

STRACO CORPORATION LIMITED
Company Registration Number: 200203482R
(Incorporated in Singapore)

Second Quarter Ended 30 June 2007 Unaudited Financial Statements 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		
	30/06/2007	30/06/2006	Change	30/06/2007	30/6/2006	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sales	6,052	4,718	28	9,876	8,097	22
Other operating income	415	446	(7)	809	698	16
Operating expenses	(2,903)	(2,777)	5	(5,584)	(5,419)	3
Administrative expenses	(762)	(1,122)	(32)	(1,958)	(2,143)	(9)
Finance costs	-	(75)	n.m.	-	(168)	n.m.
Profit before tax	2,802	1,190	135	3,143	1,065	195
Income tax expense	(471)	(215)	119	(554)	(258)	115
Profit after tax	2,331	975	139	2,589	807	221
Attributable to:						
Equity holders of the parent	2,221	920	141	2,458	748	229
Minority interests	110	55	100	131	59	122
	2,331	975	139	2,589	807	221

n.m. – not meaningful

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

	2Q ended		6 months ended	
	30/06/2007	30/6/2006	30/06/2007	30/6/2006
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	945	1,094	1,944	2,205
Interest income	(196)	(248)	(444)	(321)
Interest expense on bank loans	-	75	-	168
Foreign exchange (gain)/loss	(345)	129	(354)	254
Gain on disposal of property, plant and equipment	-	(7)	-	(28)

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

Balance Sheets	Group		Company	
	As at	As at	As at	As at
	30/06/2007	31/12/2006	30/06/2007	31/12/2006
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	59,543	59,536	3,046	3,089
Interest in subsidiaries	-	-	43,005	43,005
Long-term loans to subsidiaries	-	-	3,818	6,818
Intangible assets	244	126	-	-
Deferred tax asset	86	84	-	-
Deferred assets	52	-	52	-
	<u>59,925</u>	<u>59,746</u>	<u>49,921</u>	<u>52,912</u>
Current assets				
Inventories	538	506	-	-
Trade and other receivables	672	684	-	-
Due from subsidiaries	-	-	7,223	11,791
Other current assets	333	231	29	19
Cash and cash equivalents	34,812	32,816	30,464	20,777
	<u>36,355</u>	<u>34,237</u>	<u>37,716</u>	<u>32,587</u>
Total assets	<u>96,280</u>	<u>93,983</u>	<u>87,637</u>	<u>85,499</u>
Equity attributable to equity holders of the Parent				
Share capital	76,985	76,985	76,985	76,985
Reserves	7,910	6,576	6,184	4,040
	<u>84,895</u>	<u>83,561</u>	<u>83,169</u>	<u>81,025</u>
Minority interest	1,939	1,890	-	-
Total equity	<u>86,834</u>	<u>85,451</u>	<u>83,169</u>	<u>81,025</u>
Non-current liabilities				
Borrowings	1,805	1,761	-	-
Current liabilities				
Trade and other payables	3,183	2,716	333	411
Due to subsidiaries	-	-	157	137
Current tax payable	532	129	52	-
Current borrowings	3,926	3,926	3,926	3,926
	<u>7,641</u>	<u>6,771</u>	<u>4,468</u>	<u>4,474</u>
Total liabilities	<u>9,446</u>	<u>8,532</u>	<u>4,468</u>	<u>4,474</u>
Total equity and liabilities	<u>96,280</u>	<u>93,983</u>	<u>87,637</u>	<u>85,499</u>

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

	As at 30/06/2007		As at 31/12/2006	
	<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	-	3,926	-	3,926
Amount payable after one year	-	1,805	-	1,761

Details of collateral

There were no secured bank loans outstanding as at 30 June 2007 and 31 December 2006.

