



THE STRAITS TRADING COMPANY LIMITED

Company Registration No.: 188700008D
(A member of The Tecity Group)

The Straits Trading Group

Financial Highlights

- Excluding exceptional gains and fair value changes of financial assets (totalling \$49.6 million in Q2 2008 vs \$239.1 million in Q2 2007), the Group reported a profit before tax of \$15.6 million in Q2 2008 compared with \$24.1 million in Q2 2007. The decline was due mainly to fewer condominium units being sold in Q2 2008 and, to a lesser extent, lower contribution from the resource operations as a result of the suspension of the small-scale mining operations in PT Koba Tin.
- In Q2 2007, the Group reported \$9.9 million gain in fair value of financial assets and exceptional gains of \$229.2 million, primarily from the fair value surplus from investment properties. These gains did not recur this quarter. As a result, the Group's headline net earnings fell from \$235.3 million in Q2 2007 to \$58.5 million in Q2 2008.
- Net Asset Value per share declined from \$5.62 in December 2007 to \$4.00 in June 2008 because of (a) special dividend distribution* and (b) fair value deficit recorded for the available-for-sale investments.

\$ million	Q2 2008	Q2 2007	+/(-) %	YTD 2008 (6 mths)	YTD 2007 (6 mths)	+/(-) %
Total Revenues	362.3	231.1	56.7	671.4	457.1	46.9
Profit Before Tax from Continuing Operations	65.2	263.2	(75.2)	86.3	328.1	(73.7)
Profit Before Tax and Exceptional Gains	13.9	34.0	(59.3)	25.5	57.9	(55.8)
Profit Attributable to Equity Holders of the Company, net of tax	58.5	235.3	(75.1)	70.0	290.8	(75.9)

Earnings per Share	18.0 cents	72.2 cents		21.5 cents	89.2 cents	
--------------------	-------------------	------------	--	-------------------	------------	--

	As at 30.6.2008	As at 31.12.2007
Equity Attributable to Equity Holders of the Company	\$1,302,494,000	\$1,831,487,000
Net Asset Value per Share	\$4.00	\$5.62

* This relates to the special dividend of \$1.50 per share approved by the Company's shareholders at an extraordinary general meeting held on 13 June 2008 and paid on 31 July 2008.

N.B.: All in Singapore dollars.

The Straits Trading Company Limited (Company Registration No. : 188700008D)
Second Quarter and Half Year Financial Statements and Dividend Announcement for the Period Ended 30 June 2008
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.

The unaudited results of the Group for the 2nd quarter and half year ended 30 June 2008 are as follows :-

	2nd Quarter (Q2)		Half Year Ended 30 June	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue				
Tin mining and smelting revenue	252,517	146,998	501,694	303,842
Hotel revenue	39,736	35,126	82,644	72,942
Property revenue	16,028	27,418	26,296	46,361
Proceeds from sale of trading securities	45,700	3,023	55,851	3,023
	353,981	212,565	666,485	426,168
Other Items of Income				
Dividend income	5,673	5,533	7,593	7,732
Interest income	3,200	2,087	5,767	4,594
Fair value changes of financial assets	(1,704)	9,935	(10,393)	16,901
Other income	1,106	998	1,988	1,719
Total Revenues	362,256	231,118	671,440	457,114
Exceptional gains	51,359	229,228	60,734	270,207
Other Items of Expense				
Employee benefits expense	(23,879)	(23,146)	(44,933)	(43,282)
Depreciation expense	(3,885)	(3,687)	(7,571)	(7,311)
Amortisation expense	(587)	(645)	(1,979)	(2,387)
Costs of tin mining and smelting	(237,308)	(117,856)	(461,806)	(254,693)
Costs of trading securities sold	(44,095)	(2,695)	(53,585)	(2,695)
Finance costs	(2,163)	(1,668)	(4,145)	(3,248)
Other expenses	(35,109)	(47,624)	(70,177)	(86,031)
Share of (loss)/profit from equity-accounted associates	(1,399)	177	(1,757)	321
Share of profit from equity-accounted joint ventures	22	24	56	62
Profit Before Tax from Continuing Operations	65,212	263,226	86,277	328,057
Income tax expense	(6,571)	(26,032)	(12,687)	(34,696)
Profit from Continuing Operations, net of tax	58,641	237,194	73,590	293,361
Profit Attributable to :				
Equity Holders of the Company, net of tax	58,527	235,329	70,004	290,775
Minority Interests, net of tax	114	1,865	3,586	2,586
	58,641	237,194	73,590	293,361

