

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

FULL YEAR ENDED 31 DECEMBER 2007 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

	4Q ended			Full year ended		
	31/12/2007	31/12/2006	Change	31/12/2007	31/12/2006	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sales	5,634	3,775	49	24,173	18,504	31
Other operating income	364	538	(32)	1,714	1,724	(1)
Operating expenses	(3,985)	(2,811)	42	(12,977)	(11,443)	13
Administrative expenses	(1,023)	(1,209)	(15)	(4,541)	(4,255)	7
Finance costs	-	1	n.m.	-	(184)	n.m.
Profit before tax	990	294	237	8,369	4,346	93
Income tax expense	(618)	(35)	1,666	(1,878)	(765)	145
Profit after tax	372	259	44	6,491	3,581	81
Attributable to:						
Equity holders of the parent	408	245	67	6,200	3,378	84
Minority interests	(36)	14	n.m.	291	203	43
	372	259	44	6,491	3,581	81

n.m.: not meaningful

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

	4Q ended		Full year ended	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,117	1,080	4,003	4,380
Amortisation of intangible assets	13	-	13	-
Interest income	(143)	(351)	(786)	(904)
Interest expense on bank loans	-	(1)	-	184
Foreign exchange (gain)/loss	(57)	194	(314)	326
(Gain)/Loss on disposal of property, plant and equipment	1	-	1	(20)

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	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	66,103	59,536	2,992	3,089
Interest in subsidiaries	-	-	55,351	43,005
Long-term loans to subsidiaries	-	-	2,271	6,818
Intangible assets	2,000	126	-	-
Deferred tax asset	-	84	-	-
	<u>68,103</u>	<u>59,746</u>	<u>60,614</u>	<u>52,912</u>
Current assets				
Inventories	752	506	-	-
Trade and other receivables	1,938	684	-	-
Due from subsidiaries	-	-	9,551	11,791
Other current assets	651	231	10	19
Cash and cash equivalents	30,780	32,816	17,102	20,777
	<u>34,121</u>	<u>34,237</u>	<u>26,663</u>	<u>32,587</u>
Total assets	<u>102,224</u>	<u>93,983</u>	<u>87,277</u>	<u>85,499</u>
Equity attributable to equity holders of the Parent				
Share capital	76,985	76,985	76,985	76,985
Reserves	11,236	6,576	5,479	4,040
	<u>88,221</u>	<u>83,561</u>	<u>82,464</u>	<u>81,025</u>
Minority interest	2,067	1,890	-	-
Total equity	<u>90,288</u>	<u>85,451</u>	<u>82,464</u>	<u>81,025</u>
Non-current liabilities				
Borrowings	1,775	1,761	-	-
Deferred income	103	-	-	-
Deferred tax liabilities	191	-	-	-
	<u>2,069</u>	<u>1,761</u>	<u>-</u>	<u>-</u>
Current liabilities				
Trade and other payables	5,630	2,716	763	411
Due to subsidiaries	-	-	153	137
Current tax payable	534	129	194	-
Current borrowings	3,703	3,926	3,703	3,926
	<u>9,867</u>	<u>6,771</u>	<u>4,813</u>	<u>4,474</u>
Total liabilities	<u>11,936</u>	<u>8,532</u>	<u>4,813</u>	<u>4,474</u>
Total equity and liabilities	<u>102,224</u>	<u>93,983</u>	<u>87,277</u>	<u>85,499</u>

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

	As at 31/12/2007		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	-	3,703	-	3,926
Amount payable after one year	-	1,775	-	1,761

Details of any collateral

There were no secured bank loans outstanding as at 31 December 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	Full Year ended 31/12/2007	Full Year ended 31/12/2006
	S\$'000	S\$'000
Operating activities		
Profit before taxation	8,369	4,346
Adjustments for:		
Depreciation	4,003	4,380
Amortisation	13	-
Share option expense	95	-
Gain on disposal of property, plant and equipment	1	(20)
Interest income	(786)	(904)
Interest expense	-	184
Exchange (gain)/loss	(212)	268
Operating cash flow before working capital change	11,483	8,254
Changes in operating assets and liabilities		
Trade and other receivables	(1,113)	(370)
Inventories	(153)	(61)
Trade and other payables	2,215	308
Cash generated from operations	12,432	8,131
Income tax paid	(1,444)	(991)
Cash flows from operating activities	10,988	7,140
Investing activities		
Acquisition of property, plant and equipment	(2,326)	(1,418)
Payment for intangible assets	(351)	(126)
Acquisition of subsidiaries, net of cash acquired	(9,125)	-
Government grant received	103	-
Proceeds from disposal of property, plant and equipment	-	69
Interest received	786	904
Cash flows from investing activities	(10,913)	(571)
Financing activities		
Issue of shares to minority shareholder of a subsidiary	93	-
Dividend paid	(2,172)	-
Repayment of borrowings	-	(5,917)
Interest paid	-	(184)
Cash flow from financing activities	(2,079)	(6,101)
Net increase/(decrease) in cash and cash equivalents	(2,004)	468
Cash and cash equivalents at the beginning of the financial period	32,816	32,619
Effects of exchange rate fluctuations	(32)	(271)
Cash and cash equivalents at the end of the financial period	30,780	32,816