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 Cash Flow Statement	Q2 ended 30/06/2007	Q2 ended 30/06/2006
	S\$'000	S\$'000
Operating activities		
Profit before taxation	2,802	1,190
Adjustments for:		
Depreciation	945	1,094
Gain on disposal of property, plant and equipment	-	(7)
Interest income	(196)	(248)
Interest expense	-	75
Operating cash flow before working capital change	<u>3,551</u>	<u>2,104</u>
Changes in operating assets and liabilities		
Trade and other receivables	41	(120)
Inventories	13	35
Trade and other payables	252	156
Cash generated from operations	<u>3,857</u>	<u>2,175</u>
Income tax paid	(88)	(63)
Cash flows from operating activities	<u>3,769</u>	<u>2,112</u>
Investing activities		
Acquisition of property, plant and equipment	(382)	(402)
Payment for intangible assets	(63)	-
Payment for deferred assets	(52)	-
Proceeds from disposal of property, plant and equipment	-	29
Interest received	196	248
Cash flows from investing activities	<u>(301)</u>	<u>(125)</u>
Financing activities		
Issue of shares to minority shareholder of a subsidiary	93	-
Dividend paid	(2,172)	-
Repayment of borrowings	-	(3,347)
Interest paid	-	(75)
Cash flow from financing activities	<u>(2,079)</u>	<u>(3,422)</u>
Net increase/(decrease) in cash and cash equivalents	1,389	(1,435)
Cash and cash equivalents at the beginning of the financial period	33,644	32,484
Effects of exchange rate changes on cash and cash equivalents	(221)	16
Cash and cash equivalents at the end of the financial period	<u>34,812</u>	<u>31,065</u>

1(d)(i) A statement (for 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 premium	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
As at 1 January 2007	76,985	-	1,059	(3,359)	8,876	83,561	1,890	85,451
Translation differences relating to financial statements of foreign subsidiaries recognised directly in equity	-	-	-	15	-	15	1	16
Net profit for the period	-	-	-	-	237	237	21	258
Total recognised income/(expense) for the period	-	-	-	15	237	252	22	274
Transfer to statutory reserve	-	-	453	-	(453)	-	-	-
Dividend paid	-	-	-	-	-	-	(220)	(220)
As at 31 March 2007	76,985	-	1,512	(3,344)	8,660	83,813	1,692	85,505
Translation differences relating to financial statements of foreign subsidiaries recognised directly in equity	-	-	-	1,033	-	1,033	137	1,170
Net profit for the period	-	-	-	-	2,221	2,221	110	2,331
Total recognised income/(expense) for the period	-	-	-	1,033	2,221	3,254	247	3,501
Dividend paid	-	-	-	-	(2,172)	(2,172)	-	(2,172)
As at 30 June 2007	76,985	-	1,512	(2,311)	8,709	84,895	1,939	86,834

(ii)

	Interest of shareholders of the Company							
	Share capital	Share premium	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
As at 1 January 2006, previously reported	43,446	33,539	719	(955)	5,607	82,356	2,000	84,356
Effects of adopting FRS 21 (revised)	-	-	-	(231)	231	-	-	-
As at 1 January 2006, restated	43,446	33,539	719	(1,186)	5,838	82,356	2,000	84,356
Translation differences relating to financial statements of foreign subsidiaries recognised directly in equity	-	-	-	(1,085)	-	(1,085)	(48)	(1,133)
Net profit/(loss) for the period	-	-	-	-	(172)	(172)	4	(168)
Total recognised income/(expense) for the period	-	-	-	(1,085)	(172)	(1,257)	(44)	(1,301)
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	33,539	(33,539)	-	-	-	-	-	-
Transfer to statutory reserve	-	-	340	-	(340)	-	-	-
Dividend paid	-	-	-	-	-	-	(225)	(225)
As at 31 March 2006	76,985	-	1,059	(2,271)	5,326	81,099	1,731	82,830
Translation differences relating to financial statements of foreign subsidiaries recognised directly in equity	-	-	-	(536)	-	(536)	(21)	(557)
Net profit/(loss) for the period	-	-	-	-	920	920	55	975
Total recognised income/(expense) for the period	-	-	-	(536)	920	384	34	418
As at 30 June 2006	76,985	-	1,059	(2,807)	6,246	81,483	1,765	83,248

(b) Company

(i)

	Share capital	Share premium	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2007	76,985	-	4,040	81,025
Net profit for the period	-	-	4,137	4,137
Balance as at 31 March 2007	76,985	-	8,177	85,162
Net profit for the period	-	-	179	179
Dividend paid	-	-	(2,172)	(2,172)
Balance as at 30 June 2007	76,985	-	6,184	83,169

(ii)

	Share capital S\$'000	Share premium S\$'000	Retained earnings S\$'000	Total S\$'000
Balance as at 1 January 2006	43,446	33,539	523	77,508
Net profit for the period	-	-	3,955	3,955
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	33,539	(33,539)	-	-
Balance as at 31 March 2006	76,985	-	4,478	81,463
Net loss for the period	-	-	(96)	(96)
Balance as at 30 June 2006	76,985	-	4,382	81,367

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous financial period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles 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 2006 to the date of the current reporting period.

