

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

**THIRD QUARTER ENDED 30 SEPTEMBER 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

	3Q ended			9 months ended		
	30/09/2010	30/09/2009	Change	30/09/2010	30/09/2009	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sales	24,674	12,524	97	42,279	28,042	51
Other operating income	1,154	734	57	2,064	1,680	23
Operating expenses	(6,267)	(4,501)	39	(14,713)	(12,569)	17
Administrative expenses	(2,631)	(1,587)	66	(5,724)	(4,748)	21
Finance costs	-	-	n.m.	-	5	n.m.
Profit before tax	16,930	7,170	136	23,906	12,410	93
Income tax expense	(4,846)	(1,731)	180	(6,919)	(3,320)	108
Profit for the year	12,084	5,439	122	16,987	9,090	87
Profit attributable to:						
Equity holders of the Company	11,506	5,200	121	16,180	8,655	87
Non-controlling interest	578	239	142	807	435	86
Profit for the year	12,084	5,439	122	16,987	9,090	87

STATEMENT OF COMPREHENSIVE INCOME

	3Q ended			9 months ended		
	30/09/2010	30/09/2009	Change	30/09/2010	30/09/2009	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the year	12,084	5,439	122	16,987	9,090	87
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries	(3,740)	(1,575)	137	(3,318)	(1,058)	214
Exchange differences on monetary items forming part of net investment in a foreign operation	(344)	(164)	110	(304)	(106)	187
Other comprehensive income for the year, net of tax	(4,084)	(1,739)	135	(3,622)	(1,164)	211
Total comprehensive income for the year	8,000	3,700	116	13,365	7,926	69
Total comprehensive income attributable to:						
Equity holders of the Company	7,563	3,521	115	12,684	7,529	68
Non-controlling interest	437	179	144	681	397	72
Total comprehensive income for the year	8,000	3,700	116	13,365	7,926	69

n.m.: not meaningful

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

	3Q ended		9 months ended	
	30/09/2010	30/09/2009	30/09/2010	30/09/2009
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,221	1,318	3,714	4,024
Amortisation of intangible assets	-	40	-	119
Interest income	(431)	(134)	(608)	(330)
Interest expense	-	-	-	(5)
Foreign exchange loss	849	384	876	445
Loss/(Gain) on disposal of property, plant and equipment	2	(16)	2	-
(Reversal of) Impairment loss on trade and other receivables	-	(4)	-	6

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
	30/09/2010	31/12/2009	30/09/2010	31/12/2009
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	55,557	61,129	2,641	2,738
Interest in subsidiaries	-	-	55,383	55,723
Long-term loans to subsidiaries	-	-	4,500	4,711
Intangible assets	1,419	1,419	-	-
	56,976	62,548	62,524	63,172
Current assets				
Inventories	801	773	-	-
Trade and other receivables	810	659	8	-
Due from subsidiaries	-	-	12,962	13,364
Other current assets	244	146	30	11
Cash and cash equivalents	65,282	45,081	5,358	6,257
	67,137	46,659	18,358	19,632
Total assets	124,113	109,207	80,882	82,804
Equity attributable to equity holders of the Company				
Share capital	76,985	76,985	76,985	76,985
Reserves	32,370	23,882	3,207	5,249
	109,355	100,867	80,192	82,234
Non-controlling interest	3,091	2,640	-	-
Total equity	112,446	103,507	80,192	82,234
Non-current liabilities				
Deferred income	74	86	-	-
Deferred tax liabilities	1,899	1,054	-	-
	1,973	1,140	-	-
Current liabilities				
Trade and other payables	5,717	4,044	340	328
Due to subsidiaries	-	-	350	242
Current tax payable	3,977	516	-	-
	9,694	4,560	690	570
Total liabilities	11,667	5,700	690	570
Total equity and liabilities	124,113	109,207	80,882	82,804

