

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

**SECOND QUARTER ENDED 30 JUNE 2010 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		
	30/06/2010	30/06/2009	Change	30/06/2010	30/06/2009	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sales	11,026	8,364	32	17,605	15,518	13
Other operating income	526	552	(5)	910	946	(4)
Operating expenses	(4,656)	(4,101)	14	(8,446)	(8,068)	5
Administrative expenses	(1,502)	(2,567)	(41)	(3,093)	(3,161)	(2)
Finance costs	-	-	n.m.	-	5	n.m.
Profit before tax	5,394	2,248	140	6,976	5,240	33
Income tax expense	(1,562)	(842)	86	(2,073)	(1,589)	30
Profit for the year	3,832	1,406	173	4,903	3,651	34
Profit attributable to:						
Equity holders of the parent	3,658	1,304	181	4,674	3,455	35
Minority interests	174	102	71	229	196	17
Profit for the year	3,832	1,406	173	4,903	3,651	34

STATEMENT OF COMPREHENSIVE INCOME

	2Q ended			6 months ended		
	30/06/2010	30/06/2009	Change	30/06/2010	30/06/2009	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the year	3,832	1,406	173	4,903	3,651	34
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries	613	(3,006)	n.m.	422	517	(18)
Exchange differences on monetary items forming part of net investment in a foreign operation	62	(359)	n.m.	40	58	(31)
Other comprehensive income for the year, net of tax	675	(3,365)	n.m.	462	575	(20)
Total comprehensive income for the year	4,507	(1,959)	n.m.	5,365	4,226	27
Total comprehensive income attributable to:						
Equity holders of the parent	4,311	(1,947)	n.m.	5,121	4,008	28
Minority interests	196	(12)	n.m.	244	218	12
Total comprehensive income for the year	4,507	(1,959)	n.m.	5,365	4,226	27

n.m.: not meaningful

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

	2Q ended		6 months ended	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,243	1,329	2,493	2,706
Amortisation of intangible assets	-	39	-	79
Interest income	(112)	(137)	(177)	(196)
Interest expense	-	-	-	(5)
Foreign exchange (gain)/loss	(48)	1,038	27	61
Loss on disposal of property, plant and equipment	-	1	-	16
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

	Group		Company	
	As at	As at	As at	As at
	30/06/2010	31/12/2009	30/06/2010	31/12/2009
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	59,232	61,129	2,673	2,738
Interest in subsidiaries	-	-	55,729	55,723
Long-term loans to subsidiaries	-	-	4,500	4,711
Intangible assets	1,419	1,419	-	-
	60,651	62,548	62,902	63,172
Current assets				
Inventories	797	773	-	-
Trade and other receivables	602	659	-	-
Due from subsidiaries	-	-	14,016	13,364
Other current assets	210	146	25	11
Cash and cash equivalents	48,929	45,081	5,139	6,257
	50,538	46,659	19,180	19,632
Total assets	111,189	109,207	82,082	82,804
Equity attributable to equity holders of the Parent				
Share capital	76,985	76,985	76,985	76,985
Reserves	24,694	23,882	4,535	5,249
	101,679	100,867	81,520	82,234
Minority interest	2,654	2,640	-	-
Total equity	104,333	103,507	81,520	82,234
Non-current liabilities				
Deferred income	81	86	-	-
Deferred tax liabilities	1,308	1,054	-	-
	1,389	1,140	-	-
Current liabilities				
Trade and other payables	4,073	4,044	196	328
Due to subsidiaries	-	-	366	242
Current tax payable	1,394	516	-	-
	5,467	4,560	562	570
Total liabilities	6,856	5,700	562	570
Total equity and liabilities	111,189	109,207	82,082	82,804

