

STRACO CORPORATION LIMITED
Company Registration Number: 200203482R
(Incorporated in Singapore)

Third Quarter Ended 30 September 2006 Unaudited Financial Statements 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		
	30/09/2006	30/09/2005	Change	30/09/2006	30/09/2005	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Sales	6,632	6,169	8	14,729	13,881	6
Other operating income	488	385	27	1,186	1,083	10
Operating expenses	(3,213)	(2,890)	11	(8,632)	(7,947)	9
Administrative expenses	(903)	(871)	4	(3,046)	(2,662)	14
Finance costs	(17)	(175)	(90)	(185)	(725)	(74)
Profit before tax	2,987	2,618	14	4,052	3,630	12
Income tax expense	(472)	(466)	1	(730)	(741)	(1)
Profit after tax	2,515	2,152	17	3,322	2,889	15
Attributable to:						
Equity holders of the parent	2,385	2,027	18	3,133	2,700	16
Minority interests	130	125	4	189	189	0
	2,515	2,152	17	3,322	2,889	15

n.m. – not meaningful

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

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

	3Q ended		9 months ended	
	30/09/2006	30/09/2005	30/09/2006	30/09/2005
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of property, plant and equipment	1,095	1,083	3,300	3,206
Government grants	-	(2)	-	(93)
Interest income	(232)	(159)	(553)	(470)
Interest expense on bank loans	17	175	185	725
Foreign exchange (gain)/loss	(122)	(196)	132	(326)
Gain/(loss) on disposal of property, plant and equipment	8	-	(20)	-

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

Balance Sheets	Group		Company	
	As at	As at	As at	As at
	30/09/2006	31/12/2005	30/09/2006	31/12/2005
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	61,366	65,526	2,724	2,715
Interest in subsidiaries	-	-	43,732	44,034
Long-term loans to subsidiaries	-	-	9,847	3,888
Deferred tax asset	166	170	-	-
	<u>61,532</u>	<u>65,696</u>	<u>56,303</u>	<u>50,637</u>
Current assets				
Inventories	477	445	-	-
Trade and other receivables	679	409	-	-
Due from subsidiaries	-	-	8,403	3,701
Other current assets	535	136	338	12
Cash and cash equivalents	32,028	32,619	20,763	27,767
	<u>33,719</u>	<u>33,609</u>	<u>29,504</u>	<u>31,480</u>
Total assets	<u>95,251</u>	<u>99,305</u>	<u>85,807</u>	<u>82,117</u>
Equity attributable to equity holders of the Parent				
Share capital	76,985	43,446	76,985	43,446
Reserves	7,302	38,910	4,435	34,062
	<u>84,287</u>	<u>82,356</u>	<u>81,420</u>	<u>77,508</u>
Minority interest	1,917	2,000	-	-
Total equity	<u>86,204</u>	<u>84,356</u>	<u>81,420</u>	<u>77,508</u>
Non-current liabilities				
Borrowings	1,800	1,850	-	-
Current liabilities				
Trade and other payables	2,592	2,183	307	345
Due to subsidiaries	-	-	14	-
Current tax payable	589	462	-	-
Current borrowings	4,066	10,454	4,066	4,264
	<u>7,247</u>	<u>13,099</u>	<u>4,387</u>	<u>4,609</u>
Total liabilities	<u>9,047</u>	<u>14,949</u>	<u>4,387</u>	<u>4,609</u>
Total equity and liabilities	<u>95,251</u>	<u>99,305</u>	<u>85,807</u>	<u>82,117</u>

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

	As at 30/09/2006		As at 31/12/2005	
	<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	-	4,066	6,190	4,264
Amount payable after one year	-	1,800	-	1,850

Details of collateral

The secured bank loan facilities, undertaken by a subsidiary, have been fully repaid in August 2006.

