

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

**Third Quarter Ended 30 September 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**

	3Q ended			9 months ended		
	30/09/2007	30/09/2006	Change	30/09/2007	30/09/2006	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sales	8,663	6,632	31	18,539	14,729	26
Other operating income	541	488	11	1,350	1,186	14
Operating expenses	(3,408)	(3,213)	6	(8,992)	(8,632)	4
Administrative expenses	(1,560)	(903)	73	(3,518)	(3,046)	15
Finance costs	-	(17)	n.m.	-	(185)	n.m.
Profit before tax	4,236	2,987	42	7,379	4,052	82
Income tax expense	(706)	(472)	50	(1,260)	(730)	73
Profit after tax	3,530	2,515	40	6,119	3,322	84
Attributable to:						
Equity holders of the parent	3,334	2,385	40	5,792	3,133	85
Minority interests	196	130	51	327	189	73
	3,530	2,515	40	6,119	3,322	84

n.m. – not meaningful

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

	3Q ended		9 months ended	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	942	1,095	2,886	3,300
Interest income	(199)	(232)	(643)	(553)
Interest expense on bank loans	-	17	-	185
Foreign exchange (gain)/loss	98	(122)	(257)	132
Gain on disposal of property, plant and equipment	-	8	-	(20)

**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
	30/09/2007	31/12/2006	30/09/2007	31/12/2006
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	58,065	59,536	3,024	3,089
Interest in subsidiaries	-	-	42,820	43,005
Long-term loans to subsidiaries	-	-	3,792	6,818
Intangible assets	291	126	-	-
Long-term deposits	1,233	-	1,233	-
Deferred tax asset	85	84	-	-
Deferred assets	77	-	77	-
	<u>59,751</u>	<u>59,746</u>	<u>50,946</u>	<u>52,912</u>
<b>Current assets</b>				
Inventories	607	506	-	-
Trade and other receivables	686	684	-	-
Due from subsidiaries	-	-	7,267	11,791
Other current assets	282	231	28	19
Cash and cash equivalents	38,530	32,816	29,097	20,777
	<u>40,105</u>	<u>34,237</u>	<u>36,392</u>	<u>32,587</u>
<b>Total assets</b>	<b><u>99,856</u></b>	<b><u>93,983</u></b>	<b><u>87,338</u></b>	<b><u>85,499</u></b>
<b>Equity attributable to equity holders of the Parent</b>				
Share capital	76,985	76,985	76,985	76,985
Reserves	10,508	6,576	5,919	4,040
	<u>87,493</u>	<u>83,561</u>	<u>82,904</u>	<u>81,025</u>
<b>Minority interest</b>	2,103	1,890	-	-
<b>Total equity</b>	<u>89,596</u>	<u>85,451</u>	<u>82,904</u>	<u>81,025</u>
<b>Non-current liabilities</b>				
Borrowings	1,775	1,761	-	-
<b>Current liabilities</b>				
Trade and other payables	3,923	2,716	482	411
Due to subsidiaries	-	-	147	137
Current tax payable	757	129	-	-
Current borrowings	3,805	3,926	3,805	3,926
	<u>8,485</u>	<u>6,771</u>	<u>4,434</u>	<u>4,474</u>
<b>Total liabilities</b>	<u>10,260</u>	<u>8,532</u>	<u>4,434</u>	<u>4,474</u>
<b>Total equity and liabilities</b>	<b><u>99,856</u></b>	<b><u>93,983</u></b>	<b><u>87,338</u></b>	<b><u>85,499</u></b>

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

	As at 30/09/2007		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	-	3,805	-	3,926
Amount payable after one year	-	1,775	-	1,761

**Details of collateral**

There were no secured bank loans outstanding as at 30 September 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**

<b>Consolidated Cash Flow Statement</b>	<b>Q3 ended 30/09/2007</b>	<b>Q3 ended 30/09/2006</b>
	S\$'000	S\$'000
<b>Operating activities</b>		
Profit before taxation	4,236	2,987
Adjustments for:		
Depreciation	942	1,095
Gain on disposal of property, plant and equipment	-	8
Interest income	(199)	(232)
Interest expense	-	17
Operating cash flow before working capital change	<u>4,979</u>	<u>3,875</u>
Changes in operating assets and liabilities		
Trade and other receivables	37	(260)
Inventories	(69)	(21)
Trade and other payables	740	322
Cash generated from operations	<u>5,687</u>	<u>3,916</u>
Income tax paid	(467)	(158)
Cash flows from operating activities	<u>5,220</u>	<u>3,758</u>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(387)	(335)
Payment for intangible assets	(48)	-
Long-term deposits	(1,233)	-
Payment for deferred assets	(25)	-
Interest received	199	232
Cash flows from investing activities	<u>(1,494)</u>	<u>(103)</u>
<b>Financing activities</b>		
Repayment of borrowings	-	(2,570)
Interest paid	-	(17)
Cash flow from financing activities	<u>-</u>	<u>(2,587)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,726</b>	<b>1,068</b>
Cash and cash equivalents at the beginning of the financial period	34,812	31,065
Effects of exchange rate changes on cash and cash equivalents	(8)	(105)
<b>Cash and cash equivalents at the end of the financial period</b>	<b><u>38,530</u></b>	<b><u>32,028</u></b>

**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							Total Equity
	Share capital	Share premium	Statutory Reserves	Foreign	Retained earnings	Total	Minority Interest	
				currency translation reserves				
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>As at 1 January 2007</b>	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)
<b>As at 31 March 2007</b>	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)
<b>As at 30 June 2007</b>	76,985	-	1,512	(2,311)	8,709	84,895	1,939	86,834
Translation differences relating to financial statements of foreign subsidiaries recognised directly in equity	-	-	-	(736)	-	(736)	(32)	(768)
Net profit for the period	-	-	-	-	3,334	3,334	196	3,530
Total recognised income/(expense) for the period	-	-	-	(736)	3,334	2,598	164	2,762
<b>As at 30 September 2007</b>	76,985	-	1,512	(3,047)	12,043	87,493	2,103	89,596