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

	As at 30/06/2010		As at 31/12/2009	
	Secured	Unsecured	Secured	Unsecured
	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 30/06/2010	Q2 ended 30/06/2009
				S\$'000	S\$'000
Operating activities					
Profit before tax				5,394	2,248
Adjustments for:					
Depreciation of property, plant and equipment				1,243	1,329
Amortisation of intangible assets				-	39
Equity-settled share-based payment transactions				36	-
Loss on disposal of property, plant and equipment				-	1
Government grant utilised				(2)	(2)
Interest income				(112)	(137)
Exchange (gain)/loss				(102)	889
Operating cash flow before working capital change				6,457	4,367
Changes in operating assets and liabilities					
Trade and other receivables				91	237
Inventories				(54)	(23)
Trade and other payables				304	(36)
Cash generated from operations				6,798	4,545
Income tax paid				(488)	(724)
Cash flows from operating activities				6,310	3,821
Investing activities					
Acquisition of property, plant and equipment				(217)	(237)
Interest received				112	137
Cash flows from investing activities				(105)	(100)
Financing activities					
Dividend paid				(4,345)	(3,258)
Cash flow from financing activities				(4,345)	(3,258)
Net increase in cash and cash equivalents				1,860	463
Cash and cash equivalents at the beginning of the financial period				46,740	37,838
Effects of exchange rate fluctuations				329	(1,319)
Cash and cash equivalents at the end of the financial period				48,929	36,982

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	General 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
As at 1 January 2010	76,985	573	3,099	(713)	20,923	100,867	2,640	103,507
Changes in equity for the period:								
Transfer to general reserve	-	-	964	-	(964)	-	-	-
Dividend declared by subsidiary	-	-	-	-	-	-	(230)	(230)
Total comprehensive income/(loss) for the period	-	-	-	(206)	1,016	810	48	858
As at 31 March 2010	76,985	573	4,063	(919)	20,975	101,677	2,458	104,135
Changes in equity for the period:								
Value of employee services received for issue of share options	-	36	-	-	-	36	-	36
Dividend paid of 0.5 cents per share	-	-	-	-	(4,345)	(4,345)	-	(4,345)
Total comprehensive income for the period	-	-	-	653	3,658	4,311	196	4,507
As at 30 June 2010	76,985	609	4,063	(266)	20,288	101,679	2,654	104,333

(ii)

	Interest of shareholders of the Company							
	Share capital	Share option reserves	General 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
As at 1 January 2009	76,985	573	1,973	932	16,469	96,932	2,460	99,392
Changes in equity for the period:								
Transfer to general reserve	-	-	889	-	(889)	-	-	-
Dividend declared by subsidiary	-	-	-	-	-	-	(246)	(246)
Total comprehensive income for the period	-	-	-	3,804	2,151	5,955	230	6,185
As at 31 March 2009	76,985	573	2,862	4,736	17,731	102,887	2,444	105,331
Changes in equity for the period:								
Transfer to general 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)
As at 30 June 2009	76,985	573	3,099	1,485	15,540	97,682	2,432	100,114

(b) Company

(i)

	Share capital	Share option reserves	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2010	76,985	573	4,676	82,234
Total comprehensive income for the period	-	-	4,019	4,019
Balance as at 31 March 2010	76,985	573	8,695	86,253
Value of employee services received for issue of share options	-	36	-	36
Total comprehensive loss for the period	-	-	(424)	(424)
Dividend paid of 0.5 cents per share	-	-	(4,345)	(4,345)
Balance as at 30 June 2010	76,985	609	3,926	81,520

(ii)

	Share capital	Share option reserves	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2009	76,985	573	4,949	82,507
Total comprehensive income for the period	-	-	5,325	5,325
Balance as at 31 March 2009	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)
Balance as at 30 June 2009	76,985	573	5,765	83,323

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 2009 to the date of the current reporting period.

During the period, the Company issued 6,980,000 share options to the directors and employees of the Group. As at 30 June 2010, options to subscribe for 12,060,000 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 2010 and 31 December 2009, 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 2009.

