

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

**SECOND QUARTER ENDED 30 JUNE 2011 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		
	30/06/2011	30/06/2010	Change	30/06/2011	30/06/2010	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sales	11,011	11,026	(0)	18,404	17,605	5
Other operating income	685	526	30	1,219	910	34
Operating expenses	(3,978)	(4,656)	(15)	(7,640)	(8,446)	(10)
Administrative expenses	(2,045)	(1,502)	36	(4,569)	(3,093)	48
Profit before tax	5,673	5,394	5	7,414	6,976	6
Income tax expense	(1,783)	(1,562)	14	(2,392)	(2,073)	15
Profit for the year	3,890	3,832	2	5,022	4,903	2
Profit attributable to:						
Equity holders of the parent	3,740	3,658	2	4,841	4,674	4
Minority interests	150	174	(14)	181	229	(21)
Profit for the year	3,890	3,832	2	5,022	4,903	2

STATEMENT OF COMPREHENSIVE INCOME

	2Q ended			6 months ended		
	30/06/2011	30/06/2010	Change	30/06/2011	30/06/2010	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the year	3,890	3,832	2	5,022	4,903	2
Other comprehensive income						
Translation differences relating to financial statements of foreign subsidiaries	(621)	613	n.m.	(1,743)	422	n.m.
Exchange differences on monetary items forming part of net investment in a foreign operation	(59)	62	n.m.	(159)	40	n.m.
Other comprehensive (loss)/income for the year, net of tax	(680)	675	n.m.	(1,902)	462	n.m.
Total comprehensive income for the year	3,210	4,507	(29)	3,120	5,365	(42)
Total comprehensive income attributable to:						
Equity holders of the parent	3,083	4,311	(28)	3,003	5,121	(41)
Minority interests	127	196	(35)	117	244	(52)
Total comprehensive income for the year	3,210	4,507	(29)	3,120	5,365	(42)

n.m.: not meaningful

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

	2Q ended		6 months ended	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,151	1,243	2,314	2,493
Interest income	(354)	(112)	(665)	(177)
Foreign exchange loss/(gain)	291	(48)	655	27
Loss on disposal of property, plant and equipment	1	-	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.

	Group		Company	
	As at 30/06/2011	As at 31/12/2010	As at 30/06/2011	As at 31/12/2010
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	51,152	54,233	2,543	2,608
Interest in subsidiaries	-	-	55,049	55,271
Long-term loans to subsidiaries	-	-	4,500	4,500
Intangible assets	1,419	1,419	-	-
	52,571	55,652	62,092	62,379
Current assets				
Inventories	876	734	-	-
Trade and other receivables	954	851	-	-
Due from subsidiaries	-	-	19,886	19,963
Other current assets	431	222	27	12
Cash and cash equivalents	63,305	65,090	5,540	5,078
	65,566	66,897	25,453	25,053
Total assets	118,137	122,549	87,545	87,432
Equity attributable to equity holders of the Parent				
Share capital	76,985	76,985	76,985	76,985
Treasury shares	(609)	-	(609)	-
Reserves	31,073	34,346	10,031	9,653
	107,449	111,331	86,407	86,638
Non-controlling interest	2,476	2,742	-	-
Total equity	109,925	114,073	86,407	86,638
Non-current liabilities				
Deferred income	190	71	-	-
Deferred tax liabilities	1,698	2,041	-	-
	1,888	2,112	-	-
Current liabilities				
Trade and other payables	4,196	5,266	246	447
Due to subsidiaries	-	-	351	347
Current tax payable	2,128	1,098	541	-
	6,324	6,364	1,138	794
Total liabilities	8,212	8,476	1,138	794
Total equity and liabilities	118,137	122,549	87,545	87,432

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

	As at 30/06/2011		As at 31/12/2010	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Amount payable in one year or less, or on demand	-	-	-	-
Amount payable after one year	-	-	-	-