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 30/09/2006 S\$'000	Q3 ended 30/09/2005 S\$'000
Operating activities		
Profit before taxation	2,987	2,618
Adjustments for:		
Depreciation	1,095	1,083
Loss on disposal of property, plant and equipment	8	-
Interest income	(232)	(159)
Interest expense	17	175
Operating cash flow before working capital change	<u>3,875</u>	<u>3,717</u>
Changes in operating assets and liabilities		
Trade and other receivables	(260)	(457)
Inventories	(21)	(9)
Trade and other payables	322	251
Cash generated from operations	<u>3,916</u>	<u>3,502</u>
Income tax paid	(158)	(135)
Cash flows from operating activities	<u>3,758</u>	<u>3,367</u>
Investing activities		
Acquisition of property, plant and equipment	(335)	(62)
Interest received	232	159
Cash flows from investing activities	<u>(103)</u>	<u>97</u>
Financing activities		
Repayment of borrowings	(2,570)	(9,843)
Interest paid	(17)	(175)
Cash flow from financing activities	<u>(2,587)</u>	<u>(10,018)</u>
Net increase/(decrease) in cash and cash equivalents	1,068	(6,554)
Cash and cash equivalents at the beginning of the financial period	31,065	43,911
Effects of exchange rate changes on cash and cash equivalents	(105)	(22)
Cash and cash equivalents at the end of the financial period	<u>32,028</u>	<u>37,335</u>

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

1(d)(i) A statement (for 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							Total Equity
	Share capital	Share premium	Statutory Reserves	Foreign currency translation reserves	Retained earnings	Total	Minority Interest	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 January 2006, previously reported	43,446	33,539	719	(955)	5,607	82,356	2,000	84,356
Effects of adopting FRS 21 (revised)	-	-	-	(231)	231	-	-	-
As at 1 January 2006, restated	43,446	33,539	719	(1,186)	5,838	82,356	2,000	84,356
Exchange differences on translation of net investments in foreign subsidiaries	-	-	-	(892)	-	(892)	(48)	(940)
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	(193)	-	(193)	-	(193)
Net gains/(losses) recognised directly in equity	-	-	-	(1,085)	-	(1,085)	(48)	(1,133)
Net profit/(loss) for the period	-	-	-	-	(172)	(172)	4	(168)
Total recognised income/(expense) for the period	-	-	-	(1,085)	(172)	(1,257)	(44)	(1,301)
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	33,539	(33,539)	-	-	-	-	-	-
Dividend from subsidiary	-	-	-	-	-	-	(225)	(225)
As at 31 March 2006	76,985	-	719	(2,271)	5,666	81,099	1,731	82,830
Exchange differences on translation of net investments in foreign subsidiaries	-	-	-	(431)	-	(431)	(21)	(452)
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	(105)	-	(105)	-	(105)
Net gains/(losses) recognised directly in equity	-	-	-	(536)	-	(536)	(21)	(557)
Net profit/(loss) for the period	-	-	-	-	920	920	55	975
Total recognised income/(expense) for the period	-	-	-	(536)	920	384	34	418
As at 30 June 2006	76,985	-	719	(2,807)	6,586	81,483	1,765	83,248
Exchange differences on translation of net investments in foreign subsidiaries	-	-	-	342	-	342	22	364
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	77	-	77	-	77
Net gains/(losses) recognised directly in equity	-	-	-	419	-	419	22	441
Net profit/(loss) for the period	-	-	-	-	2,385	2,385	130	2,515
Total recognised income/(expense) for the period	-	-	-	419	2,385	2,804	152	2,956
As at 30 September 2006	76,985	-	719	(2,388)	8,971	84,287	1,917	86,204

(ii)