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 2010 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	Q2 ended		6 months ended	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
(a) Based on the number of ordinary shares in issue (cents)	0.42	0.15	0.54	0.40
(b) On fully diluted basis (cents)	0.42	0.15	0.54	0.40

The calculations of basic earnings per share for the 2Q and 6 months ended 30 June 2010 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	
	30/06/2010	31/12/2009	30/06/2010	31/12/2009
Net asset value per ordinary share (cents)	11.70	11.61	9.38	9.46

Net asset value per ordinary share was calculated based on the issued share capital of 868,929,580 shares as at 30 June 2010 and 31 December 2009.

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 FY2010, the Group achieved sales of \$11.03 million, an increase of 31.8% over the same period in FY2009. The increase was mainly attributable to the increase in walk-in visitors to our Group's flagship, Shanghai Ocean Aquarium ("SOA"), as well as the FIT price hike across all our attractions implemented in the first quarter of this year. SOA registered a 34.6% increase in revenue on an 8.2% increase in visitor arrivals compared to 2Q2009, as the opening of the 6 months long Shanghai's World Expo in May, the extended operating hours of SOA, as well as effective advertising resulted in increased visitation.

Overall visitation to our Group's major attractions was 490,000 visitors for the quarter, up 5.1% compared to 2Q2009.

Cumulatively, overall revenue for the first half of FY2010 amounted to \$17.6 million, an increase of \$2.1 million, or 13.4% compared to 1H2009.

Operational Results

Expenses for 2Q2010 decreased \$0.51 million in total, or 7.6% over 2Q2009, mainly due to decrease in administrative expenses.

Operating expenses increased \$0.56 million, or 13.5%, mainly due to increase in variable expenses in line with the higher revenue, as well as the increase in advertising and promotional expenses.

Administrative expenses for 2Q2010 decreased \$1.1 million, or 41.5% over 2Q2009, mainly due to the exchange gain of \$48,000 recognised in the current period, as opposed to an exchange loss of \$1.1 million recognised in 2Q2009. RMB currency strengthened against SGD in the current quarter, while in 2Q2009, RMB currency weakened against SGD.

Profit before tax was \$5.39 million for the quarter, compared to a profit before tax of \$2.25 million for 2Q2009, an increase of 139.9%. Taking away the effects of foreign exchange gain or loss in both periods, profit before tax would have been \$5.34 million, compared to \$3.29 million in 2Q2009, an increase of 62.7%, mainly due to the increase in revenue.

Balance Sheet items

Other current assets increased 44% from \$146,000 in 31 December 2009 to \$210,000 in 30 June 2010 mainly due to increase in deposits and prepayments.

Deferred tax liabilities increased 24% from \$1.05 million in 31 December 2009 to \$1.31 million in 30 June 2010 due to the deferred tax recognised on the distributable profits of SOA and UWX for the 1st half of 2010.

Current tax payable increased 170% from \$0.52 million in 31 December 2009 to \$1.39 million in 30 June 2010 due to the provision of income tax on the 2Q2010 profits as well as the increase in tax rate from 20% to 22% in the current year.

Cash flow Statement

The Group generated a cash inflow from operating activities amounting to \$6.3 million in 2Q2010, compared to \$3.8 million in 2Q2009. During the quarter, the Company paid out final dividend amounting to \$4.34 million for the financial year ended 31 December 2009, an increase of 33.3% in payout compared to 2Q2009. As at 30 June 2010, the Group's cash and cash equivalent balance amounted to \$48.93 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 gross domestic products grew 11.1% in the first half of this year, as second quarter's growth rate slowed to 10.3%, compared to the first quarter's growth rate of 11.9%.

As was reported, the slowdown will help the China economy avoid overheating and assist in transforming its economic model, providing more leeway to boost domestic consumption and wean the economy off its dependence on exports and state-driven investments.

In June this year, China announced the de-pegging of its RMB currency to the USD.

At the micro level, SOA will continue to develop and promote all market segments and leverage on the World Expo through appropriate marketing initiatives and activities.

Other than the above, the Company is 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 Quarterly 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 2Q2010 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 2010