

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

**SECOND QUARTER ENDED 30 JUNE 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

	2Q ended			6 months ended		
	30/06/2008	30/06/2007	Change	30/06/2008	30/06/2007	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sales	7,590	6,052	25	13,763	9,876	39
Other operating income	455	415	10	771	809	(5)
Operating expenses	(3,788)	(2,903)	30	(8,114)	(5,584)	45
Administrative expenses	(1,446)	(762)	90	(2,808)	(1,958)	43
Finance costs	(704)	-	n.m.	(704)	-	n.m.
Profit before tax	2,107	2,802	(25)	2,908	3,143	(7)
Income tax expense	(505)	(471)	7	(734)	(554)	32
Profit after tax	1,602	2,331	(31)	2,174	2,589	(16)
Attributable to:						
Equity holders of the parent	1,481	2,221	(33)	2,013	2,458	(18)
Minority interests	121	110	10	161	131	23
	1,602	2,331	(31)	2,174	2,589	(16)

n.m.: not meaningful

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

	2Q ended		6 months ended	
	30/06/2008	30/06/2007	30/06/2008	30/06/2007
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,191	945	2,385	1,944
Amortisation of intangible assets	39	-	79	-
Interest income	(127)	(196)	(244)	(444)
Interest expense	704	-	704	-
Foreign exchange gain	(153)	(345)	(223)	(354)
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	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	64,172	66,103	2,932	2,992
Interest in subsidiaries	-	-	55,018	55,351
Long-term loans to subsidiaries	-	-	2,226	2,271
Intangible assets	1,920	2,000	-	-
	<u>66,092</u>	<u>68,103</u>	<u>60,176</u>	<u>60,614</u>
Current assets				
Inventories	741	752	-	-
Trade and other receivables	2,122	1,938	29	-
Due from subsidiaries	-	-	14,582	9,551
Other current assets	670	651	29	10
Cash and cash equivalents	30,200	30,780	12,254	17,102
	<u>33,733</u>	<u>34,121</u>	<u>26,894</u>	<u>26,663</u>
Total assets	<u>99,825</u>	<u>102,224</u>	<u>87,070</u>	<u>87,277</u>
Equity attributable to equity holders of the Parent				
Share capital	76,985	76,985	76,985	76,985
Reserves	10,360	11,236	5,288	5,479
	<u>87,345</u>	<u>88,221</u>	<u>82,273</u>	<u>82,464</u>
Minority interest	<u>2,013</u>	<u>2,067</u>	-	-
Total equity	<u>89,358</u>	<u>90,288</u>	<u>82,273</u>	<u>82,464</u>
Non-current liabilities				
Borrowings	1,779	1,775	-	-
Deferred income	98	103	-	-
Deferred tax liabilities	191	191	-	-
	<u>2,068</u>	<u>2,069</u>	-	-
Current liabilities				
Trade and other payables	4,535	5,630	1,130	763
Due to subsidiaries	-	-	182	153
Current tax payable	380	534	-	194
Current borrowings	3,484	3,703	3,485	3,703
	<u>8,399</u>	<u>9,867</u>	<u>4,797</u>	<u>4,813</u>
Total liabilities	<u>10,467</u>	<u>11,936</u>	<u>4,797</u>	<u>4,813</u>
Total equity and liabilities	<u>99,825</u>	<u>102,224</u>	<u>87,070</u>	<u>87,277</u>

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

	As at 30/06/2008		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	-	3,484	-	3,703
Amount payable after one year	-	1,779	-	1,775

Details of any collateral

There were no secured bank loans outstanding as at 30 June 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	Q2 ended 30/06/2008	Q2 ended 30/06/2007
	S\$'000	S\$'000
Operating activities		
Profit before taxation	2,107	2,802
Adjustments for:		
Depreciation	1,191	945
Amortisation	39	-
Share option expense	119	-
Government grant utilised	(2)	-
Interest income	(127)	(196)
Interest expense	704	-
Exchange gain	(124)	(343)
Operating cash flow before working capital change	3,907	3,208
Changes in operating assets and liabilities		
Trade and other receivables	(384)	41
Inventories	(18)	13
Trade and other payables	(371)	252
Cash generated from operations	3,134	3,514
Income tax paid	(508)	(88)
Cash flows from operating activities	2,626	3,426
Investing activities		
Acquisition of property, plant and equipment	(190)	(382)
Payment for intangible assets	-	(63)
Payment for deferred assets	-	(52)
Interest received	127	196
Cash flows from investing activities	(63)	(301)
Financing activities		
Issue of shares to minority shareholder of a subsidiary	-	93
Dividend paid	(3,258)	(2,172)
Cash flow from financing activities	(3,258)	(2,079)
Net increase in cash and cash equivalents	(695)	1,046
Cash and cash equivalents at the beginning of the financial period	30,795	33,644
Effects of exchange rate fluctuations	100	122
Cash and cash equivalents at the end of the financial period	30,200	34,812