- Exceptional gains comprise :

	2nd Quarter (Q2)		Half Year Ended 30 June	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(a) Net surplus on disposal of investment securities	51,286	5,493	60,661	6,119
(b) Net gain on dilution of a subsidiary	73	-	73	-
(c) Net gain on disposal of properties	-	2,005	-	2,005
(d) Fair value changes of investment properties	-	221,730	-	262,083
	<u>51,359</u>	<u>229,228</u>	<u>60,734</u>	<u>270,207</u>

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 30 June 2008

	GROUP		COMPANY	
	30 June 2008 \$'000	31 December 2007 \$'000	30 June 2008 \$'000	31 December 2007 \$'000
<u>ASSETS</u>				
<u>Non-Current Assets</u>				
Property, plant and equipment	243,558	206,252	139	164
Investment properties	823,313	821,132	105,918	108,005
Goodwill on consolidation	23,057	24,089	-	-
Other intangible assets	26,254	12,336	-	-
Investments in subsidiaries	-	-	120,470	120,470
Investments in associates	81,224	11,516	3,585	3,585
Investments in joint ventures	384	317	-	-
Deferred tax assets	16,369	13,114	-	-
Other non-current receivables	-	-	99,719	79,445
Investment securities	271,775	434,065	211,585	301,776
Other non-current assets	5,556	4,922	-	-
Total Non-Current Assets	1,491,490	1,527,743	541,416	613,445
<u>Current Assets</u>				
Properties held for sale	11,264	12,806	-	-
Inventories	165,109	136,271	-	-
Income tax receivables	4,276	4,061	105	23
Trade receivables	84,739	93,910	270	324
Other receivables	77,657	37,818	516,994	381,493
Marketable securities	21,943	92,328	-	-
Derivative financial instruments	58	170	-	-
Cash and cash equivalents	489,198	346,208	236,632	123,432
Total Current Assets	854,244	723,572	754,001	505,272
Total Assets	2,345,734	2,251,315	1,295,417	1,118,717
<u>EQUITY AND LIABILITIES</u>				
<u>Equity</u>				
Share capital	265,928	265,928	265,928	265,928
Retained earnings	910,283	1,345,420	379,718	541,336
Other reserves	126,283	220,139	120,219	182,873
Equity attributable to equity holders of the Company	1,302,494	1,831,487	765,865	990,137
Minority interests	59,190	62,669	-	-
Total Equity	1,361,684	1,894,156	765,865	990,137
<u>Non-Current Liabilities</u>				
Provisions	5,611	5,244	-	-
Deferred tax liabilities	35,785	38,554	529	458
Borrowings	70,746	3,922	-	-
Derivative financial instruments	607	-	-	-
Other non-current liabilities	38,179	40,165	-	-
Total Non-Current Liabilities	150,928	87,885	529	458
<u>Current Liabilities</u>				
Provisions	39	38	-	-
Income tax payable	26,794	24,251	3,095	2,160
Trade payables	34,205	20,855	441	288
Other payables	50,595	49,900	36,641	125,597
Borrowings	216,915	171,345	-	-
Derivative financial instruments	15,728	2,885	-	77
Dividend payable	488,846	-	488,846	-
Total Current Liabilities	833,122	269,274	529,023	128,122
Total Liabilities	984,050	357,159	529,552	128,580
Total Equity and Liabilities	2,345,734	2,251,315	1,295,417	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 30/6/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
-	\$216,915,000	-	\$171,345,000

Amount repayable after one year

As at 30/6/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
-	\$70,746,000	-	\$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 2nd quarter and half year ended 30 June 2008