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	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
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
As at 30 September 2007	76,985	-	1,512	(3,047)	12,043	87,493	2,103	89,596
Translation differences relating to financial statements of foreign subsidiaries recognised directly in equity	-	-	-	225	-	225	-	225
Net profit for the period	-	-	-	-	408	408	(36)	372
Total recognised income/(expense) for the period	-	-	-	225	408	633	(36)	597
Value of employee services received for issue of share options	-	95	-	-	-	95	-	95
As at 31 December 2007	76,985	95	1,512	(2,822)	12,451	88,221	2,067	90,288

(ii)

	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
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
As at 30 September 2006	76,985	-	1,059	(2,388)	8,631	84,287	1,917	86,204
Translation differences relating to financial statements of foreign subsidiaries recognised directly in equity	-	-	-	(971)	-	(971)	(41)	(1,012)
Net profit for the period	-	-	-	-	245	245	14	259
Total recognised income/(expense) for the period	-	-	-	(971)	245	(726)	(27)	(753)
As at 31 December 2006	76,985	-	1,059	(3,359)	8,876	83,561	1,890	85,451

(b) Company

(i)

	Share capital	Share option reserves	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
Net loss for the period	-	-	(265)	(265)
Balance as at 30 September 2007	76,985	-	5,919	82,904
Value of employee services received for issue of share options	-	95	-	95
Net loss for the period	-	-	(535)	(535)
Balance as at 31 December 2007	76,985	95	5,384	82,464

(ii)

	Share capital	Share premium	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	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
Net profit for the period	-	-	53	53
Balance as at 30 September 2006	76,985	-	4,435	81,420
Net loss for the period	-	-	(395)	(395)
Balance as at 31 December 2006	76,985	-	4,040	81,025

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 2006 to the date of the current reporting period.

During the financial year, the company granted 5,380,000 share options to subscribe for ordinary shares exercisable after the vesting period, at any time during the exercise periods under the Straco Share Option Scheme.

As at 31 December 2007, options to subscribe for 5,380,000 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 December 2007, the company's issued and paid-up capital comprised 868,929,580 (31 December 2006: 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 2006.

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 2007 and there is no material impact to the Group's results.

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	Q4 ended		Full year ended	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
(a) Based on the number of ordinary shares in issue (cents)	0.05	0.03	0.71	0.39
(b) On fully diluted basis (cents)	0.05	0.03	0.71	0.39

The calculations of basic earnings per share for the 4Q ended 31 December 2007 and the full year ended 31 December 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.

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	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Net asset value per ordinary share (cents)	10.15	9.62	9.49	9.32

Net asset value per ordinary share was calculated based on the issued share capital of 868,929,580 shares as at 31 December 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. 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 fourth quarter of FY2007, the Group achieved sales of \$5.6 million, a 49% increase over the same period in FY2006. The Group's flagship, Shanghai Ocean Aquarium ("SOA") registered an 11% increase in visitor arrivals to 244,000, compared to 219,000 visitors in the fourth quarter of FY2006, as walk-in visitors and corporate groups registered double-digit

growth in visitation. Underwater World Xiamen (“UWX”), which was acquired on 24 October 2007, contributed \$655,000, or 12%, to the Group’s revenue for the quarter.

Overall revenue for FY2007 amounted to \$24.2 million, up 31% compared to FY2006. Visitor arrivals to SOA increased 18% over FY2006.

Operational Results

Expenses for 4Q2007 increased \$988,000 in total, or 25% over 4Q2006. Operating expenses increased by \$1.2 million, or 42%. The main reasons for the increase were the costs incurred by our subsidiary, Straco Creation Pte Ltd (“SCPL”), amounting to \$399,000 as it debut its first production “Paris Plumes!” in China in December 2007; and the operating expenses arising from the acquired subsidiary, UWX amounting to \$427,000. These 2 subsidiaries accounted for 70% of the increase in operating expenses. The remaining 30% were due to increase in aquarium cost, staff cost, advertising and promotion expenses, and utilities expenses of SOA in line with the higher business volume.