	Interest of shareholders of the Company							
	Share capital	Share premium	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 2005, previously reported	43,446	33,539	536	(2,432)	2,471	77,560	1,834	79,394
Effects of adopting FRS 21 (revised)	-	-	-	(575)	575	-	-	-
As at 1 January 2005, restated	43,446	33,539	536	(3,007)	3,046	77,560	1,834	79,394
Exchange differences on translation of net investments in foreign subsidiaries	-	-	-	297	-	297	15	312
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	69	-	69	-	69
Net gains/(losses) recognised directly in equity	-	-	-	366	-	366	15	381
Net profit/(loss) for the period	-	-	-	-	(379)	(379)	(4)	(383)
Total recognized income/(expense) for the period	-	-	-	366	(379)	(13)	11	(2)
Dividend from subsidiary	-	-	-	-	-	-	(111)	(111)
As at 31 March 2005	43,446	33,539	536	(2,641)	2,667	77,547	1,734	79,281
Exchange differences on translation of net investments in foreign subsidiaries	-	-	-	717	-	717	37	754
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	171	-	171	-	171
Net gains/(losses) recognised directly in equity	-	-	-	888	-	888	37	925
Net profit/(loss) for the period	-	-	-	-	1,053	1,053	68	1,121
Total recognized income/(expense) for the period	-	-	-	888	1,053	1,941	105	2,046
As at 30 June 2005	43,446	33,539	536	(1,753)	3,720	79,488	1,839	81,327
Exchange differences on translation of net investments in foreign subsidiaries	-	-	-	919	-	919	49	968
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	198	-	198	-	198
Net gains/(losses) recognised directly in equity	-	-	-	1,117	-	1,117	49	1,166
Net profit/(loss) for the period	-	-	-	-	2,027	2,027	125	2,152
Total recognized income/(expense) for the period	-	-	-	1,117	2,027	3,144	174	3,318
As at 30 September 2005	43,446	33,539	536	(636)	5,747	82,632	2,013	84,645

(b) Company

(i)

	Share capital	Share premium	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2006	43,446	33,539	523	77,508
Net profit for the period	-	-	3,955	3,955
Transfer to share capital	33,539	(33,539)	-	-
Balance as at 31 March 2006	76,985	-	4,478	81,463
Net loss for the period	-	-	(96)	(96)
Balance as at 30 June 2006	76,985	-	4,382	81,367
Net profit for the period	-	-	53	53
Balance as at 30 September 2006	76,985	-	4,435	81,420

(ii)

	Share capital	Share premium	Retained earnings/ (accumulated losses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2005	43,446	33,539	(1,295)	75,690
Net profit for the period	-	-	1,968	1,968
Balance as at 31 March 2005	43,446	33,539	673	77,658
Net profit for the period	-	-	10	10
Balance as at 30 June 2005	43,446	33,539	683	77,668
Net loss for the period	-	-	(11)	(11)
Balance as at 30 September 2005	43,446	33,539	672	77,657

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous financial period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles 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

On the date of commencement of the Companies (Amendment) Act 2005 on 30 January 2006:

- (a) The concept of authorized share capital is abolished;
- (b) Shares of the Company has no par value; and
- (c) The amount standing to the credit of the Company's share premium account becomes part of Company's share capital.

2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

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 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 2005.

5 If there are any changes in 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 2006 and there was no material impact on the Group's results, except for the adoption of the amendments to the FRS 21(revised) "*The Effects of Changes in Foreign Exchange Rates*". Exchange gains/losses arising from quasi-equity loans for 3Q2006 and the 9 months ended 30 September 2006 and their comparatives has been taken to foreign currency translation reserves at the Group level.

6 Earnings per ordinary share of the group for the current period reported in 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	
	30/09/2006	30/09/2005	30/09/2006	30/09/2005
(a) Based on the number of ordinary shares on issue (cents)	0.27	0.23	0.36	0.31
(b) On fully diluted basis (cents)	0.27	0.23	0.36	0.31

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

The calculations of basic earnings per share for the 3Q and 9 months ended 30 September 2006 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 are the same as basic earnings per share because there are no diluting shares outstanding during these periods. No share options were granted to any employee during these periods.

