

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

**THIRD QUARTER ENDED 30 SEPTEMBER 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

	3Q ended			9 months ended		
	30/09/2008	30/09/2007	Change	30/09/2008	30/09/2007	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sales	11,916	8,663	38	25,679	18,539	39
Other operating income	675	541	25	1,446	1,350	7
Operating expenses	(4,428)	(3,408)	30	(12,542)	(8,992)	39
Administrative expenses	(711)	(1,560)	(54)	(3,519)	(3,518)	0
Finance costs	(38)	-	n.m.	(742)	-	n.m.
Profit before tax	7,414	4,236	75	10,322	7,379	40
Income tax expense	(1,609)	(706)	128	(2,343)	(1,260)	86
Profit after tax	5,805	3,530	64	7,979	6,119	30
Attributable to:						
Equity holders of the parent	5,537	3,334	66	7,550	5,792	30
Minority interests	268	196	37	429	327	31
	5,805	3,530	64	7,979	6,119	30

n.m.: not meaningful

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

	3Q ended		9 months ended	
	30/09/2008	30/09/2007	30/09/2008	30/09/2007
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,244	942	3,629	2,886
Amortisation of intangible assets	40	-	119	-
Interest income	(162)	(199)	(406)	(643)
Interest expense	38	-	742	-
Foreign exchange (gain)/loss	(1,136)	98	(1,359)	(257)
Loss on disposal of property, plant and equipment	5	-	4	-

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	
	30/09/2008	31/12/2007	30/09/2008	31/12/2007
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	66,720	66,103	2,899	2,992
Interest in subsidiaries	-	-	55,298	55,351
Long-term loans to subsidiaries	-	-	5,195	2,271
Intangible assets	1,880	2,000	-	-
	68,600	68,103	63,392	60,614
Current assets				
Inventories	749	752	-	-
Trade and other receivables	2,106	1,938	29	-
Due from subsidiaries	-	-	12,562	9,551
Other current assets	821	651	32	10
Cash and cash equivalents	33,870	30,780	8,128	17,102
	37,546	34,121	20,751	26,663
Total assets	106,146	102,224	84,143	87,277
Equity attributable to equity holders of the Parent				
Share capital	76,985	76,985	76,985	76,985
Reserves	19,571	11,236	5,788	5,479
	96,556	88,221	82,773	82,464
Minority interest	2,409	2,067	-	-
Total equity	98,965	90,288	82,773	82,464
Non-current liabilities				
Borrowings	-	1,775	-	-
Deferred income	101	103	-	-
Deferred tax liabilities	191	191	-	-
	292	2,069	-	-
Current liabilities				
Trade and other payables	5,331	5,630	1,177	763
Due to subsidiaries	-	-	193	153
Current tax payable	1,558	534	-	194
Current borrowings	-	3,703	-	3,703
	6,889	9,867	1,370	4,813
Total liabilities	7,181	11,936	1,370	4,813
Total equity and liabilities	106,146	102,224	84,143	87,277

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

	As at 30/09/2008		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	-	-	-	3,703
Amount payable after one year	-	-	-	1,775

Details of any collateral

There were no secured bank loans outstanding as at 30 September 2008 and 31 December 2007. The unsecured loans due to the shareholders have been fully repaid during the quarter.

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	Q3 ended 30/09/2008	Q3 ended 30/09/2007
	S\$'000	S\$'000
Operating activities		
Profit before taxation	7,414	4,236
Adjustments for:		
Depreciation	1,244	942
Amortisation	40	-
Share option expense	119	-
Gain on disposal of property, plant and equipment	5	-
Government grant utilised	(3)	-
Interest income	(162)	(199)
Interest expense	38	-
Exchange (gain)/loss	(599)	103
Operating cash flow before working capital change	<u>8,096</u>	<u>5,082</u>
Changes in operating assets and liabilities		
Trade and other receivables	(135)	37
Inventories	(8)	(69)
Trade and other payables	759	740
Cash generated from operations	<u>8,712</u>	<u>5,790</u>
Income tax paid	(561)	(467)
Cash flows from operating activities	<u>8,151</u>	<u>5,323</u>
Investing activities		
Acquisition of property, plant and equipment	(385)	(387)
Payment for intangible assets	-	(48)
Long-term deposits	-	(1,233)
Payment for deferred assets	-	(25)
Interest received	162	199
Cash flows from investing activities	<u>(223)</u>	<u>(1,494)</u>
Financing activities		
Repayment of borrowings	(5,028)	-
Cash flow from financing activities	<u>(5,028)</u>	<u>-</u>
Net increase in cash and cash equivalents	2,900	3,829
Cash and cash equivalents at the beginning of the financial period	30,200	34,812
Effects of exchange rate fluctuations	770	(111)
Cash and cash equivalents at the end of the financial period	<u>33,870</u>	<u>38,530</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	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
Translation differences relating to financial statements of foreign subsidiaries recognised directly in equity	-	-	-	3,555	-	3,555	128	3,683
Net profit for the period	-	-	-	-	5,537	5,537	268	5,805
Total recognised income/(expense) for the period	-	-	-	3,555	5,537	9,092	396	9,488
Value of employee services received for issue of share options	-	119	-	-	-	119	-	119
As at 30 September 2008	76,985	453	1,973	863	16,282	96,556	2,409	98,965

(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
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

(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
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
Value of employee services received for issue of share options	-	119	-	119
Net profit for the period	-	-	381	381
Balance as at 30 September 2008	76,985	453	5,335	82,773

(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
Net loss for the period	-	-	(265)	(265)
Balance as at 30 September 2007	76,985	-	5,919	82,904