Details of any collateral

Not applicable

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 STATEMENTS OF CASH FLOWS				Q2 ended 30/06/2011	Q2 ended 30/06/2010
				S\$'000	S\$'000
Operating activities					
Profit before taxation				5,673	5,394
Adjustments for:					
Depreciation				1,151	1,243
Equity-settled share-based payment transactions				144	36
Loss on disposal of property, plant and equipment				1	-
Government grant utilised				(8)	(2)
Interest income				(354)	(112)
Exchange loss/(gain)				274	(102)
Operating cash flow before working capital change				6,881	6,457
Changes in operating assets and liabilities					
Trade and other receivables				(314)	91
Inventories				(87)	(54)
Trade and other payables				(21)	304
Cash generated from operations				6,459	6,798
Income tax paid				(619)	(488)
Cash flows from operating activities				5,840	6,310
Investing activities					
Acquisition of property, plant and equipment				(218)	(217)
Interest received				354	112
Cash flows from/(used in) investing activities				136	(105)
Financing activities					
Dividend paid				(6,510)	(4,345)
Repurchase of own shares				(545)	-
Cash flow used in financing activities				(7,055)	(4,345)
Net (decrease)/ increase in cash and cash equivalents				(1,079)	1,860
Cash and cash equivalents at the beginning of the financial period				64,919	46,740
Effects of exchange rate fluctuations				(535)	329
Cash and cash equivalents at the end of the financial period				63,305	48,929

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	Treasury shares	Share option reserves	General reserves	Foreign currency translation reserves	Retained earnings	Total	Non-controlling interest	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 January 2011	76,985	-	811	4,063	(4,809)	34,281	111,331	2,742	114,073
Changes in equity for the period:									
Purchase of own shares	-	(64)	-	-	-	-	(64)	-	(64)
Value of employee services received for issue of share options	-	-	89	-	-	-	89	-	89
Transfer to general reserve	-	-	-	848	-	(848)	-	-	-
Dividend declared by subsidiary	-	-	-	-	-	-	-	(382)	(382)
Total comprehensive income/(loss) for the period	-	-	-	-	(1,180)	1,101	(79)	(11)	(90)
As at 31 March 2011	76,985	(64)	900	4,911	(5,989)	34,534	111,277	2,349	113,626
Changes in equity for the period:									
Purchase of own shares	-	(545)	-	-	-	-	(545)	-	(545)
Value of employee services received for issue of share options	-	-	144	-	-	-	144	-	144
Transfer to general reserve	-	-	-	985	-	(985)	-	-	-
Dividend paid of 0.75 cents per share	-	-	-	-	-	(6,510)	(6,510)	-	(6,510)
Total comprehensive income/(loss) for the period	-	-	-	-	(657)	3,740	3,083	127	3,210
As at 30 June 2011	76,985	(609)	1,044	5,896	(6,646)	30,779	107,449	2,476	109,925

(ii)

	Interest of shareholders of the Company								
	Share capital	Treasury shares	Share option reserves	General reserves	Foreign currency translation reserves	Retained earnings	Total	Non-controlling interest	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 January 2010	76,985	-	573	3,099	(713)	20,923	100,867	2,640	103,507
Changes in equity for the period:									
Transfer to general reserve	-	-	-	964	-	(964)	-	-	-
Dividend declared by subsidiary	-	-	-	-	-	-	-	(230)	(230)
Total comprehensive income/(loss) for the period	-	-	-	-	(206)	1,016	810	48	858
As at 31 March 2010	76,985	-	573	4,063	(919)	20,975	101,677	2,458	104,135
Changes in equity for the period:									
Value of employee services received for issue of share options	-	-	36	-	-	-	36	-	36
Dividend paid of 0.5 cents per share	-	-	-	-	-	(4,345)	(4,345)	-	(4,345)
Total comprehensive income for the period	-	-	-	-	653	3,658	4,311	196	4,507
As at 30 June 2010	76,985	-	609	4,063	(266)	20,288	101,679	2,654	104,333

(b) Company

(i)

	Share capital	Treasury shares	Share option reserves	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2011	76,985	-	811	8,842	86,638
Purchase of own shares	-	(64)	-	-	(64)
Value of employee services received for issue of share options	-	-	89	-	89
Total comprehensive income for the period	-	-	-	5,649	5,649
Balance as at 31 March 2011	76,985	(64)	900	14,491	92,312
Purchase of own shares	-	(545)	-	-	(545)
Value of employee services received for issue of share options	-	-	144	-	144
Total comprehensive income for the period	-	-	-	1,006	1,006
Dividend paid of 0.75 cents per share	-	-	-	(6,510)	(6,510)
Balance as at 30 June 2011	76,985	(609)	1,044	8,987	86,407