Administrative expenses for 4Q2007 decreased \$186,000; or 15% over 4Q2006, mainly due to the exchange gain of \$58,000 recorded, compared to an exchange loss of \$194,000 recorded in 4Q2006; the reversal of over-accrual of property tax on SOA amounting to \$113,000 as a result of an assessment by the local tax bureau; offset by increase in staff cost of \$177,000.

The Group achieved a profit before tax of \$0.99 million for the quarter, compared to a profit before tax of \$0.29 million for 4Q2006, a significant growth of 237%.

The higher tax expense in 4Q2007 was mainly due to the tax assessed and provisions made for prior years and current year.

Overall net profits for the year increased 84% to \$6.2 million; due to improvement in net profit margin and higher business volume.

Balance Sheet items

Intangible assets increased from \$126,000 as at 31 December 2006 to \$2 million as at 31 December 2007, mainly due to the goodwill of \$1.54 million arising from the acquisition of New Bay Holdings Pte Ltd. The goodwill accounted for is the difference between the purchase price and the estimated fair values of the assets and liabilities acquired.

Trade and other receivables increased from \$684,000 as at 31 December 2006 to \$1.9 million as at 31 December 2007. The main factors contributing to the increase are the trade and other receivables from the acquired subsidiaries \$424,000; and the trade and other receivables of the subsidiary, SCPL, amounting to \$751,000, arising from the performances of “Paris Plumes!” in December 2007.

Trade and other payables increased \$2.9 million from \$2.7 million as at 31 December 2006 to \$5.6 million as at 31 December 2007. The main factors contributing to the increase are as follow:

i) Trade and other payables from the acquired subsidiaries	\$1.0 million
ii) Trade and other payables of the subsidiary, SCPL in association with the production of “Paris Plumes!”	\$1.2 million
iii) Increase in other payables of SOA arising from dividends payable to minority shareholder, salary payable, etc	\$0.7 million

Cash flow Statement

The Group generated a net cash inflow from operating activities amounting to \$11.0 million in FY2007, compared to \$7.1 million in FY2006, an increase of 54%. During the year, the Company paid \$9.1 million, net of the cash acquired, for the acquisition of 100% shares in New Bay Holdings Pte Ltd, which owns 100% shares in UWX. As at 31 December 2007, the Group's cash and cash equivalent balance amounted to \$30.8 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 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.

China's economy grew by 11.4% in 2007, the fastest pace in 13 years; and the fifth straight year of double-digit growth, as announced by the National Bureau of Statistics. Although there had been efforts by the Chinese government to cool the economy and slow the growth, the Group is expected to continue operating in favourable business environment as evidenced by the increase in visitors number over the last two years. Tourist numbers are expected to increase during the 2008 Summer Olympic year.

In addition, the Group's earnings will be boosted by the newly acquired subsidiary, UWX.

11. Dividend

(a) Current Financial Period Reported On

Any interim (final) dividend declared (recommended) for the current financial period reported on? Yes

The board of directors is pleased to recommend a first and final dividend as follow:

Name of Dividend	First & Final (One-tier)
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.375 cent per ordinary share
Tax Rate	Tax Exempt

The dividend is for approval by the shareholders at the next Annual General Meeting to be announced.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	First & Final (One-tier)
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.25 cent per ordinary share
Tax Rate	Tax Exempt

(c) Date payable

To be announced.

(d) Books closure date

To be announced.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

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.

The Group is principally engaged in the development and operation of tourism-related attractions. Retail, food and beverage are auxiliary goods and services arising from the operations of the above facilities.

The assets and operations of the Group are primarily located in the People's Republic of China.

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.

	2007	2006	Increase/ (Decrease)
	S\$'000	S\$'000	(Decrease)
	(Actual)	(Actual)	%
(a) Sales reported for first half year	9,876	8,097	22%
(b) Operating profit after tax before deducting minority interests reported for first half year	2,589	807	221%
(c) Sales reported for second half year	14,297	10,407	37%
(d) Operating profit after tax before deducting minority interests reported for second half year	3,902	2,774	41%

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

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	3,258	2,172
Preference	0	0
Total:	3,258	2,172

- 17. Interested Person Transactions**

Not applicable.

BY ORDER OF THE BOARD,

Lotus Isabella Lim Mei Hua
Company Secretary