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

	As at 30/09/2010		As at 31/12/2009	
	<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				Q3 ended 30/09/2010	Q3 ended 30/09/2009
				S\$'000	S\$'000
Operating activities					
Profit before tax				16,930	7,170
Adjustments for:					
Depreciation of property, plant and equipment				1,221	1,318
Amortisation of intangible assets				-	40
Equity-settled share-based payment transactions				113	-
Loss/(Gain) on disposal of property, plant and equipment				2	(16)
Government grant utilised				(2)	(3)
(Reversal of) Impairment loss on other receivables				-	(4)
Interest income				(431)	(134)
Exchange loss				193	98
Operating cash flow before working capital change				18,026	8,469
Changes in operating assets and liabilities					
Trade and other receivables				(242)	(54)
Inventories				(4)	30
Trade and other payables				1,645	122
Cash generated from operations				19,425	8,567
Income tax paid				(1,460)	(678)
Cash flows from operating activities				17,965	7,889
Investing activities					
Acquisition of property, plant and equipment				(183)	(192)
Proceeds from disposal of property, plant and equipment				-	17
Interest received				431	134
Cash flows from investing activities				248	(41)
Financing activities					
Dividend paid				-	-
Cash flow from financing activities				-	-
Net increase in cash and cash equivalents				18,213	7,848
Cash and cash equivalents at the beginning of the financial period				48,929	36,982
Effects of exchange rate fluctuations				(1,860)	(596)
Cash and cash equivalents at the end of the financial period				65,282	44,234

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	Non-controlling 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
Changes in equity for the period:								
Value of employee services received for issue of share options	-	113	-	-	-	113	-	113
Total comprehensive income/(loss) for the period				(3,943)	11,506	7,563	437	8,000
As at 30 September 2010	76,985	722	4,063	(4,209)	31,794	109,355	3,091	112,446

(ii)

	Interest of shareholders of the Company							
	Share capital	Share option reserves	General reserves	Foreign currency translation reserves	Retained earnings	Total	Non-controlling 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
Changes in equity for the period:								
Total comprehensive income/(loss) for the period	-	-	-	(1,679)	5,200	3,521	179	3,700
As at 30 September 2009	76,985	573	3,099	(194)	20,740	101,203	2,611	103,814

(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
Value of employee services received for issue of share options	-	113	-	113
Total comprehensive loss for the period	-	-	(1,441)	(1,441)
Balance as at 30 September 2010	76,985	722	2,485	80,192

(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
Total comprehensive loss for the period	-	-	(624)	(624)
Balance as at 30 September 2009	76,985	573	5,141	82,699

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.

In May 2010, the Company issued 6,980,000 share options to the directors and employees of the Group. As at 30 September 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 September 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	Q3 ended		9 months ended	
	30/09/2010	30/09/2009	30/09/2010	30/09/2009
(a) Based on the number of ordinary shares in issue (cents)	1.32	0.60	1.86	1.00
(b) On fully diluted basis (cents)	1.32	0.60	1.86	1.00

The calculations of basic earnings per share for the 3Q and 9 months ended 30 September 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	
	30/09/2010	31/12/2009	30/09/2010	31/12/2009
Net asset value per ordinary share (cents)	12.59	11.61	9.23	9.46

Net asset value per ordinary share was calculated based on the issued share capital of 868,929,580 shares as at 30 September 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 third quarter of FY2010, the Group achieved sales of \$24.67 million, a significant 97.0% increase over the same period in FY2009. The increase was mainly attributable to higher visitor numbers to our two main Attractions, Shanghai Ocean Aquarium ("SOA") and Underwater World Xiamen ("UWX"), as well as the FIT price hike across all our attractions implemented in the first quarter of this year. SOA registered more than 100% increase in revenue on a 88.6% increase in visitor arrivals compared to 3Q2009, strongly boosted by the 6 months long Shanghai's World Expo which opened in May, the extended operating hours of SOA, as well as effective advertising.