(ii)

	Share capital	Treasury shares	Share option reserves	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2010	76,985	-	573	4,676	82,234
Total comprehensive income for the period	-	-	-	4,019	4,019
Balance as at 31 March 2010	76,985	-	573	8,695	86,253
Value of employee services received for issue of share options	-	-	36	-	36
Total comprehensive loss for the period	-	-	-	(424)	(424)
Dividend paid of 0.5 cents per share	-	-	-	(4,345)	(4,345)
Balance as at 30 June 2010	76,985	-	609	3,926	81,520

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.

Treasury Shares	No. of shares	S\$'000
Balance as at 31/03/2011	427,000	64
No. of shares purchased	3,132,000	545
Balance as at 30/06/2011	3,559,000	609

Pursuant to the Share Buy-back Mandate approved by shareholders, the Company purchased a total of 3,559,000 shares by way of on-market purchase for a total consideration of \$0.61 million (including transaction costs). The shares purchased were made out of the Company's capital and held as treasury shares.

During the period, the Company issued 6,200,000 share options to the directors and employees of the Group. As at 30 June 2011, options to subscribe for 17,600,000 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 30/06/2011	As at 31/12/2010
Total number of issued shares	868,929,580	868,929,580
Less: Treasury shares	(3,559,000)	-
Total number of issued shares excluding treasury shares	865,370,580	868,929,580

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.

There were no sale, transfer, disposal, cancellation and/or use of treasury shares during the period.

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 2010.

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 2011 and it is not expected to have any significant impact on the Group’s financial statements.

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	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
(a) Based on the number of ordinary shares in issue (cents)	0.43	0.42	0.56	0.54
(b) On fully diluted basis (cents)	0.43	0.42	0.56	0.54

The calculations of basic earnings per share for 2Q and 6 months ended 30 June 2011 are based on the net profits attributable to shareholders for the 2Q and 6 months ended 30 June 2011 divided by the weighted average number of ordinary shares outstanding of 867,699,042 and 868,247,376 respectively.

The calculations of basic earnings per share for 2Q and 6 months ended 30 June 2010 are based on the net profits attributable to shareholders for the 2Q and 6 months ended 30 June 2010 divided by the weighted average number of ordinary shares outstanding of 868,929,580.

The calculation of diluted earnings per share for 2Q and 6 months ended 30 June 2011 are based on the net profits attributable to shareholders for the 2Q and 6 months ended 30 June 2011 divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 869,159,386 and 869,572,422 respectively.

Diluted earnings per share are the same as basic earnings per share for 2Q and 6 months ended 30 June 2010 as the Company’s outstanding share options for the 2Q and 6 months ended 30 June 2010 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	
	30/06/2011	31/12/2010	30/06/2011	31/12/2010
Net asset value per ordinary share (cents) based on number of issued shares excluding treasury shares at the end of:	12.42	12.81	9.98	9.97

Net asset value per ordinary share was calculated based on 865,370,580 ordinary shares issued (excluding treasury shares) as at 30 June 2011 and 868,929,580 ordinary shares issued as at 31 December 2010.

- 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 FY2011, the Group achieved sales of \$11.01 million, a marginal decrease of 0.1% over the same period in FY2010. Apart from the weaker RMB currency, Shanghai Ocean Aquarium ("SOA") registered an 8.4% decline in revenue on a 4.9% decrease in visitor arrivals compared to 2Q2010, due mainly to the fall in walk-in visitors in the absence of the World Expo event and extended operating hours as in last year. However, the good performance at Underwater World Xiamen ("UWX") which registered a 38.6% increase in revenue, as well as the increase in revenue of our cable car operation in Xi'an, managed to mitigate the shortfall at SOA.

Overall visitation to our Group's major attractions was 550,000 visitors for the quarter, up 12.3% compared to 2Q2010.

Cumulatively, overall revenue for the first half of FY2011 amounted to \$18.4 million, an increase of \$0.8 million, or 4.5% compared to 1H2010.

