

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

**FIRST QUARTER ENDED 31 MARCH 2011 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

	1Q ended		
	31/03/2011	31/03/2010	Change
	S\$'000	S\$'000	%
Sales	7,393	6,579	12
Other operating income	534	384	39
Operating expenses	(3,662)	(3,790)	(3)
Administrative expenses	(2,524)	(1,591)	59
Profit before tax	1,741	1,582	10
Income tax expense	(609)	(511)	19
Profit for the year	1,132	1,071	6
Profit attributable to:			
Equity holders of the parent	1,101	1,016	8
Minority interests	31	55	(44)
Profit for the year	1,132	1,071	6

STATEMENT OF COMPREHENSIVE INCOME

	1Q ended		
	31/03/2011	31/03/2010	Change
	S\$'000	S\$'000	%
Profit for the year	1,132	1,071	6
Other comprehensive income			
Translation differences relating to financial statements of foreign subsidiaries	(1,122)	(191)	487
Exchange differences on monetary items forming part of net investment in a foreign operation	(100)	(22)	355
Other comprehensive loss for the year, net of tax	(1,222)	(213)	474
Total comprehensive (loss)/income for the year	(90)	858	n.m.
Total comprehensive (loss)/income attributable to:			
Equity holders of the parent	(79)	810	n.m.
Minority interests	(11)	48	n.m.
Total comprehensive (loss)/income for the year	(90)	858	n.m.

n.m.: not meaningful

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

	1Q ended	
	31/03/2011	31/03/2010
	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,163	1,250
Interest income	(311)	(65)
Foreign exchange loss	364	75

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.

	Group		Company	
	As at	As at	As at	As at
	31/03/2011	31/12/2010	31/03/2011	31/12/2010
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	52,531	54,233	2,576	2,608
Interest in subsidiaries	-	-	55,163	55,271
Long-term loans to subsidiaries	-	-	4,500	4,500
Intangible assets	1,419	1,419	-	-
	53,950	55,652	62,239	62,379
Current assets				
Inventories	789	734	-	-
Trade and other receivables	823	851	-	-
Due from subsidiaries	-	-	23,836	19,963
Other current assets	248	222	26	12
Cash and cash equivalents	64,919	65,090	7,540	5,078
	66,779	66,897	31,402	25,053
Total assets	120,729	122,549	93,641	87,432
Equity attributable to equity holders of the Parent				
Share capital	76,985	76,985	76,985	76,985
Treasury shares	(64)	-	(64)	-
Reserves	34,356	34,346	15,391	9,653
	111,277	111,331	92,312	86,638
Non-controlling interest	2,349	2,742	-	-
Total equity	113,626	114,073	92,312	86,638
Non-current liabilities				
Deferred income	200	71	-	-
Deferred tax liabilities	1,505	2,041	-	-
	1,705	2,112	-	-
Current liabilities				
Trade and other payables	4,218	5,266	432	447
Due to subsidiaries	-	-	349	347
Current tax payable	1,180	1,098	548	-
	5,398	6,364	1,329	794
Total liabilities	7,103	8,476	1,329	794
Total equity and liabilities	120,729	122,549	93,641	87,432

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

	As at 31/03/2011		As at 31/12/2010	
	<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					Q1 ended 31/03/2011	Q1 ended 31/03/2010
					S\$'000	S\$'000
Operating activities						
Profit before taxation					1,741	1,582
Adjustments for:						
Depreciation					1,163	1,250
Equity-settled share-based payment transactions					89	-
Government grant utilised					(9)	(3)
Interest income					(311)	(65)
Exchange loss					523	70
Operating cash flow before working capital change					3,196	2,834
Changes in operating assets and liabilities						
Trade and other receivables					2	(98)
Inventories					(55)	30
Trade and other payables					(1,430)	(506)
Cash generated from operations					1,713	2,260
Income tax paid					(1,040)	(471)
Cash flows from operating activities					673	1,789
Investing activities						
Acquisition of property, plant and equipment					(207)	(78)
Interest received					311	65
Cash flows from investing activities					104	(13)
Financing activities						
Repurchase of own shares					(64)	-
Cash flow from financing activities					(64)	-
Net increase in cash and cash equivalents					713	1,776
Cash and cash equivalents at the beginning of the financial period					65,090	45,081
Effects of exchange rate fluctuations					(884)	(117)
Cash and cash equivalents at the end of the financial period					64,919	46,740

