

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

**FIRST QUARTER ENDED 31 MARCH 2008 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		
	31/03/2008	31/03/2007	Change
	S\$'000	S\$'000	%
Sales	6,173	3,824	61
Other operating income	316	394	(20)
Operating expenses	(4,326)	(2,681)	61
Administrative expenses	(1,362)	(1,196)	14
Profit before tax	801	341	135
Income tax expense	(229)	(83)	176
Profit after tax	572	258	122
Attributable to:			
Equity holders of the parent	532	237	124
Minority interests	40	21	90
	572	258	122

n.m.: not meaningful

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

	1Q ended	
	31/03/2008	31/03/2007
	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,194	999
Amortisation of intangible assets	40	-
Interest income	(117)	(248)
Foreign exchange gain	(70)	(9)
Gain on disposal of property, plant and equipment	(1)	-

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	
	31/03/2008	31/12/2007	31/03/2008	31/12/2007
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	64,656	66,103	2,964	2,992
Interest in subsidiaries	-	-	55,090	55,351
Long-term loans to subsidiaries	-	-	2,236	2,271
Intangible assets	1,960	2,000	-	-
	66,616	68,103	60,290	60,614
Current assets				
Inventories	722	752	-	-
Trade and other receivables	2,021	1,938	29	-
Due from subsidiaries	-	-	13,977	9,551
Other current assets	387	651	35	10
Cash and cash equivalents	30,795	30,780	16,583	17,102
	33,925	34,121	30,624	26,663
Total assets	100,541	102,224	90,914	87,277
Equity attributable to equity holders of the Parent				
Share capital	76,985	76,985	76,985	76,985
Reserves	11,521	11,236	9,370	5,479
	88,506	88,221	86,355	82,464
Minority interest	1,874	2,067	-	-
Total equity	90,380	90,288	86,355	82,464
Non-current liabilities				
Borrowings	1,763	1,775	-	-
Deferred income	100	103	-	-
Deferred tax liabilities	191	191	-	-
	2,054	2,069	-	-
Current liabilities				
Trade and other payables	4,202	5,630	798	763
Due to subsidiaries	-	-	152	153
Current tax payable	374	534	77	194
Current borrowings	3,531	3,703	3,532	3,703
	8,107	9,867	4,559	4,813
Total liabilities	10,161	11,936	4,559	4,813
Total equity and liabilities	100,541	102,224	90,914	87,277

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

	As at 31/03/2008		As at 31/12/2007	
	<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	-	3,531	-	3,703
Amount payable after one year	-	1,763	-	1,775

Details of any collateral

There were no secured bank loans outstanding as at 31 March 2008 and 31 December 2007.

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	Q1 ended 31/03/2008	Q1 ended 31/03/2007
	S\$'000	S\$'000
Operating activities		
Profit before taxation	801	341
Adjustments for:		
Depreciation	1,194	999
Amortisation	40	-
Share option expense	120	-
Gain on disposal of property, plant and equipment	(1)	-
Government grant utilised	(3)	-
Interest income	(117)	(248)
Exchange gain	(37)	(12)
Operating cash flow before working capital change	<u>1,997</u>	<u>1,080</u>
Changes in operating assets and liabilities		
Trade and other receivables	181	(131)
Inventories	30	(45)
Trade and other payables	<u>(1,649)</u>	<u>(5)</u>
Cash generated from operations	559	899
Income tax paid	<u>(387)</u>	<u>(73)</u>
Cash flows from operating activities	<u>172</u>	<u>826</u>
Investing activities		
Acquisition of property, plant and equipment	(155)	(180)
Payment for intangible assets	-	(54)
Proceeds from disposal of property, plant and equipment	2	-
Interest received	117	248
Cash flows from investing activities	<u>(36)</u>	<u>14</u>
Net increase in cash and cash equivalents	136	840
Cash and cash equivalents at the beginning of the financial period	30,780	32,816
Effects of exchange rate fluctuations	(121)	(12)
Cash and cash equivalents at the end of the financial period	<u>30,795</u>	<u>33,644</u>

Note: Comparative figures have been reclassified to conform to current financial year's presentation.