7 Net asset value (for the issuer and group) per ordinary share based on the issued share capital of the issuer at the end of the (a) current period reported and (b) immediately preceding financial year

Net asset value per share

	Group		Company	
	30/09/2006	31/12/2005	30/09/2006	31/12/2005
Net asset value per ordinary share (cents)	9.70	9.48	9.37	8.92

Net asset value per ordinary share was calculated based on the issued share capital of 868,929,580 shares as at 30 September 2006 and 31 December 2005.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal cyclical factors. It must also discuss 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 2006, the Group achieved sales of \$6.6m, a 8% improvement over the same period in FY2005. The Group's flagship, Shanghai Ocean Aquarium ("SOA"), registered a 10% increase in visitor arrivals to 338,000, compared to 308,000 visitors in the same period of FY2005, with the launch of the "Discover the Amazon" campaign which had received wide local media coverage, including TV and newspapers. Visitor arrivals from all 4 segments (walk-in, tour, corporate, and students) registered positive growth. Corporate group registered the highest growth of more than 50% in numbers and revenue terms for the quarter under review, while walk-in and tour groups grew by 3% and 6% respectively.

Overall revenue for the 9 months of FY2006 amounted to \$14.7 million, an increase of 6% compared to the same period of FY2005. Visitor arrivals to SOA were 774,000 for the 9 months of FY2006, compared to 749,000 in the same period of FY2005.

Operational Results

Operating expenses and administrative expenses for 3Q2006 increased by \$355,000 in total, or 9% compared with the same period in FY2005. Operating expenses increased by \$323,000, or 11%, due mainly to higher maintenance costs of the facilities, increase in advertising and promotional expenses, as well as an increase of staff cost. Administrative expenses increased by \$32,000, or 4%. The increase in administrative expenses over the corresponding period was mainly due to an exchange gain recognised in 2Q2005. Taking away the effect of foreign exchange differences, administrative expenses for the current quarter under review would have decreased by 3.8%.

Finance cost decreased by \$158,000 mainly due to lower interest expenses as the remaining bank loans were fully repaid in 3Q2006.

The Group achieved a profit before tax of \$3.0 million for the quarter, compared to a profit before tax of \$2.6 million for 3Q2005, reflecting an increase of 14%.

Cash flow Statement

The Group generated a net cash inflow from operating activities amounting to \$3.8 million in 3Q2006 and had fully repaid the remaining bank loan of approximately \$2.6 million. As at 30 September 2006, the Group has cash and cash equivalent balance amounting to \$32.0 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 announcement of the 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.

In the first three quarter of 2006, China economy grew by 10.7%, in line with economists' expectations. Inflation edged up a bit as consumer prices rose 1.5% in the year to September. The measures imposed by the Central government to avert the overheated economy has taken effect as third quarter gross domestic product, which was up 10.4% from the same period last year, drop from the 11.3% rate reported for the second quarter.

In Shanghai, the train service that link Shanghai to Lhasa, the capital of Tibet, started operation on 1 October 2006. This is expected to spur growth in pillar industries such as tourism.

There are no other known factors that would significantly affect Shanghai Ocean Aquarium business over the next 12 months. In particular, there has been no major tourism project in the vicinity of the Lujiazhui District that would pose a direct competition to the Company's business.

11 Dividend

(a) Current Financial Period Reported on

Any dividend recommended for the current financial period reported? None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None

12 If no dividend is declared/recommended, a statement to that fact.

No dividend has been declared/recommended 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 Segmental 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 the contributions to turnover and earnings by the business or geographical segments

Not applicable.

15 Breakdown of sales

Not applicable.

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

Not applicable.

By order of the Board,

Lotus Isabella Lim Mei Hua
Company Secretary

Statement by Directors
Pursuant to SGX Listing Rule 705(4)

To the best of our knowledge and belief, nothing has come to the attention of the Directors which may render the 3Q2006 financial results to be false or misleading. The financial statements and other information included in this report, present fairly in all material respects the financial condition, results of operations and cash flows of the Group as of, and for, the periods presented in this report.

On behalf of the Board

Wu Hsioh Kwang
Chairman

Choong Chow Siong
Director