Operational Results

Expenses for 2Q2011 decreased \$0.14 million in total, or 2.2% over 2Q2010, due to a 14.6% decrease in operating expenses offset by a 36.2% increase in administrative expenses.

Operating expenses for 2Q2011 decreased \$0.68 million over 2Q2010, mainly due to lower advertising and promotional ("A&P") expenses and lower depreciation expenses. Last year the Group incurred much higher A&P expenses due to the World Expo event in Shanghai. Depreciation expenses decreased as the show equipment of our subsidiary, Straco Creation Pte Ltd were fully depreciated in December 2010.

Administrative expenses for 2Q2011 increased \$0.54 million over 2Q2010, mainly due to the exchange loss of \$0.29 million recognised in the current period, as opposed to an exchange gain of \$48,000 recognised in 2Q2010 due to the stronger SGD against RMB in the current quarter compared to 2Q2010. Apart from exchange difference, higher wage cost (a result of the tight labour market and rise in minimum wage level imposed by the municipal government) and consultancy expenses also contributed to the increase in administrative expenses.

Profit before tax was \$5.67 million for the quarter, an increase of 5.2% compared to a profit before tax of \$5.39 million for 2Q2010.

Balance Sheet items

Inventories increased 19.3% from \$0.73 million in 31 December 2010 to \$0.88 million in 30 June 2011 mainly due to the purchase of red sea salt and spare parts by SOA in the current quarter.

Trade and other receivables increased 12.1% from \$0.85 million in 31 December 2010 to \$0.95 million in 30 June 2011 mainly due to increase in trade receivables in UWX arising from higher business volume.

Other current assets increased 94.1% from \$0.22 million in 31 December 2010 to \$0.43 million in 30 June 2011 mainly due to progressive payments for IT projects and refurbishment work at SOA.

Deferred income increased 167.6% from \$71,000 in 31 December 2010 to \$0.19 million in 30 June 2011 due to the PRC's government grants received by SOA in respect of certain property, plant and equipment purchased. The grants will be periodically recognised in the profit and loss account over the useful life of the assets associated with it.

Deferred tax liability decreased 16.8% from \$2.04 million in 31 December 2010 to \$1.70 million in 30 June 2011 due to the reversal of deferred tax recognised in prior years for FY2008 and FY2009 distributable profits of SOA which has been declared as dividend; offset by the deferred tax recognised on the 1H2011 profits of SOA and UWX. Provision for the PRC withholding taxes payable on the dividend declared by SOA has been included in current tax payable.

Trade and other payables decreased 20.3% from \$5.27 million in 31 December 2010 to \$4.20 million in 30 June 2011, mainly due to the reversal of performance bonus which were accrued in last year.

Cash flow Statement

The Group generated a net cash inflow from operating activities amounting to \$5.8 million for 2Q2011. During the quarter, the Company used \$0.5 million cash to buy back its own shares and paid out final dividend amounting to \$6.5 million for the financial year ended 31 December 2010, an increase of 50% in payout compared to 2Q2010. As at 30 June 2011, the Group's cash and cash equivalent balance amounted to \$63.3 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.

The National Bureau of Statistics reported that China's gross domestic products grew 9.5% in the second quarter of 2011, helped by solid domestic consumption and investment. Year-on-year, the Chinese economy grew 9.6% in the first half of 2011 to almost 20.5 trillion Yuan (USD3.2 trillion), easing fear of a hard landing and confirm that the Chinese government's macroeconomic policy is on the right track.

Consumer price index (CPI) for the first half of 2011 was up 5.4% year-on-year; making it the top priority of the government to control inflation. It has raised interest rates by 25 basis points in July, the third increase this year. This is favourable to our Group as our cash balances are mainly in RMB deposits,

China will continue to rebalance its economy, boost domestic consumptions and be less reliance on export-driven growth. It was also reported by China Daily that Shanghai plans to build itself into an international tourism destination. These macro factors augur well for the tourism market, and our Group's Attractions.

At the Group level, the Company will continue to monitor the sales mix and contributions from the various segments and devise appropriate and targeted marketing initiatives and activities for each.

Other than the above, the Company is 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 2Q2011 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
12 August 2011