



THE STRAITS TRADING COMPANY LIMITED

Company Registration No.: 188700008D

The Straits Trading Group

Financial Highlights

- In Q1 2008, the Group's profit before tax fell from \$64.8 million to \$21.1 million year-on-year. In Q1 2007, there was fair value surplus from investment properties of \$40.3 million and fair value surplus from the Group's financial assets of \$7.0 million. In contrast, in Q1 2008, there was no fair value surplus from investment properties and \$8.7 million fair value deficit was recorded from the Group's financial assets.
- Excluding the exceptional gains and fair value changes of financial assets, the Group's profit before tax improved 20.7% from \$16.9 million in Q1 2007 to \$20.4 million in Q1 2008 due to better performance from the Group's resource and hotel operations.
- Net Asset Value per share declined from \$5.62 in December 2007 to \$5.52 in March 2008 substantially due to fair value deficit recorded for the available-for-sale investments.

\$ million	Q1 2008	Q1 2007	+ / (-) %
Total Revenues	309.2	226.0	36.8
Profit Before Tax from Continuing Operations	21.1	64.8	(67.5)
Profit Before Tax and Exceptional Gains	11.7	23.9	(51.0)
Profit Attributable to Equity Holders of the Company, net of tax	11.5	55.4	(79.3)

Earnings per Share	3.5 cents	17.0 cents	
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	As at 31.3.2008	As at 31.12.2007
Equity Attributable to Equity Holders of the Company	\$1,799,153,000	\$1,831,487,000
Net Asset Value per Share	\$5.52	\$5.62

N.B.: All in Singapore dollars.

The Straits Trading Company Limited (Company Registration No. : 188700008D)
First Quarter Financial Statements for the Period Ended 31 March 2008

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

Certain comparative figures have been represented to conform with current period's presentation in line with the eXtensible Business Reporting Language (XBRL) format.

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

The unaudited results of the Group for the 1st quarter ended 31 March 2008 are as follows :-

	1st Quarter (Q1)	
	2008 \$'000	2007 \$'000
<u>Revenue</u>		
Tin mining and smelting revenue	249,177	156,844
Hotel revenue	42,908	37,816
Property revenue	10,268	18,943
Proceeds from sale of trading securities	10,151	-
	312,504	213,603
<u>Other Items of Income</u>		
Dividend income	1,920	2,199
Interest income	2,567	2,507
Fair value changes of financial assets	(8,689)	6,966
Other income	882	721
Total Revenues	309,184	225,996
Exceptional gains	9,375	40,979
<u>Other Items of Expense</u>		
Employee benefits expense	(21,054)	(20,136)
Depreciation expense	(3,686)	(3,624)
Amortisation expense	(1,392)	(1,742)
Costs of tin mining and smelting	(224,498)	(136,837)
Costs of trading securities sold	(9,490)	-
Finance costs	(1,982)	(1,580)
Other expenses	(35,068)	(38,407)
Share of (loss)/profit from equity-accounted associates	(358)	144
Share of profit from equity-accounted joint ventures	34	38
Profit Before Tax from Continuing Operations	21,065	64,831
Income tax expense	(6,116)	(8,664)
Profit from Continuing Operations, net of tax	14,949	56,167
Profit Attributable to :		
Equity Holders of the Company, net of tax	11,477	55,446
Minority Interests, net of tax	3,472	721
	14,949	56,167

- Exceptional gains comprise :

	1st Quarter (Q1)	
	2008	2007
	\$'000	\$'000
(a) Net surplus on disposal of investment securities	9,375	626
(b) Fair value changes of investment properties	-	40,353
	9,375	40,979