	2nd Quarter (Q2)		Half Year Ended 30 June	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<u>Cash flows from operating activities</u>				
Profit before tax	65,212	263,226	86,277	328,057
<u>Adjustments</u>				
Depreciation of property, plant and equipment	3,885	3,687	7,571	7,311
Interest income	(3,200)	(2,087)	(5,767)	(4,594)
Finance costs	2,163	1,668	4,145	3,248
Dividend income	(5,673)	(5,533)	(7,593)	(7,732)
Loss/(Gain) on disposal of property, plant and equipment	2	(51)	2	(38)
Property, plant and equipment written off	143	-	204	15
Amortisation of mining rights	332	342	660	681
Amortisation of management rights	50	49	100	96
Amortisation of club membership	2	3	4	5
Amortisation of exploration and development cost	203	251	1,215	1,605
Amortisation of deferred income	(906)	(906)	(1,812)	(1,812)
Changes in fair value of financial assets	1,704	(9,935)	10,393	(16,901)
Provision for mine rehabilitation	325	336	664	675
Provision for severance benefit	147	751	299	1,507
Reversal of doubtful receivables	(10)	(471)	(23)	(374)
Bad debt directly written off	-	-	7	-
Exploration costs written off	31	-	31	-
Share of loss/(profit) from equity-accounted associates	1,399	(177)	1,757	(321)
Share of profit from equity-accounted joint ventures	(22)	(24)	(56)	(62)
Net surplus on disposal of investment securities	(51,286)	(5,493)	(60,661)	(6,119)
Net gain on dilution of a subsidiary	(73)	-	(73)	-
Net fair value changes of investment properties	-	(221,730)	-	(262,083)
Net gain on disposal of properties	-	(2,005)	-	(2,005)
Operating cash flows before changes in working capital	14,428	21,901	37,344	41,159
Decrease in properties held for sale	1,542	6,027	1,542	9,972
(Increase)/Decrease in inventories	(6,136)	96	(28,838)	1,105
Decrease in marketable securities	43,995	1,478	51,296	798
Increase in trade and other receivables	(24,259)	(19,000)	(28,675)	(5,869)
Increase/(Decrease) in trade and other payables	10,722	(2,893)	12,262	(7,939)
Cash flows from operations	40,292	7,609	44,931	39,226
Income taxes paid	(6,976)	(7,439)	(9,935)	(10,189)
Interest paid	(2,085)	(1,837)	(4,009)	(3,961)
Dividend income	5,673	5,533	7,593	7,732
Interest received	3,193	2,076	5,767	5,141
Net cash flows from operating activities	40,097	5,942	44,347	37,949

Consolidated Cash Flow Statement for the 2nd quarter and half year ended 30 June 2008 (cont'd)

	2nd Quarter (Q2)		Half Year Ended 30 June	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<u>Cash flows from investing activities</u>				
Proceeds from disposal of properties, plant and equipment	15	8,170	15	8,267
Cost incurred on property, plant and equipment	(39,322)	(7,228)	(42,671)	(8,284)
Proceeds from disposal of investment securities	97,872	7,205	112,161	8,197
Purchase of investment securities	-	(221)	(644)	(908)
Net cash outflow on acquisition of a subsidiary	-	(182)	-	(182)
Payment of deferred mine development and exploration expenditure	(8,776)	(1,018)	(10,077)	(3,209)
Cost incurred on investment properties	(1,980)	(1,184)	(5,065)	(2,183)
Purchase of mining rights	(2,620)	-	(6,579)	-
Purchase of shares in associates	(18,930)	-	(44,148)	-
Payment for insurance scheme	(458)	-	(901)	-
Net cash flows from investing activities	25,801	5,542	2,091	1,698
<u>Cash flows from financing activities</u>				
Dividends paid to shareholders	(16,295)	(19,032)	(16,295)	(19,032)
Dividends paid to minority shareholders of subsidiaries	(1,500)	(806)	(1,500)	(806)
Increase in borrowings/(Loan repayment)	71,244	27,543	112,394	(17,140)
(Increase)/Decrease in amount due from a joint venture	(1)	134	81	144
Proceeds from share placement by a subsidiary	1,227	-	1,227	-
Net cash flows from/(used in) financing activities	54,675	7,839	95,907	(36,834)
Net increase in cash and cash equivalents	120,573	19,323	142,345	2,813
Effect of exchange rate changes on cash and cash equivalents	4,077	2,413	645	2,247
Cash and cash equivalents, beginning balance	364,548	318,523	346,208	335,199
Cash and cash equivalents, ending balance	489,198	340,259	489,198	340,259