**(ii)**

	Interest of shareholders of the Company							Total Equity
	Share capital	Share premium	Statutory Reserves	Foreign	Retained earnings	Total	Minority Interest	
				currency translation reserves				
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>As at 1 January 2006, previously reported</b>	43,446	33,539	719	(955)	5,607	82,356	2,000	84,356
Effects of adopting FRS 21 (revised)	-	-	-	(231)	231	-	-	-
<b>As at 1 January 2006, restated</b>	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)
<b>As at 31 March 2006</b>	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
<b>As at 30 June 2006</b>	76,985	-	1,059	(2,807)	6,246	81,483	1,765	83,248
Translation differences relating to financial statements of foreign subsidiaries recognised directly in equity	-	-	-	419	-	419	22	441
Net profit/(loss) for the period	-	-	-	-	2,385	2,385	130	2,515
Total recognised income/(expense) for the period	-	-	-	419	2,385	2,804	152	2,956
<b>As at 30 September 2006</b>	76,985	-	1,059	(2,388)	8,631	84,287	1,917	86,204

**(b) Company**

**(i)**

	Share capital S\$'000	Share premium S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Balance as at 1 January 2007</b>	76,985	-	4,040	81,025
Net profit for the period	-	-	4,137	4,137
<b>Balance as at 31 March 2007</b>	76,985	-	8,177	85,162
Net profit for the period	-	-	179	179
Dividend paid	-	-	(2,172)	(2,172)
<b>Balance as at 30 June 2007</b>	76,985	-	6,184	83,169
Net loss for the period	-	-	(265)	(265)
<b>Balance as at 30 September 2007</b>	76,985	-	5,919	82,904

(ii)

	Share capital S\$'000	Share premium S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Balance as at 1 January 2006</b>	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)	-	-
<b>Balance as at 31 March 2006</b>	76,985	-	4,478	81,463
Net loss for the period	-	-	(96)	(96)
<b>Balance as at 30 June 2006</b>	76,985	-	4,382	81,367
Net profit for the period	-	-	53	53
<b>Balance as at 30 September 2006</b>	76,985	-	4,435	81,420

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	Q3 ended		9 months ended	
	30/09/2007	30/09/2006	30/09/2007	30/09/2006
(a) Based on the number of ordinary shares in issue (cents)	0.38	0.27	0.67	0.36
(b) On fully diluted basis (cents)	0.38	0.27	0.67	0.36

The calculations of basic earnings per share for the 3Q ended 30 September 2007 and the 9 months ended 30 September 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	
	30/09/2007	31/12/2006	30/09/2007	31/12/2006
Net asset value per ordinary share (cents)	10.07	9.62	9.54	9.32

Net asset value per ordinary share was calculated based on the issued share capital of 868,929,580 shares as at 30 September 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 third quarter of 2007, the Group achieved sales of \$8.7 million, an increase of 31% over the same period in FY2006. The Group’s flagship, Shanghai Ocean Aquarium (“SOA”),

registered a 23% increase in visitor arrivals to 415,000, compared to 338,000 visitors in the third quarter of FY2006, as visitation from all segments registered double digit growth.

Higher and stronger consumer spending power generated by favourable macro economic environment, together with SOA's focused marketing and sales initiatives contributed to the strong Q3 performance. Walk-in visitors, our major segment, grew 13% for the quarter compared to 3Q2006, while the other segments – Tour, Corporate, and Student groups achieved significant growth of 37% to 50%, compared to the corresponding period.

Overall revenue for the first 9 months of FY2007 amounted to \$18.5 million, an increase of 26% compared to the corresponding period in FY2006, a result of increase in visitor arrivals and higher yield achieved.

### **Operational Results**

Expenses for 3Q2007 increased by \$0.8 million, or 21% compared with the same period in FY2006. Operating expenses increased \$0.2 million, in line with the higher revenue, while administrative expenses increased \$0.6 million, or 73%. The increase in administrative expenses were mainly due to exchange loss recorded as RMB and USD weakened against the SGD, levy of property tax on SOA with effect from February 2007 which was waived for the past 5 years, and higher staff costs.

The Group achieved a profit before tax of \$4.2 million for the quarter, compared to \$3.0 million in 3Q2006, an increase of 42%.

### **Cash flow Statement**

The Group generated a net cash inflow from operating activities amounting to \$5.2 million in 3Q2007. Total net inflow generated from operating activities for the nine months amounted to \$9.8 million. During the quarter, the Company made a deposit payment amounting to \$1.2 million for the proposed acquisition of 100% of the shares in New Bay Holdings Pte Ltd. As at 30 September 2007, the Group's cash and cash equivalent balance amounted to \$38.5 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 11.5% in the third quarter. Trade surplus swelled to a record US\$185.65 billion in the first nine months and pushed the nation's foreign currency reserves to a record US\$1.43 trillion. The Chinese government will continue to promote more consumer spending and raise rural incomes to balance the economy that relies on investment and exports.

The favourable macro conditions augur well for the tourism industry as a whole. The proposed acquisition of New Bay Holdings Pte Ltd, which owns Underwater World Xiamen, is expected to improve the Group's future earnings.

#### **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 3Q2007 financial results to be false or misleading in all material respect.

On behalf of the Board

Wu Hsioh Kwang  
Chairman

Choong Chow Siong  
Director