Overall visitation to our Group's major attractions was a record 1.07 million visitors for the quarter, up 65.1% compared to 3Q2009.

Cumulatively, overall revenue for the first 9 months of FY2010 amounted to \$42.28 million, an increase of \$14.24 million, or 50.8%, compared to the corresponding period in FY2009.

Operational Results

Expenses for 3Q2010 increased \$2.81 million in total, or 46.1% over 3Q2009. Operating expenses increased \$1.77 million, or 39.2%, mainly due to increase in variable expenses in line with the higher revenue, as well as the increase in utilities, advertising and promotional expenses, and staff cost.

Administrative expenses for 3Q2010 increased \$1.04 million, or 65.8% over 3Q2009, mainly due to the increase in exchange loss of \$0.46 million as RMB currency weakened further against SGD in the current quarter, as well as increase in administrative staff cost and consultancy expenses.

Profit before tax was \$16.93 million for the quarter, an increase of 136.1%, in line with the increase in revenue.

Income tax expense for 3Q2010 increased \$3.12 million, or 180% over 3Q2009, attributable to higher profits earned in the current period, increase in PRC tax rate from 20% to 22%, as well as the higher deferred tax recognised on the distributable profits of SOA and UWX which will be subjected to withholding tax when remitted to overseas shareholders.

Balance Sheet items

Trade and other receivables increased 23% from \$659,000 in 31 December 2009 to \$810,000 in 30 September 2010 mainly due to the RMB fixed deposits interest receivable recognised in the current period.

Other current assets increased 67% from \$146,000 in 31 December 2009 to \$244,000 in 30 September 2010 mainly due to increase in prepayments.

Cash and cash equivalents increased 45% from \$45.08 million at 31 December 2009 to \$65.28 million at 30 September 2010 mainly due to cash generated from operations during the period, offset by purchases of property, plant and equipment and dividend paid out during the period.

Reserves increased 36% from \$23.88 million at 31 December 2009 to \$32.37 million at 30 September 2010 mainly due to the profits earned in the current period offset by dividend paid out during the period, share option reserves recognised in the current period arising from share options granted in May 2010, as well as translation losses arising from the weakened RMB currency against SGD in the current period.

Deferred tax liabilities increased 80% from \$1.05 million in 31 December 2009 to \$1.90 million in 30 September 2010 due to the deferred tax recognised on the distributable profits of SOA and UWX earned in the current period.

Trade and other payables increased 41% from \$4.04 million in 31 December 2009 to \$5.72 million in 30 September 2010 mainly due to the accrual of 3Q land rental expense amounting to \$1.3 million, as well as variable bonus provided for the year.

Current tax payable increased 671% from \$0.52 million in 31 December 2009 to \$3.98 million in 30 September 2010 due to the provision of income tax on the 3Q2010 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 \$17.97 million in 3Q2010, an increase of 128% compared to the \$7.89 million of operating cash flow generated in 3Q2009. As at 30 September 2010, the Group's cash and cash equivalent balance amounted to \$65.28 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 ("GDP") grew 9.6% in the third quarter from the same period last year, slowing from the second quarter's 10.3% rise, as the Chinese government weans the economy from the stimulus package that were introduced previously. From January to September, GDP increased by 10.6% year-on-year to 26.866 trillion Yuan (US\$4.03 trillion).

China recently raised interest rates by 0.25 percentage point for the first time in nearly three years to prevent the economy from overheating and to fight inflation which rose 3.6% compared to a year ago.

It was reported that the Chinese government would make more efforts to further open up and reform the economy, improve people's lives and ensure stable and relatively fast economic growth. These macro factors augur well for the Group which operates mainly in China.

At the micro level, our Attractions will continue to develop and promote all market segments through appropriate marketing initiatives and activities. In addition, the enhancement of Exhibit Zone and introduction of new exhibits will provide visitors with a more enriching experience.

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/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded 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(5) 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 3Q2010 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
9 November 2010