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 as at 31 March 2008

	GROUP		COMPANY	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	204,689	206,252	153	164
Investment properties	822,737	821,132	107,473	108,005
Goodwill on consolidation	23,851	24,089	-	-
Other intangible assets	15,855	12,336	-	-
Investments in subsidiaries	-	-	120,470	120,470
Investments in associates	36,260	11,516	3,585	3,585
Investments in joint ventures	352	317	-	-
Deferred tax assets	16,189	13,114	-	-
Other non-current receivables	-	-	79,908	79,445
Investment securities	412,827	434,065	290,706	301,776
Other non-current assets	5,203	4,922	-	-
Total Non-Current Assets	1,537,963	1,527,743	602,295	613,445
Current Assets				
Properties held for sale	12,787	12,806	-	-
Inventories	158,973	136,271	-	-
Income tax receivables	4,356	4,061	77	23
Trade receivables	83,207	93,910	142	324
Other receivables	55,503	37,818	347,747	381,493
Marketable securities	67,955	92,328	-	-
Derivative financial instruments	123	170	-	-
Cash and cash equivalents	364,548	346,208	195,195	123,432
Total Current Assets	747,452	723,572	543,161	505,272
Total Assets	2,285,415	2,251,315	1,145,456	1,118,717
EQUITY AND LIABILITIES				
Equity				
Share capital	265,928	265,928	265,928	265,928
Retained earnings	1,340,602	1,345,420	555,914	541,336
Other reserves	192,623	220,139	171,572	182,873
Equity attributable to equity holders of the Company	1,799,153	1,831,487	993,414	990,137
Minority interests	58,442	62,669	-	-
Total Equity	1,857,595	1,894,156	993,414	990,137
Non-Current Liabilities				
Provisions	5,360	5,244	-	-
Deferred tax liabilities	37,955	38,554	494	458
Borrowings	3,881	3,922	-	-
Derivative financial instruments	582	-	-	-
Other non-current liabilities	39,291	40,165	-	-
Total Non-Current Liabilities	87,069	87,885	494	458
Current Liabilities				
Provisions	38	38	-	-
Income tax payable	26,831	24,251	2,528	2,160
Trade payables	20,634	20,855	472	288
Other payables	49,324	49,900	132,245	125,597
Borrowings	212,536	171,345	-	-
Derivative financial instruments	15,093	2,885	8	77
Dividend payable	16,295	-	16,295	-
Total Current Liabilities	340,751	269,274	151,548	128,122
Total Liabilities	427,820	357,159	152,042	128,580
Total Equity and Liabilities	2,285,415	2,251,315	1,145,456	1,118,717

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31/3/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
-	\$212,536,000	-	\$171,345,000

Amount repayable after one year

As at 31/3/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
-	\$3,881,000	-	\$3,922,000

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 for the 1st quarter ended 31 March 2008

	1st Quarter (Q1)	
	2008 \$'000	2007 \$'000
<u>Cash flows from operating activities</u>		
Profit before tax	21,065	64,831
<u>Adjustments</u>		
Depreciation of property, plant and equipment	3,686	3,624
Interest income	(2,567)	(2,507)
Finance costs	1,982	1,580
Dividend income	(1,920)	(2,199)
Loss on disposal of property, plant and equipment	-	13
Property, plant and equipment written off	61	15
Amortisation of mining rights	328	339
Amortisation of management rights	50	47
Amortisation of club membership	2	2
Amortisation of exploration and development cost	1,012	1,354
Amortisation of deferred income	(906)	(906)
Changes in fair value of financial assets	8,689	(6,966)
Provision for mine rehabilitation	339	339
Provision for severance benefit	152	756
(Reversal)/Impairment of doubtful receivables	(13)	97
Bad debt directly written off	7	-
Share of loss/(profit) from equity-accounted associates	358	(144)
Share of profit from equity-accounted joint ventures	(34)	(38)
Net surplus on disposal of investment securities	(9,375)	(626)
Net fair value changes of investment properties	-	(40,353)
Operating cash flows before changes in working capital	22,916	19,258
Decrease in properties held for sale	-	3,945
(Increase)/Decrease in inventories	(22,702)	1,009
Decrease/(Increase) in marketable securities	7,301	(680)
(Increase)/Decrease in trade and other receivables	(4,416)	13,131
Increase/(Decrease) in trade and other payables	1,540	(5,046)
Cash flows from operations	4,639	31,617
Income taxes paid	(2,959)	(2,750)
Interest paid	(1,924)	(2,124)
Dividend income	1,920	2,199
Interest received	2,574	3,065
Net cash flows from operating activities	4,250	32,007
<u>Cash flows from investing activities</u>		
Proceeds from disposal of properties, plant and equipment	-	97
Cost incurred on property, plant and equipment	(3,349)	(1,056)
Proceeds from disposal of investment securities	14,289	992
Purchase of investment securities	(644)	(687)
Payment of deferred mine development and exploration expenditure	(1,301)	(2,191)
Cost incurred on investment properties	(3,085)	(999)
Purchase of mining rights	(3,959)	-
Subscription of shares in an associate	(25,218)	-
Payment for insurance scheme	(443)	-
Net cash flows used in investing activities	(23,710)	(3,844)