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	Treasury shares	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	S\$'000
As at 1 January 2011	76,985	-	811	4,063	(4,809)	34,281	111,331	2,742	114,073
Changes in equity for the period:									
Purchase of own shares	-	(64)	-	-	-	-	(64)	-	(64)
Value of employee services received for issue of share options	-	-	89	-	-	-	89	-	89
Transfer to general reserve	-	-	-	848	-	(848)	-	-	-
Dividend declared by subsidiary	-	-	-	-	-	-	-	(382)	(382)
Total comprehensive income/(loss) for the period	-	-	-	-	(1,180)	1,101	(79)	(11)	(90)
As at 31 March 2011	76,985	(64)	900	4,911	(5,989)	34,534	111,277	2,349	113,626

(ii)

	Interest of shareholders of the Company								
	Share capital	Treasury shares	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	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

(b) Company

(i)

	Share capital	Treasury shares	Share option reserves	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	Balance as at 1 January 2011	76,985	-	811	8,842
Purchase of own shares	-	(64)	-	-	(64)
Value of employee services received for issue of share options	-	-	89	-	89
Total comprehensive income for the period	-	-	-	5,649	5,649
Balance as at 31 March 2011	76,985	(64)	900	14,491	92,312

(ii)

	Share capital	Treasury shares	Share option reserves	Retained earnings	Total
	S\$'000	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

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.

	Issued Ordinary Shares (excluding Treasury Shares)
Balance as at 1 January 2011	868,929,580
No. of shares purchased*	(427,000)
Balance as at 31 March 2011	868,502,580

* Pursuant to the 2010 Renewal of Share Buy-back Mandate approved at the Annual General Meeting on 28 April 2010, the Company purchased 427,000 shares by way of on-market purchase for a total consideration of \$64,507 (including transaction costs) during the period. The shares purchased were made out of the Company's capital and held as treasury shares.

No new share options were issued during the period. As at 31 March 2011, options to subscribe for 11,400,000 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 31/03/2011	As at 31/12/2010
Total number of issued shares	868,929,580	868,929,580
Less: Treasury shares	(427,000)	-
Total number of issued shares excluding treasury shares	868,502,580	868,929,580

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.

There were no sale, transfer, disposal, cancellation and/or use of treasury shares during the period.

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 2010.

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 2011 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	Q1 ended	
	31/03/2011	31/03/2010
(a) Based on the number of ordinary shares in issue (cents)	0.13	0.12
(b) On fully diluted basis (cents)	0.13	0.12

The calculation of basic earnings per share for 1Q ended 31 March 2011 is based on the net profits attributable to shareholders for the period ended 31 March 2011 divided by 868,502,580 shares in issue, excluding treasury shares.

The calculation of basic earnings per share for 1Q ended 31 March 2010 is based on the net profits attributable to shareholders for the period ended 31 March 2010 divided by 868,929,580 shares in issue.

Diluted earnings per share are the same as basic earnings per share as 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	
	31/03/2011	31/12/2010	31/03/2011	31/12/2010
Net asset value per ordinary share (cents) based on number of issued shares excluding treasury shares at the end of:	12.81	12.81	10.63	9.97

Net asset value per ordinary share was calculated based on 868,502,580 ordinary shares issued (excluding treasury shares) as at 31 March 2011 and 868,929,580 ordinary shares issued as at 31 December 2010.

