

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

**SECOND QUARTER ENDED 30 JUNE 2012 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 and statement of comprehensive income, or a statement of comprehensive income (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		
	30/06/2012	30/06/2011	Change	30/06/2012	30/06/2011	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	13,758	11,011	25	22,827	18,404	24
Other income	907	685	32	1,685	1,219	38
Operating expenses	(4,609)	(3,978)	16	(8,910)	(7,640)	17
Administrative expenses	(1,449)	(2,045)	(29)	(4,083)	(4,569)	(11)
Profit before income tax	8,607	5,673	52	11,519	7,414	55
Tax expense	(2,497)	(1,783)	40	(3,534)	(2,392)	48
Profit for the period	6,110	3,890	57	7,985	5,022	59
Profit attributable to:						
Owners of the Company	5,908	3,740	58	7,723	4,841	60
Non-controlling interests	202	150	35	262	181	45
Profit for the period	6,110	3,890	57	7,985	5,022	59

STATEMENT OF COMPREHENSIVE INCOME

	2Q ended			6 months ended		
	30/06/2012	30/06/2011	Change	30/06/2012	30/06/2011	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period	6,110	3,890	57	7,985	5,022	59
Other comprehensive income/(loss) for the period, net of tax						
Translation differences relating to financial statements of foreign subsidiaries	861	(621)	n.m.	(1,777)	(1,743)	2
Exchange differences on monetary items forming part of net investment in a foreign operation	-	(59)	(100)	-	(159)	(100)
Other comprehensive income/(loss) for the period, net of tax	861	(680)	n.m.	(1,777)	(1,902)	(7)
Total comprehensive income for the period	6,971	3,210	117	6,208	3,120	99
Total comprehensive income attributable to:						
Owners of the Company	6,740	3,083	119	6,015	3,003	100
Non-controlling interests	231	127	82	193	117	65
Total comprehensive income for the period	6,971	3,210	117	6,208	3,120	99

n.m. – not meaningful

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

	2Q ended		6 months ended	
	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,215	1,151	2,427	2,314
Interest income	(616)	(354)	(1,167)	(665)
Foreign exchange (gain)/loss	(393)	291	421	655
Loss on disposal of property, plant and equipment	61	1	50	1
Government grant	(14)	(8)	(28)	(17)
Impairment loss on trade receivables	-	-	42	-

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 30/06/2012	As at 31/12/2011	As at 30/06/2012	As at 31/12/2011
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	50,305	53,273	2,451	2,491
Investments in subsidiaries	-	-	48,495	48,495
Intangible assets	1,419	1,419	-	-
	51,724	54,692	50,946	50,986
Current assets				
Inventories	939	898	-	-
Trade and other receivables	2,231	1,449	-	-
Loans and receivables from subsidiaries	-	-	31,853	23,832
Other current assets	820	513	33	22
Cash and cash equivalents	79,171	82,178	6,528	10,689
	83,161	85,038	38,414	34,543
Total assets	134,885	139,730	89,360	85,529
Equity attributable to owners of the Company				
Share capital	76,985	76,985	76,985	76,985
Reserves	2,619	5,652	(3,220)	(140)
Retained earnings	41,968	42,464	13,780	7,136
	121,572	125,101	87,545	83,981
Non-controlling interests	2,465	3,062	-	-
Total equity	124,037	128,163	87,545	83,981
Non-current liabilities				
Deferred income	265	300	-	-
Deferred tax liabilities	1,646	2,015	-	-
	1,911	2,315	-	-
Current liabilities				
Trade and other payables	5,471	5,981	212	739
Amounts due to subsidiaries	-	-	464	422
Current tax liabilities	3,466	3,271	1,139	387
	8,937	9,252	1,815	1,548
Total liabilities	10,848	11,567	1,815	1,548
Total equity and liabilities	134,885	139,730	89,360	85,529

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

	As at 30/06/2012		As at 31/12/2011	
	<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	-	-	-	-
Amount payable after one year	-	-	-	-