Consolidated Cash Flow Statement for the 1st quarter ended 31 March 2008 (cont'd)

	1st Quarter (Q1)	
	2008	2007
	\$'000	\$'000
<u>Cash flows from financing activities</u>		
Increase in borrowings/(Loan repayment)	41,150	(44,683)
Decrease in amount due from a joint venture	82	10
Net cash flows from/(used in) financing activities	41,232	(44,673)
Net increase/(decrease) in cash and cash equivalents	21,772	(16,510)
Effect of exchange rate changes on cash and cash equivalents	(3,432)	(166)
Cash and cash equivalents, beginning balance	346,208	335,199
Cash and cash equivalents, ending balance	364,548	318,523

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.

Statements of Changes in Equity for the period ended 31 March 2008

GROUP

	Total equity \$'000	Equity attributable to equity holders of the Company \$'000	Share capital \$'000	Retained earnings \$'000	AFS reserve \$'000	Hedging reserve \$'000	Revaluation reserve \$'000	Share option reserve \$'000	Translation reserve \$'000	Minority interests \$'000
Opening balance at 1 January 2008	1,894,156	1,831,487	265,928	1,345,420	229,320	(515)	927	33	(9,626)	62,669
Exchange adjustment	(4,655)	(2,832)	-	-	-	-	-	-	(2,832)	(1,823)
Net fair value changes on available-for-sale investments	(11,990)	(10,396)	-	-	(10,396)	-	-	-	-	(1,594)
Net fair value changes transferred to income statement	(8,674)	(8,674)	-	-	(8,674)	-	-	-	-	-
Net fair value changes on cash flow hedges	(9,898)	(5,614)	-	-	-	(5,614)	-	-	-	(4,284)
Net income recognised directly in equity	(35,217)	(27,516)	-	-	(19,070)	(5,614)	-	-	(2,832)	(7,701)
Profit for 1st quarter	14,949	11,477	-	11,477	-	-	-	-	-	3,472
Total recognised income and expenses for the period	(20,268)	(16,039)	-	11,477	(19,070)	(5,614)	-	-	(2,832)	(4,229)
Dividend on ordinary shares										
- 2nd interim dividend for 2007, payable	(16,295)	(16,295)	-	(16,295)	-	-	-	-	-	-
Shares issued to a minority shareholder by a subsidiary	2	-	-	-	-	-	-	-	-	2
Closing balance at 31 March 2008	1,857,595	1,799,153	265,928	1,340,602	210,250	(6,129)	927	33	(12,458)	58,442

Statements of Changes in Equity for the period ended 31 March 2008 (cont'd)

GROUP

	Total equity \$'000	Equity attributable to equity holders of the Company \$'000	Share capital \$'000	Retained earnings \$'000	AFS reserve \$'000	Hedging reserve \$'000	Revaluation reserve \$'000	Share option reserve \$'000	Translation reserve \$'000	Minority interests \$'000
Opening balance at 1 January 2007	1,340,970	1,289,322	265,928	885,443	148,869	(1,227)	927	33	(10,651)	51,648
Exchange adjustment	2,032	1,668	-	-	-	-	-	-	1,668	364
Net fair value changes on available-for-sale investments	54,493	54,500	-	-	54,500	-	-	-	-	(7)
Net fair value changes transferred to income statement	(495)	(495)	-	-	(495)	-	-	-	-	-
Net fair value changes on cash flow hedges	(262)	(216)	-	-	-	(216)	-	-	-	(46)
Net income recognised directly in equity	55,768	55,457	-	-	54,005	(216)	-	-	1,668	311
Profit for 1st quarter	56,167	55,446	-	55,446	-	-	-	-	-	721
Total recognised income and expenses for the period	111,935	110,903	-	55,446	54,005	(216)	-	-	1,668	1,032
Dividend on ordinary shares - 2nd interim dividend for 2006, payable	(9,516)	(9,516)	-	(9,516)	-	-	-	-	-	-
Closing balance at 31 March 2007	1,443,389	1,390,709	265,928	931,373	202,874	(1,443)	927	33	(8,983)	52,680