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 30 June 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
Exchange adjustment	(3,280)	(2,264)	-	-	-	-	-	-	(2,264)	(1,016)
Net fair value changes on available-for-sale investments	(21,101)	(21,123)	-	-	(21,123)	-	-	-	-	22
Net fair value changes transferred to income statement	(48,931)	(48,931)	-	-	(48,931)	-	-	-	-	-
Reversal of fair value changes on investment which became an associate	8,802	6,442	-	-	6,442	-	-	-	-	2,360
Net fair value changes on cash flow hedges	(743)	(464)	-	-	-	(464)	-	-	-	(279)
Net income recognised directly in equity	(65,253)	(66,340)	-	-	(63,612)	(464)	-	-	(2,264)	1,087
Profit for 2nd quarter	58,641	58,527	-	58,527	-	-	-	-	-	114

Statements of Changes in Equity for the period ended 30 June 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
Total recognised income and expenses for the period	(6,612)	(7,813)	-	58,527	(63,612)	(464)	-	-	(2,264)	1,201
Dividend on ordinary shares										
- Special dividend, payable	(488,846)	(488,846)	-	(488,846)	-	-	-	-	-	-
Dividend to minority shareholders of a subsidiary	(1,500)	-	-	-	-	-	-	-	-	(1,500)
Net increase arising from placement of shares to a minority shareholder	1,047	-	-	-	-	-	-	-	-	1,047
Closing balance at 30 June 2008	1,361,684	1,302,494	265,928	910,283	146,638	(6,593)	927	33	(14,722)	59,190

Statements of Changes in Equity for the period ended 30 June 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
Minority interests arising from acquisition of a subsidiary	122	-	-	-	-	-	-	-	-	122
Shares issued to a minority shareholder by a subsidiary	49	-	-	-	-	-	-	-	-	49
Closing balance at 30 June 2007	1,723,895	1,668,864	265,928	1,157,186	248,340	(288)	927	33	(3,262)	55,031

Statements of Changes in Equity for the period ended 30 June 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)
Exchange adjustment	(1,619)	(1,619)	-	-	-	(1,619)
Fair value changes on available-for-sale investment securities	(20,444)	(20,444)	-	-	(20,444)	-
Fair value changes transferred to income statement	(29,290)	(29,290)	-	-	(29,290)	-
Net income recognised directly in equity	(51,353)	(51,353)	-	-	(49,734)	(1,619)
Profit for 2nd quarter	312,650	312,650	-	312,650	-	-
Total recognised income and expenses for the period	261,297	261,297	-	312,650	(49,734)	(1,619)
Dividend on ordinary shares - Special dividend, payable	(488,846)	(488,846)	-	(488,846)	-	-
Closing balance at 30 June 2008	765,865	765,865	265,928	379,718	123,399	(3,180)

Statements of Changes in Equity for the period ended 30 June 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 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)
Exchange adjustment	528	528	-	-	-	528
Fair value changes on available-for-sale investment securities	40,199	40,199	-	-	40,199	-
Fair value changes transferred to income statement	(2,639)	(2,639)	-	-	(2,639)	-
Net income recognised directly in equity	38,088	38,088	-	-	37,560	528
Profit for 2nd quarter	42,855	42,855	-	42,855	-	-
Total recognised income and expenses for the period	80,943	80,943	-	42,855	37,560	528
Dividend on ordinary shares - Special dividend for 2006, paid	(9,516)	(9,516)	-	(9,516)	-	-
Closing balance at 30 June 2007	953,489	953,489	265,928	496,841	190,968	(248)

- 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.**

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

There were no treasury shares as at 30 June 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 second 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.

	2nd Quarter (Q2)		Half Year Ended 30 June	
	2008	2007	2008	2007
Basic and Diluted Earnings per share for the period based on Group profit attributable to Equity Holders of the Company :-	18.0 cents	72.2 cents	21.5 cents	89.2 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 :-	30 June 2008	31 December 2007
The Group	\$4.00	\$5.62
The Company	\$2.35	\$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

Excluding exceptional gains and fair value changes of financial assets (totalling \$49.6 million in Q2 2008 vs \$239.1 million in Q2 2007), the Group reported a profit before tax of \$15.6 million in Q2 2008 compared with \$24.1 million in Q2 2007. The decline was due mainly to fewer condominium units being sold in Q2 2008 and, to a lesser extent, lower contribution from the resource operations as a result of the suspension of the small-scale mining operations in PT Koba Tin.