- 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 first quarter of FY2011, the Group achieved sales of \$7.39 million, an increase of 12.4% over the same period in FY2010, mainly due to the more than 30% increase in visitation to our Underwater World Xiamen ("UWX") for the period and better yield arising from the higher mix of walk-in visitors. Shanghai Ocean Aquarium ("SOA") however registered a 5.4% decline in visitor numbers, as the unfavourable weather condition in Shanghai and travelling pattern during the winter months had a negative impact on SOA business.

Overall, visitation to our Group's major attractions however still registered an increase of 11.3% compared to 1Q2010, at 373,000 visitors.

Operational Results

Expenses for 1Q2011 increased \$0.81 million in total, or 15% over 1Q2010, mainly due to increase in administrative expenses.

Operating expenses decreased by \$0.13 million, or 3.4%, mainly due to decrease in depreciation expenses as certain fixed assets, including those relating to the production of the stage show "Paris Plumes" by our subsidiary, Straco Creation Pte Ltd have been fully depreciated; as well as decrease in advertising expenses.

Administrative expenses for 1Q2011 increased \$0.93 million; or 58.6% over 1Q2010, mainly due to the increase in staff cost arising from higher performance bonus paid out in the current period; as well as increase of \$0.29 million in exchange loss recognised in the current period compared to 1Q2010. RMB currency weakened further against SGD in the current quarter.

Profit before tax was \$1.74 million for the quarter, compared to a profit before tax of \$1.58 million for 1Q2010, an increase of 10.1%. Taking away the effects of foreign exchange loss in

both periods, profit before tax would have been \$2.11 million, an increase of 27% compared to \$1.66 million in 1Q2010.

Balance Sheet items

Other current assets increased 11.7% from \$222,000 in 31 December 2010 to \$248,000 in 31 March 2011 mainly due to increase in deposits and prepayments.

Non-controlling interest ("NCI") decreased 14.3% from \$2.74 million in 31 December 2010 to \$2.35 million in 31 March 2011 due to the dividend declared by SOA in the current period as well as increase in NCI's share of translation losses from the weakened RMB against SGD, partially offset by its share of current period profits.

Deferred income increased 181.7% from \$71,000 in 31 December 2010 to \$200,000 in 31 March 2011 due to the PRC's government grants received by SOA in respect of certain property, plant and equipment purchased. The grants will be periodically recognised in the profit and loss account over the useful life of the assets associated with it.

Deferred tax liability decreased 26.3% from \$2.04 million in 31 December 2010 to \$1.51 million in 31 March 2011 due to the reversal of deferred tax recognised in prior years for FY2008 and FY2009 profits of SOA which has been declared as dividend; offset by the deferred tax recognised on the 1Q2011 profits of SOA and UWX. Provision for the PRC withholding taxes payable on the dividend declared by SOA has been included in current tax payable.

Trade and other payables decreased 19.9% from \$5.27 million in 31 December 2010 to \$4.22 million in 31 March 2011, mainly due to the reversal of performance bonus which were accrued in last year.

Cash flow Statement

The Group generated a cash inflow from operating activities, excluding working capital changes, amounting to \$3.2 million in 1Q2011, compared to \$2.8 million in 1Q2010. During the period, the Company used \$0.06 million cash to buy back its own shares. As at 31 March 2011, the Group's cash and cash equivalent balance amounted to \$64.9 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 9.7% in the first quarter of 2011, despite six months of tightening efforts in which the Chinese government has raised benchmark interest rates four times, and required banks to lock up 20.5% of their deposits as reserves.

Consumer price index (CPI) for the first quarter was up 5% when compared to the first quarter of 2010, making it the most pressing task and top priority of the government to control inflation.

China will continue to reshape its economy and move away from reliance of exports to domestic consumption. It has been reported that the government will make great effort to boost domestic demand, especially consumer demand over the next 5 years. This augurs well for the domestic tourism market, and our Group's Attractions.

At the Group level, the Company will continue to monitor the sales mix and contributions from the various segments and devise appropriate and targeted marketing initiatives and activities for each.

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/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 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 1Q2011 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 May 2011