Statements of Changes in Equity for the period ended 31 March 2008 (cont'd)

COMPANY

	Total equity \$'000	Equity attributable to equity holders of the Company \$'000	Share capital \$'000	Retained earnings \$'000	AFS reserve \$'000	Translation reserve \$'000
Opening balance at 1 January 2008	990,137	990,137	265,928	541,336	183,925	(1,052)
Exchange adjustment	(509)	(509)	-	-	-	(509)
Fair value changes on available-for-sale investment securities	(9,246)	(9,246)	-	-	(9,246)	-
Fair value changes transferred to income statement	(1,546)	(1,546)	-	-	(1,546)	-
Net income recognised directly in equity	(11,301)	(11,301)	-	-	(10,792)	(509)
Profit for 1st quarter	30,873	30,873	-	30,873	-	-
Total recognised income and expenses for the period	19,572	19,572	-	30,873	(10,792)	(509)
Dividend on ordinary shares - 2nd interim dividend for 2007, payable	(16,295)	(16,295)	-	(16,295)	-	-
Closing balance at 31 March 2008	993,414	993,414	265,928	555,914	173,133	(1,561)
	Total equity \$'000	Equity attributable to equity holders of the Company \$'000	Share capital \$'000	Retained earnings \$'000	AFS reserve \$'000	Translation reserve \$'000
Opening balance at 1 January 2007	839,205	839,205	265,928	466,670	107,839	(1,232)
Exchange adjustment	456	456	-	-	-	456
Fair value changes on available-for-sale investment securities	45,569	45,569	-	-	45,569	-
Net income recognised directly in equity	46,025	46,025	-	-	45,569	456
Profit for 1st quarter	6,348	6,348	-	6,348	-	-
Total recognised income and expenses for the period	52,373	52,373	-	6,348	45,569	456
Dividend on ordinary shares - 2nd interim dividend for 2006, payable	(9,516)	(9,516)	-	(9,516)	-	-
Closing balance at 31 March 2007	882,062	882,062	265,928	463,502	153,408	(776)

- 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.**

Not applicable.

- 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.**

	31 March 2008 '000	31 December 2007 '000
Total number of ordinary shares in issue	325,897	325,897

There were no treasury shares as at 31 March 2008.

- 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.

- 1(e) Negative assurance confirmation on interim financial results pursuant to Rule 705(4) of the SGX's Listing Manual.**

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the first quarter 2008 financial results to be false or misleading in any material aspect.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or 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 in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 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.**

The adoption of the new Interpretations of Financial Reporting Standards (INT FRS), which became effective for the financial year beginning on or after 1 January 2008, does not have any material financial impact to the Group and the Company.

- 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.**

	<u>1st Quarter (Q1)</u>	
	2008	2007
Basic and Diluted Earnings per share for the period based on Group profit attributable to Equity Holders of the Company :-	3.5 cents	17.0 cents

- 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.

Net asset value per share based on issued share capital at the end of :-	31 March 2008	31 December 2007
The Group	\$5.52	\$5.62
The Company	\$3.05	\$3.04

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.

Overall review

In Q1 2008, the Group's profit before tax fell from \$64.8 million to \$21.1 million year-on-year. In Q1 2007, there was fair value surplus from investment properties of \$40.3 million and fair value surplus from the Group's financial assets of \$7.0 million. In contrast, in Q1 2008, there was no fair value surplus from investment properties and \$8.7 million fair value deficit was recorded from the Group's financial assets.

Excluding the exceptional gains and fair value changes of financial assets, the Group's profit before tax improved 20.7% from \$16.9 million in Q1 2007 to \$20.4 million in Q1 2008 due to better performance from the Group's resource and hotel operations.