Details of any collateral

Not applicable

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS	Q2 ended 30/06/2012	Q2 ended 30/06/2011
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before income tax	8,607	5,673
Adjustments for:		
Depreciation of property, plant and equipment	1,215	1,151
Equity-settled share-based payment transactions	102	144
Loss on disposal of property, plant and equipment	61	1
Government grant utilised	(14)	(8)
Interest income	(616)	(354)
Exchange (gain)/loss	(415)	274
Operating profit before working capital changes	8,940	6,881
Changes in working capital:		
Trade and other receivables	(400)	(314)
Inventories	10	(87)
Trade and other payables	431	(21)
Cash generated from operating activities	8,981	6,459
Income taxes paid	(2,165)	(619)
Net cash from operating activities	6,816	5,840
Cash flows from investing activities		
Purchase of property, plant and equipment	(403)	(218)
Proceeds from disposal of property, plant and equipment	1	-
Interest received	199	354
Net cash (used in)/ from investing activities	(203)	136
Cash flows from financing activities		
Dividend paid	(6,463)	(6,510)
Repurchase of own shares	(3,561)	(545)
Proceeds from exercise of share options	303	-
Net cash used in financing activities	(9,721)	(7,055)
Net decrease in cash and cash equivalents	(3,108)	(1,079)
Cash and cash equivalents at beginning of period	81,471	64,919
Effects of exchange rate fluctuations	808	(535)
Cash and cash equivalents at end of period	79,171	63,305

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)

	Share capital	Treasury shares	Capital reserve	Share option reserve	General reserve	Foreign currency translation reserve	Retained earnings	Total attributable to owners of the Company	Non-controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2012	76,985	(1,512)	(13)	1,385	5,896	(104)	42,464	125,101	3,062	128,163
Changes in equity for the period:										
Purchase of own shares	-	(95)	-	-	-	-	-	(95)	-	(95)
Share-based payment transactions	-	-	-	171	-	-	-	171	-	171
Transfer to general reserve fund	-	-	-	-	1,756	-	(1,756)	-	-	-
Dividend to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	(790)	(790)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(2,540)	1,815	(725)	(38)	(763)
At 31 March 2012	76,985	(1,607)	(13)	1,556	7,652	(2,644)	42,523	124,452	2,234	126,686
Changes in equity for the period:										
Purchase of own shares	-	(3,561)	-	-	-	-	-	(3,561)	-	(3,561)
Share-based payment transactions	-	-	-	102	-	-	-	102	-	102
Treasury shares reissued	-	406	(103)	-	-	-	-	303	-	303
Dividend paid of 0.75 cents per share	-	-	-	-	-	-	(6,463)	(6,463)	-	(6,463)
Total comprehensive income for the period	-	-	-	-	-	831	5,908	6,739	231	6,970
At 30 June 2012	76,985	(4,762)	(116)	1,658	7,652	(1,813)	41,968	121,572	2,465	124,037

(ii)

	Share capital	Treasury shares	Capital reserve	Share option reserve	General reserve	Foreign currency translation reserve	Retained earnings	Total attributable to owners of the Company	Non-controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
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)
Share-based payment transactions	-	-	-	89	-	-	-	89	-	89
Transfer to general reserve fund	-	-	-	-	848	-	(848)	-	-	-
Dividend to non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	(382)	(382)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(1,180)	1,101	(79)	(11)	(90)
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)
Share-based payment transactions	-	-	-	144	-	-	-	144	-	144
Transfer to general reserve fund	-	-	-	-	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
At 30 June 2011	76,985	(609)	-	1,044	5,896	(6,646)	30,779	107,449	2,476	109,925

(b) Company

(i)

	Share capital	Treasury shares	Capital reserve	Share option reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2012	76,985	(1,512)	(13)	1,385	7,136	83,981
Purchase of own shares	-	(95)	-	-	-	(95)
Share-based payment transactions	-	-	-	171	-	171
Total comprehensive income for the period	-	-	-	-	13,325	13,325
At 31 March 2012	76,985	(1,607)	(13)	1,556	20,461	97,382
Purchase of own shares	-	(3,561)	-	-	-	(3,561)
Share-based payment transactions	-	-	-	102	-	102
Treasury shares reissued	-	406	(103)	-	-	303
Total comprehensive loss for the period	-	-	-	-	(218)	(218)
Dividend paid of 0.75 cents per share	-	-	-	-	(6,463)	(6,463)
At 30 June 2012	76,985	(4,762)	(116)	1,658	13,780	87,545