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 S\$'000	Share option reserves S\$'000	Statutory reserves S\$'000	Foreign currency translation reserves S\$'000	Retained earnings S\$'000	Total S\$'000	Minority Interest S\$'000	Total Equity S\$'000
As at 1 January 2008	76,985	95	1,512	(2,822)	12,451	88,221	2,067	90,288
Translation differences relating to financial statements of foreign subsidiaries recognised directly in equity	-	-	-	(367)	-	(367)	(12)	(379)
Net profit for the period	-	-	-	-	532	532	40	572
Total recognised income/(expense) for the period	-	-	-	(367)	532	165	28	193
Value of employee services received for issue of share options	-	120	-	-	-	120	-	120
Transfer to statutory reserve	-	-	461	-	(461)	-	-	-
Dividend paid	-	-	-	-	-	-	(221)	(221)
As at 31 March 2008	76,985	215	1,973	(3,189)	12,522	88,506	1,874	90,380

(ii)

	Interest of shareholders of the Company							
	Share capital S\$'000	Share option reserves S\$'000	Statutory reserves S\$'000	Foreign currency translation reserves S\$'000	Retained earnings S\$'000	Total S\$'000	Minority Interest S\$'000	Total Equity 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

(b) Company

(i)

	Share capital	Share option reserves	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2008	76,985	95	5,384	82,464
Net profit for the period	-	-	3,771	3,771
Value of employee services received for issue of share options	-	120	-	120
Balance as at 31 March 2008	76,985	215	9,155	86,355

(ii)

	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	<u>76,985</u>	<u>-</u>	<u>8,177</u>	<u>85,162</u>

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 2007 to the date of the current reporting period.

As at 31 March 2008, 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 March 2008 and 31 December 2007, 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 2007.

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 2008 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	Q1 ended	
	31/03/2008	31/03/2007
(a) Based on the number of ordinary shares in issue (cents)	0.06	0.03
(b) On fully diluted basis (cents)	0.06	0.03

The calculations of basic earnings per share for the 1Q ended 31 March 2008 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	
	31/03/2008	31/12/2007	31/03/2008	31/12/2007
Net asset value per ordinary share (cents)	10.19	10.15	9.94	9.49

Net asset value per ordinary share was calculated based on the issued share capital of 868,929,580 shares as at 31 March 2008 and 31 December 2007.

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 FY2008, the Group achieved sales of \$6.2 million, a 61% increase over the same period in FY2007. The increase was mainly attributable to new revenue streams from the acquired subsidiary, Underwater World Xiamen ("UWX"); as well as the performance fee arising from Straco Creation's ("SCPL") production "Paris Plumes!". These 2 subsidiaries accounted for 89% of the increase in revenue. The Group's flagship, Shanghai Ocean Aquarium ("SOA") registered a 6% increase in revenue on a marginal 1% growth in visitor arrivals compared to 1Q2007, as its ticket price adjustment only took effect from 1 March 2007.

Overall visitation to our Group's attractions was 326,000 visitors, up 62% compared to 1Q2007.

Operational Results

Expenses for 1Q2008 increased \$1.8 million in total, or 47% over 1Q2007. Operating expenses increased by \$1.6 million, or 61%. The main reasons for the increase were the operating costs incurred by our subsidiary, Straco Creation, amounting to almost \$1.0 million; and the operating expenses arising from the acquired subsidiary, UWX amounting to \$0.6 million.

Administrative expenses for 1Q2008 increased \$0.2 million; or 14% over 1Q2007, mainly due to the inclusion of UWX as well as higher overall staff cost.

Profit before tax more than doubled to \$0.8 million for the quarter, compared to a profit before tax of \$0.34 million for 1Q2007, mainly contributed by UWX.

Cash flow Statement

The Group generated a cash inflow from operating activities, excluding working capital changes, amounting to \$2.0 million in 1Q2008, compared to \$1.1 million in 1Q2007. Trade and other payables outstanding as at 31 December 2007 were paid off in the current period. As at 31 March 2008, 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 economy grew 10.6% year-on-year in first quarter 2008 to 6.15 trillion Yuan, as reported by the National Bureau of Statistics. Inflation remains a source of concern, as consumer prices rose 8% in the first quarter, up 5.3 percentage points from a year ago.

The Chinese government has revamped the country's holiday schedule this year. The May Day golden week has been replaced with 3 new 1-day holidays – Qing Ming Festival in April, Dragon-Boat Festival in June, and Mid-Autumn Festival in September. This augurs well for Attraction Operators as it will smoothen out cyclical impacts and ease the pressure on

transportation infrastructure. As this is the first year of implementation, the subsequent impact on tourism industry remains to be seen.

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 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 1Q2008 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