Segmental review

Metals and mineral resources

Revenue of Malaysia Smelting Corporation Bhd (MSC) increased from RM357.9 million in Q1 2007 to RM572.6 million in Q1 2008. MSC performed substantially better when compared with the corresponding quarter of the previous year mainly due to higher tin prices and contributions from its subsidiary, PT Koba Tin. London Metal Exchange 3-month tin price at 31 March 2008 was US\$20,575 per tonne vis-à-vis US\$13,700 per tonne on 31 March 2007.

Hotel investment and management

Hotel revenue increased 13.5% from \$37.8 million in Q1 2007 to \$42.9 million in Q1 2008. Except for Auckland and Port Douglas that have been undergoing refurbishment, revenues of all other hotels were boosted by increases in average room rates and strong occupancies. Contributions from Singapore, Perth and Melbourne were particularly strong.

Property operations

Despite higher rental revenue from both commercial and residential properties, overall property revenue decreased 45.8% from \$18.9 million in Q1 2007 to \$10.3 million in Q1 2008. Property revenue for Q1 2007 included sale of condominium units. However, no condominium units were sold in Q1 2008.

Financial investments

Sale proceeds from trading securities in Q1 2008 were \$10.2 million and there were no sales in Q1 2007. A fair value deficit of \$8.7 million was recorded in Q1 2008 by marking the values of the Group's financial assets to their market values. In Q1 2007, a fair value gain of \$7.0 million was recorded.

Dividend income decreased 12.7% from \$2.2 million in Q1 2007 to \$1.9 million in Q1 2008 due to the sale of some of the Group's quoted investments.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The 1st quarter results ended 31 March 2008 are broadly in line with the prospect statement disclosed in the 2007 full year financial statements announcement made on 16 February 2008.

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.

Metals and mineral resources

In the light of the current high tin prices and barring any unforeseen circumstances, MSC should perform better pending an early resolution to the on-going investigation on the allegation that two of PT Koba Tin's appointed sub-contractors had been mining in a forest area within PT Koba Tin's Contract of Work area where mining is prohibited by the authorities.

Hotel investment and management

Higher hotel profit can be expected as most hotels are performing well this year. Furthermore, three more hotels (namely Marque hotels in Guilin and Perth and Rendezvous hotel in Christchurch) are scheduled to commence operations within the next 12 months.

Property operations

Rental income is expected to remain strong as residential market continues to be buoyant and there is still a supply shortage for prime office space. The Group will continue its efforts to dispose of its non-core property assets.

Financial investments

The Group has been reducing its exposure to the equity markets and a substantial portion of its investment portfolio will be divested. As a result, contributions from financial investments will be significantly reduced.

Overall, the Group is confident that the operations will remain profitable in 2008. However, total net attributable profit is unlikely to match that of last year due to the significant revaluation gain of the Group's investment properties and the fair value surplus from financial assets reported in 2007.

Contingent Liabilities

Since the Company's last announcement on 16 February 2008 of its full year financial statements, there was no new development on the outstanding material litigation against its subsidiary, MSC.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared 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/recommended, a statement to that effect.

No dividend has been declared for the 1st quarter ended 31 March 2008.

As announced by the Company on 28 March 2008 (Special Dividend Announcement), the Board of Directors of the Company (Board) proposed that the Company declares a special cash dividend (Special Dividend) of \$0.60 per ordinary share in the capital of the Company (Share), to be paid to shareholders of the Company (Shareholders) as at a books closure date to be determined.

Having considered the Q1 2008 results, the Group's present financial position and funding requirements for its operations and expansion plans, the Board has decided to further optimize the Group's capital structure, by proposing to increase the amount of the Special Dividend from \$0.60 per Share to \$1.50 per Share.

As stated in the Special Dividend Announcement, the Special Dividend will be subject to Shareholders' approval at an extraordinary general meeting (EGM) of the Company to be convened. Further, in order to facilitate the payment of the Special Dividend, approval from the Shareholders will also be sought at the EGM for any financial assistance which may be given by the Company for the acquisition of Shares, in connection with the payment of the Special Dividend.

BY ORDER OF THE BOARD

Emily Teo (Ms)

Secretary

15 May 2008

Singapore

This Announcement will be available at the Company's website at <http://www.stc.com.sg/>