% in SOA and UWX, as well as the deferred tax recognized on the distributable 2Q profits of SOA and UWX which are subject to a 5% withholding tax.

### **Balance Sheet items**

Trade and other receivables decreased 25% from \$1.06 million in 31 December 2008 to \$0.79 million in 30 June 2009 mainly due to the decrease in other receivables as the RMB fixed deposits interest receivable has been received upon the maturity of the fixed deposits in the current period.

Other current assets increased 64% from \$192,000 in 31 December 2008 to \$315,000 in 30 June 2009 mainly due to increase in prepayments.

Deferred tax liability increased 43% from \$0.52 million at 31 December 2008 to \$0.74 million at 30 June 2009 due to the deferred tax recognized on the distributable 1H2009 earnings of the China subsidiaries which are subject to withholding tax under the new China tax law which took effect from 1 Jan 2008.

Current tax payable increased 82% from \$0.39 million in 31 December 2008 to \$0.71 million in 30 June 2009 mainly due to the tax provisions in SOA and UWX for 2Q FY2009 profits, the change in China's tax rate from 18% in last year to 20% this year under the new PRC tax law, as well as the additional tax paid by SOA for last year's profits upon finalization by the tax authority.

### **Cash flow Statement**

The Group generated a cash inflow from operating activities amounting to \$3.8 million in 2Q2009, compared to \$2.6 million in 2Q2008. During the quarter, the Company paid out final dividend amounting to \$3.26 million for the financial year ended 31 December 2008, same as the payout in 2Q2008. As at 30 June 2009, the Group's cash and cash equivalent balance amounted to \$36.98 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 reported that China's economic growth accelerated to 7.9% from a year earlier in the second quarter of 2009, amid a stimulus-fueled surge in consumer spending, factory output and investment.

In the first half of this year, the gross domestic product of the World's third-largest economy grew 7.1% year-on-year, while consumer price index went down by 1.1%.

On the tourism sector, it was reported that China's tourism revenue is expected to rise 3% this year to 1.3 trillion Yuan (US\$176 billion) as domestic travel will help offset falling inbound tourism, which has suffered from the global recession and the H1N1 flu outbreak. The Chinese tourism authorities had launched a series of stimulus plans to boost domestic tourism, such as promotion of rural tourism and tourism coupons, which helped boost domestic tourism. This augurs well for the Group.

Other than the above, we are not aware of any impending factors or events that may affect the Group in the next 12 months.

**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.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

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

**13. 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.

- 14. 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.

- 15. A breakdown of sales.**

Not applicable.

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

Not applicable.

- 17. Interested Person Transactions**

Not applicable.

- 18. Negative Assurance Confirmation On First Quarter Financial Results Pursuant To Rule 705(4) Of The Listing Manual**

To the best of our knowledge and belief, nothing has come to the attention of the Directors which may render the 2Q2009 financial results to be false or misleading in all material respect.

On behalf of the Board

Wu Hsioh Kwang  
Chairman

Choong Chow Siong  
Director

BY ORDER OF THE BOARD,

Lotus Isabella Lim Mei Hua  
Company Secretary  
13 August 2009