(ii)

	Share capital	Treasury shares	Capital reserve	Share option reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2011	76,985	-	-	811	8,842	86,638
Purchase of own shares	-	(64)	-	-	-	(64)
Share-based payment transactions	-	-	-	89	-	89
Total comprehensive income for the period	-	-	-	-	5,649	5,649
At 31 March 2011	76,985	(64)	-	900	14,491	92,312
Purchase of own shares	-	(545)	-	-	-	(545)
Share-based payment transactions	-	-	-	144	-	144
Total comprehensive income for the period	-	-	-	-	1,006	1,006
Dividend paid of 0.75 cents per share	-	-	-	-	(6,510)	(6,510)
At 30 June 2011	76,985	(609)	-	1,044	8,987	86,407

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.

Pursuant to the Share Buy-back Mandate approved by shareholders, the Company purchased a total of 17,801,000 shares by way of on-market purchase for a total consideration of \$3.56 million (including transaction costs) in 2Q2012. The shares purchased were made out of the Company's capital and held as treasury shares.

During the second quarter ended 30 June 2012, 2,350,000 share options were exercised from the options that were granted in 2010, resulting in 2,350,000 treasury shares being reissued.

The Company's issued and fully paid up shares as at 30 June 2012 comprised 844,118,580 (30 June 2011: 865,370,580) ordinary shares and 24,811,000 (30 June 2011: 3,559,000) treasury shares.

During the second quarter ended 30 June 2012, the Company issued 6,760,000 share options to the directors and employees of the Group. As at 30 June 2012, options to subscribe for 20,750,000 (30 June 2011: 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 30/06/2012	As at 31/12/2011
Total number of issued shares	868,929,580	868,929,580
Less: Treasury shares	(24,811,000)	(8,860,000)
Total number of issued shares excluding treasury shares	844,118,580	860,069,580

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.

Treasury Shares	No. of shares	S\$'000
Balance as at 31/03/2012	9,360,000	1,607
No. of shares purchased	17,801,000	3,561
No. of shares transferred on exercise of share option	(2,350,000)	(406)
Balance as at 30/06/2012	24,811,000	4,762

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 2011.

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 2012 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	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
(a) Based on the number of ordinary shares in issue (cents)	0.69	0.43	0.90	0.56
(b) On fully diluted basis (cents)	0.69	0.43	0.90	0.56

The calculations of basic earnings per share for 2Q and 6 months ended 30 June 2012 are based on the net profits attributable to shareholders for the 2Q and 6 months ended 30 June 2012 divided by the weighted average number of ordinary shares outstanding of 856,234,524 and 858,035,514 respectively.

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 diluted earnings per share for 2Q and 6 months ended 30 June 2012 are based on the net profits attributable to shareholders for the 2Q and 6 months ended 30 June 2012 divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 858,351,182 and 860,324,047 respectively.

The calculations 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.

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	
	30/06/2012	31/12/2011	30/06/2012	31/12/2011
Net asset value per ordinary share (cents) based on number of issued shares excluding treasury shares at the end of:	14.40	14.55	10.37	9.76

Net asset value per ordinary share was calculated based on 844,118,580 ordinary shares issued (excluding treasury shares) as at 30 June 2012 and 860,069,580 ordinary shares issued (excluding treasury shares) as at 31 December 2011.

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 FY2012, the Group achieved sales of \$13.76 million, an increase of 24.9% over the same period in FY2011, as our major attractions - Shanghai Ocean Aquarium ("SOA") and Underwater World Xiamen ("UWX") registered increases in revenue on higher visitor numbers and better yield.

Combined visitation to our Group's major attractions was 604,000 visitors for the quarter, increase of 9.7% compared to 2Q2011.

Cumulatively, overall revenue for the first half of FY2012 amounted to \$22.83 million, an increase of \$4.42 million or 24.0% compared to 1H2011.