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	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 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
Translation differences relating to financial statements of foreign subsidiaries recognised directly in equity	-	-	-	497	-	497	18	515
Net profit for the period	-	-	-	-	1,481	1,481	121	1,602
Total recognised income/(expense) for the period	-	-	-	497	1,481	1,978	139	2,117
Value of employee services received for issue of share options	-	119	-	-	-	119	-	119
Dividend paid	-	-	-	-	(3,258)	(3,258)	-	(3,258)
As at 30 June 2008	76,985	334	1,973	(2,692)	10,745	87,345	2,013	89,358

(ii)

	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

(b) Company

(i)

	Share capital S\$'000	Share option reserves S\$'000	Retained earnings S\$'000	Total S\$'000
Balance as at 1 January 2008	76,985	95	5,384	82,464
Value of employee services received for issue of share options	-	120	-	120
Net profit for the period	-	-	3,771	3,771
Balance as at 31 March 2008	76,985	215	9,155	86,355
Value of employee services received for issue of share options	-	119	-	119
Net loss for the period	-	-	(943)	(943)
Dividend paid	-	-	(3,258)	(3,258)
Balance as at 30 June 2008	76,985	334	4,954	82,273

(ii)

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

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 30 June 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 30 June 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	Q2 ended		6 months ended	
	30/06/2008	30/06/2007	30/06/2008	30/06/2007
(a) Based on the number of ordinary shares in issue (cents)	0.17	0.26	0.23	0.28
(b) On fully diluted basis (cents)	0.17	0.26	0.23	0.28

The calculations of basic earnings per share for the 2Q and the 6 months ended 30 June 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	
	30/06/2008	31/12/2007	30/06/2008	31/12/2007
Net asset value per ordinary share (cents)	10.05	10.15	9.47	9.49

Net asset value per ordinary share was calculated based on the issued share capital of 868,929,580 shares as at 30 June 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 second quarter of FY2008, the Group achieved sales of \$7.6 million, a 25% increase over the same period in FY2007. The increase was mainly attributable to the acquired subsidiary, Underwater World Xiamen ("UWX"), which contributed 89% of the increase in revenue. The Group's flagship, Shanghai Ocean Aquarium ("SOA") registered a marginal 3% increase in revenue on a 3.5% growth in visitor arrivals compared to 2Q2007.

Overall visitation to our Group's attractions was 467,000 visitors for the quarter, up 51% compared to 2Q2007, contributed by the growth in walk-in visitors and tour groups.

Cumulatively, overall revenue for the first half of FY2008 amounted to \$13.8 million, an increase of \$3.9 million, or 39% compared to 1H2007. New revenue streams from UWX as well as the performance fee arising from Straco Creation's ("SCPL") production "Paris Plumes!" accounted for 90% of the increase in revenue; the remaining 10% of the revenue increase was from SOA, which saw revenue grew 4.2% over 1H2007.

Operational Results

Operating and administrative expenses for 2Q2008 increased \$1.6 million in total, or 43% over 2Q2007. Operating expenses increased by \$0.9 million, or 30%. The main reasons for the increase were the operating expenses arising from the acquired subsidiary, UWX amounting to \$0.7 million; and the operating costs incurred by our subsidiary, Straco Creation, amounting to \$0.2 million.

Administrative expenses for 2Q2008 increased \$0.7 million; or 90% over 2Q2007, mainly due to the inclusion of UWX, higher overall staff cost, cash donations to the Sichuan Quake, as well as lower foreign exchange gain recorded.

Finance costs of \$0.7 million for 2Q2008 arose from the non-recurring provision of interest on unpaid shareholders' loans due from the Group to the respective founding shareholders.

Profit before tax decreased 25% to \$2.1 million for the quarter, compared to a profit before tax of \$2.8 million for 2Q2007. Taking away the one-off items of donation and interest provision, profit before tax would have increased by approximately 4.1%.

Cash flow Statement

The Group generated a cash inflow from operating activities amounting to \$2.6 million in 2Q2008. During the quarter, the Company paid out final dividend amounting to \$3.26 million for the financial year ended 31 December 2007, representing an increase of 50% from the payout in 2Q2007. As at 30 June 2008, the Group's cash and cash equivalent balance amounted to \$30.2 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.

According to the National Bureau of Statistics, China economy grew at a slower pace of 10.1% in the second quarter from the same period last year, amidst slower exports and the tightening of credit by central bank. The slowing global economy and weaker demand on international markets had also affected the Chinese economy.

Inflationary pressure remained at a fairly high level, as consumer price index rose 7.9% in the first 6 months this year, and the Chinese government will continue to concentrate on the battle against inflation.

At the micro level, the changes in the gazette holidays in the second quarter – a shortened May Day golden week and the new additional Qing Ming Festival in April and the Dragon-Boat Festival in June, had not resulted in any adverse impact to our Group. On the whole, our Attractions had experienced growth in visitation and revenue.

Marketing and sales focus will be directed at mitigating the impact from the Beijing Olympics during the third quarter.

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 2Q2008 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