In Q2 2007, the Group reported \$9.9 million gain in fair value of financial assets and exceptional gains of \$229.2 million, primarily from the fair value surplus from investment properties. These gains did not recur this quarter. As a result, the Group's headline net earnings fell from \$235.3 million in Q2 2007 to \$58.5 million in Q2 2008.

Segmental review

Metals and mineral resources

Revenue of Malaysia Smelting Corporation Bhd (MSC) increased from RM329.72 million in Q2 2007 to RM595.77 million in Q2 2008. However, its profit before tax fell because of low production at PT Koba Tin, as a result of the suspension of the small-scale mining operations, higher fuel and other costs, loss in foreign exchange due to the weakening of the Malaysian Ringgit and the share of loss of associates.

Hotel investment and management

Hotel revenue increased 13.1% from \$35.13 million in Q2 2007 to \$39.74 million in Q2 2008. Most hotels achieved higher average room rates, in particular, the Singapore hotel and the newly refurbished hotels in Melbourne (Rendezvous) and Brisbane (Marque). Revenue contribution also came from the new Marque Hotel in Perth.

Property operations

Overall property revenue decreased 41.5% from \$27.4 million in Q2 2007 to \$16.0 million in Q2 2008. The Group took the opportunity to sell more condominium units last year when the Singapore property market peaked. Fewer units were sold this year and hence lower property revenue despite higher rental income from both commercial and residential properties.

Financial investments

The portfolio of trading securities has been reduced substantially compared with Q2 2007, realising a higher profit for Q2 2008. Dividend income increased slightly from \$5.5 million in Q2 2007 to \$5.7 million in Q2 2008 due mainly to higher/special dividend payouts from some of the investments.

Going forward, contributions from the Group's financial investments will not be significant as the investment portfolio has been substantially sold down. As at 30 June 2008, total financial investments amounted to \$293.7 million compared with \$526.4 million on 31 December 2007.

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

No prospect statement was disclosed in the 2008 1st quarter financial statements announcement made on 15 May 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 relatively high tin prices and the expected resumption of the small-scale mining operations in PT Koba Tin and barring any unforeseen circumstances, MSC should perform better in the second half of the year.

Hotel investment and management

Results are expected to improve further when refurbishments are completed at the Rendezvous hotels in Auckland, Port Douglas and the Marque hotel in Sydney. Additional profit contributions are expected from Marque Hotel, Guilin and Rendezvous Hotel, Christchurch which are scheduled to commence operations within the next 12 months.

Property operations

Office rental income is expected to remain firm as prime office spaces are still being sought after. The Group will continue with efforts to dispose of its non-core property assets and to expand into property development both in Singapore and overseas.

Financial investments

Significant contributions are not expected in the future after recent divestments.

Overall

The Group is confident that the operations will remain profitable in 2008. However, total net attributable profit will unlikely match that of last year due to the significant revaluation gain of the Group's investment properties reported in 2007.

Contingent Liabilities

Since the Company's last announcement on 15 May 2008 of its Q1 interim 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?

Yes.

<i>Name of Dividend</i>	First Interim
<i>Dividend Type</i>	Cash
<i>Dividend Amount per Share (in cents)</i>	2 cents per ordinary share (one-tier tax)
<i>Tax Rate</i>	N.A.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

<i>Name of Dividend</i>	First Interim
<i>Dividend Type</i>	Cash
<i>Dividend Amount per Share (in cents)</i>	2.5 cents per ordinary share less tax
<i>Tax Rate</i>	27% (Malaysian tax)

(c) Date payable

11 September 2008

(d) Books closure date

The share register of the Company will be closed on 2 September and 3 September 2008 for the preparation of warrants. Registrable transfers received by the Company's Registrars, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.), at 8 Cross Street, #11-00 PWC Building, Singapore 048424, up to 5.00 p.m. on 1 September 2008 will be registered before entitlements to the dividend are determined.

The Directors have declared a first interim dividend of one-tier tax exempt dividend of 2 cents per share in respect of the financial year ending 31 December 2008.

The above dividend will be paid on 11 September 2008 to shareholders on the share register on 3 September 2008.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

BY ORDER OF THE BOARD

Emily Teo (Ms)

Secretary

12 August 2008

Singapore

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