2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

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 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 2006.

5 If there are any changes in 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 2007 and there is no material impact on the Group's results.

6 Earnings per ordinary share of the group for the current period reported in 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	
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
(a) Based on the number of ordinary shares in issue (cents)	0.26	0.11	0.28	0.09
(b) On fully diluted basis (cents)	0.26	0.11	0.28	0.09

The calculations of basic earnings per share for the 2Q ended 30 June 2007 and the 6 months ended 30 June 2007 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 are the same as basic earnings per share because there are no diluting shares outstanding during these periods. No share options were granted to any employee during these periods.

7 Net asset value (for the issuer and group) per ordinary share based on the issued share capital of the issuer at the end of the (a) current period reported and (b) immediately preceding financial year

Net asset value per share

	Group		Company	
	30/06/2007	31/12/2006	30/06/2007	31/12/2006
Net asset value per ordinary share (cents)	9.77	9.62	9.57	9.32

Net asset value per ordinary share was calculated based on the issued share capital of 868,929,580 shares as at 30 June 2007 and 31 December 2006.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal cyclical factors. It must also discuss 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 2007, the Group achieved sales of \$6.1 million, an increase of 28% over the same period in FY2006. The Group's flagship, Shanghai Ocean Aquarium ("SOA"), registered a 20% increase in visitor arrivals to 310,000, compared to 258,000 visitors in the second quarter of FY2006, as visitation from all segments saw double digit growth.

Walk-in visitors, our major segment, grew 19% for the quarter compared to 2Q2006 as a result of more focused marketing and sales efforts, as well as the improved macro-environment for consumer consumption. Student group saw significant growth of 64%, while tour and corporate groups also grew 13% and 22% respectively compared to the corresponding period.

Overall revenue for the first half of FY2007 amounted to \$9.9 million, an increase of 22% compared to 1H2006, a result of increase in visitor arrivals and higher yield achieved.

Operational Results

Expenses decreased by \$0.2 million, or 6% compared with the same period in FY2006. Operating expenses increased \$0.1 million, in line with the higher revenue, while administrative expenses decreased \$0.3 million, or 32%. The decrease was mainly due to the exchange gain arising from the stronger RMB currency against the USD and SGD, offset by property tax charge been levied with effect from February 2007. SOA had enjoyed a property tax waiver for its past 5 years of operations.

No finance cost was incurred in the current quarter under review as the Group had fully repaid the outstanding bank loans in FY2006.

The Group achieved a profit before tax of \$2.8 million for the quarter, compared to \$1.2 million in 2Q2006, an increase of 135%.

Cash flow Statement

The Group generated a net cash inflow from operating activities amounting to \$3.7 million in 2Q2007. During the quarter, the Company paid out final dividend amounting to \$2.2 million for the financial year ended 31 December 2006. As at 30 June 2007, the Group's cash and cash equivalent balance amounted to \$34.8 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 announcement of the 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.

China economy grew a robust 11.9% in the second quarter from a year ago, the fastest pace in 12 years. Gross Domestic Product rose 11.5% to 10.68 trillion Yuan in the first half of 2007, up 0.5 percentage point on the same period in 2006.

Domestic consumption rose 11.5% in the first half of the year, as the Chinese government encouraged consumer spending by raising minimum wages and improving social security.

The favourable macro conditions augur well for the tourism industry as a whole and the Group's flagship attraction, Shanghai Ocean Aquarium, and will continue to underpin its

robust performance. There are no other known factors that would significantly affect its business over the next 12 months.

11 Dividend

(a) Current Financial Period Reported on

Any dividend recommended for the current financial period reported? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

12 If no dividend is declared/recommended, a statement to that fact.

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 Segmental 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 the contributions to turnover and earnings by the business or geographical segments

Not applicable.

15 Breakdown of sales

Not applicable.

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

Not applicable.

By order of the Board,

Lotus Isabella Lim Mei Hua
Company Secretary

Statement by Directors
Pursuant to SGX Listing Rule 705(4)

To the best of our knowledge and belief, nothing has come to the attention of the Directors which may render the 2Q2007 financial results to be false or misleading in all material aspect.

On behalf of the Board

Wu Hsioh Kwang
Chairman

Choong Chow Siong
Director