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 September 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 September 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	Q3 ended		9 months ended	
	30/09/2008	30/09/2007	30/09/2008	30/09/2007
(a) Based on the number of ordinary shares in issue (cents)	0.64	0.38	0.87	0.67
(b) On fully diluted basis (cents)	0.64	0.38	0.87	0.67

The calculations of basic earnings per share for the 3Q and the 9 months ended 30 September 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	
	30/09/2008	31/12/2007	30/09/2008	31/12/2007
Net asset value per ordinary share (cents)	11.11	10.15	9.53	9.49

Net asset value per ordinary share was calculated based on the issued share capital of 868,929,580 shares as at 30 September 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 third quarter of FY2008, the Group achieved sales of \$11.9 million, a 38% increase over the same period in FY2007. The increase was mainly attributable to the inclusion of Underwater World Xiamen ("UWX"), which contributed 71% of the increase in revenue and the increase in revenue from our Group's flagship, Shanghai Ocean Aquarium ("SOA"). SOA registered a 7% increase in revenue on a 3.7% growth in visitor arrivals compared to 3Q2007.

Overall visitation to our Group's major attractions was 658,000 visitors for the quarter, up 58.6% compared to 3Q2007, contributed by the significant growth in walk-in visitors and tour groups due to the addition of UWX.

Cumulatively, overall revenue for the first nine months of FY2008 amounted to \$25.7 million, an increase of \$7.1 million, or 39% compared to the same period in FY2007. New revenue streams from UWX as well as the performance fee arising from Straco Creation's ("SCPL") production "Paris Plumes!" accounted for 81% of the increase in revenue; while 15% of the revenue increase was from SOA, and the remaining 4% from our cable car operations in Xi'an. SOA saw revenue grew 6%, while Lixing Cable Car saw revenue grew 60% over the same period of FY2007.

Operational Results

Operating and administrative expenses for 3Q2008 increased \$0.2 million in total, or 3.4% over 3Q2007. Operating expenses increased by \$1.0 million, or 30%, while administrative expenses declined \$0.8 million, or 54.4%.

Increase in operating expenses of \$1.0 million mainly arose from the acquired subsidiary, UWX amounting to \$0.7 million; and the operating expenses of our subsidiary, Straco Creation, amounting to \$0.1 million, mainly depreciation and amortization expenses.

Decrease in administrative expenses of \$0.8 million was mainly due to the foreign exchange gain amounting to \$1.2 million as the RMB currency strengthened against USD and SGD; offset by the administration costs in UWX and higher overall staff cost.

Finance costs of \$38,000 for 3Q2008 arose from the additional provision of interest on unpaid shareholders' loans due by the Group to the respective founding shareholders during the quarter.

Profit before tax increased 75% to \$7.4 million for the quarter, compared to a profit before tax of \$4.2 million for 3Q2007. Taking away the huge foreign exchange gain recognized during the quarter, profit before tax would have increased by approximately 45%.

Balance Sheet items

Other current assets increased 26% from \$651,000 in 31 December 2007 to \$820,000 in 30 September 2008 mainly due to the prepaid expenses in SOA in relation to the International Aquarium Congress to be held in October, offset by the decrease in prepaid performance related expenses of SCPL in FY2007 being recognized to profit & loss in the current year when the performances were staged in January 2008.

Reserves increased 74% from \$11.2 million in 31 December 2007 to \$19.6 million in 30 September 2008, mainly due to the following:

- 1) Share options reserves increased \$358,000 as the company recognizes expenses for options granted in October 2007 during the vesting period;
- 2) Foreign currency translation reserves increased \$3.7 million from a translation loss of \$2.8 million in 31 December 2007 to a translation gain of \$0.86 million in 30 September 2008 as the RMB currency appreciated by approximately 5.7% against SGD during the period;
- 3) Retained earnings increased \$4.3 million from \$13.96 million in 31 December 2007 to \$18.25 million in 30 September 2008, mainly due to the profits of \$7.6 million achieved for the current period, offset by the dividends of \$3.3 million distributed to the shareholders in May 2008.

Current tax payable increased 192% from \$0.5 million in 31 December 2007 to \$1.6 million in 30 September 2008 mainly due to the tax provision in SOA for 3Q FY2008 profits and the additional provision for the cumulative profits for this year arising from the change in tax rate from 15% in last year to 18% this year; the provision in UWX for 3Q FY2008 profits; offset by the tax provision in SCL for years of assessment 2007 and 2008 being settled in the current year.

Borrowings, both current and non-current portions, decreased by 100% due to all outstanding shareholders loans being fully repaid during the quarter.

Cash flow Statement

The Group generated a cash inflow from operating activities amounting to \$8.2 million in 3Q2008. During the quarter, the Group repaid all outstanding shareholders loans amounting to \$5.0 million. As at 30 September 2008, the Group's cash and cash equivalent balance amounted to \$33.9 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.

As the US financial crisis unfolds and amidst signs of slowing economic activity global wide, it was reported that the Chinese government will look into further rate cuts, easing of bank lending restrictions and boosting of domestic consumptions to sustain the nation's fast and stable economic growth, and to shield from the impact of weaker exports.

The National Bureau of Statistics reported that China's economic growth slowed to 9% for the third quarter, amidst the global financial crisis, slowdown in exports, and weakness in the domestic property sector.

The RMB currency has appreciated by more than 5% against the Singapore dollar since the previous quarter. With the Monetary Authority of Singapore's stand on easing of monetary policy, RMB currency is expected to remain strong against SGD. This augurs well for the Group.

As the Group has no debt obligation, with healthy operating cashflow generated and significant cash holdings, it will be in a good position to tap on any opportunities that may arise.

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 3Q2008 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