Operational Results

Total expenses for 2Q2012 increased \$35,000; or 0.6% from 2Q2011, due to a 15.9% increase in operating expenses offset by a 29.1% decrease in administrative expenses.

Operating expenses for 2Q2012 increased \$0.63 million over 2Q2011. Apart from higher variable cost which increased in line with the higher revenue, fixed operating expenses such as utilities, depreciation, staff cost, and advertising and promotional expenses also increased.

Administrative expenses for 2Q2012 decreased \$0.60 million from 2Q2011, mainly due to the foreign exchange gain of \$0.39 million recorded in the current period, as opposed to an exchange loss of \$0.29 million recorded in 2Q2011, due to the stronger RMB against SGD in the current quarter compared to 2Q2011.

Profit before tax was \$8.61 million for the current quarter, an increase of 51.7% compared to the profit before tax of \$5.67 million for 2Q2011.

Balance Sheet items

Trade and other receivables increased 54.0% from \$1.45 million in 31 December 2011 to \$2.23 million in 30 June 2012 mainly due to increase in other receivables in SOA and UWX arising from the interest receivables from fixed deposits placements.

Other current assets increased 59.8% from \$0.51 million in 31 December 2011 to \$0.82 million in 30 June 2012 mainly due to the prepayment of insurance at SOA and progress payment for certain repair reconstruction projects at SOA and UWX, as well as advance payment of cable car equipment spare parts at LLC.

Reserves decreased 53.7% from \$5.65 million at 31 December 2011 to \$2.62 million at 30 June 2012 mainly due to the amount of \$1.76 million transferred by SOA from its FY2010 retained earnings to general reserves, share option reserves of \$0.27 million recognised in the current period arising from share options granted in May 2011 and May 2012, net increase in treasury shares from share buyback of \$3.66 million less cost of treasury shares transferred of \$0.41 million upon exercise of share options; offset by translation loss of \$1.71 million arising from the weaker RMB currency against SGD at the end of the period compared to the end of last year.

Non-controlling interests (“NCI”) decreased 19.5% from \$3.06 million at 31 December 2011 to \$2.47 million at 30 June 2012 due to the dividend declared by SOA in the current period as well as increase in NCI’s share of translation losses from the weaker RMB against SGD compared to last year end rate, partially offset by its share of current period profits.

Deferred tax liabilities decreased 18.3% from \$2.02 million in 31 December 2011 to \$1.65 million in 30 June 2012 due to the reversal of deferred tax recognised in prior years for FY2010 profit of SOA which has been declared as dividend in the current period; offset by the deferred tax recognised on the 1H2012 profits of SOA and UWX. Provision for the PRC withholding taxes payable on the dividend declared by SOA has been included in current tax liabilities.

Cash flow Statement

The Group generated net cash from operating activities amounting to \$6.82 million in 2Q2012. During the quarter, the Company used \$3.56 million cash to buy back its own shares and paid out final dividend amounting to \$6.46 million for the financial year ended 31 December 2011. As at 30 June 2012, the Group’s cash and cash equivalent balance amounted to \$79.17 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 product (“GDP”) growth slowed to 7.6% in the second quarter of 2012 over the same period last year, the sixth consecutive quarter of slowdown in the world’s second largest economy.

For the first half of 2012, the China economy grew 7.8% while inflation rate was 3.3%. In its effort to boost growth, the Chinese government has cut interest rates twice in a month and lowered bank reserves ratio three times since last November. It is anticipated that monetary policy will ease further in this year.

Despite the economic slowdown in China, the domestic tourism segment has witnessed positive growth. Besides, the China government has taken various initiatives such as tourism promotion, branding and positioning of China as a tourism hub, cultural promotion, etc to boost the tourism industry. These augur well for the Group.

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.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results).

To the best of our knowledge and belief, nothing has come to the attention of the Directors which may render the 2Q2012 financial results to be false or misleading in any material aspect.

On behalf of the Board

Wu Hsioh Kwang
Chairman

Lim Song Joo
Director

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. 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.

16. 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.

17. A breakdown of sales.

Not applicable.

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

Not applicable.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Not applicable.

BY ORDER OF THE BOARD,

Lotus Isabella Lim Mei Hua
Company Secretary
10 August 2012