



THE STRAITS TRADING COMPANY LIMITED

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

The Straits Trading Group

Financial Highlights

- The Group reported total revenues of \$324.5 million in Q1 2010, 69.4% higher than Q1 2009. The increase was due mainly to higher sales volume and higher tin prices in the resources operations.
- The Group reported profit before tax and exceptional items of \$11.1 million in Q1 2010 compared with a loss of \$2.5 million in Q1 2009. The turnaround was mainly due to improved performances in its resources operations in Malaysia, Indonesia and the Philippines.
- However, in line with its strategy to focus its resources operations on tin, the Group made exceptional impairment provisions of \$20.5 million largely in respect of its non-tin resources investments. After these provisions, the Group recorded a net loss before tax of \$6.2 million in Q1 2010.
- Consequently, after tax and non-controlling interests, the Group's net loss attributable to owners of the Company was \$7.2 million in Q1 2010, compared with a net profit of \$3.6 million in Q1 2009.

\$ million	Q1 2010	Q1 2009	+ / (-) %
Total revenues	324.5	191.5	69.4
Profit/(Loss) before tax and exceptional items**	11.1	(2.5)	535.6
Profit/(Loss) before tax from continuing operations	(6.2)	(1.0)	(516.1)
Profit/(Loss) attributable to owners of the Company	(7.2)	3.6	(301.7)

Earnings/(Losses) per share	(2.2) cents	1.1 cents
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	As at 31.3.2010	As at 31.12.2009
Equity attributable to owners of the Company	\$1,086,294,000	\$1,097,260,000
Net asset value per share	\$3.33	\$3.37

N.B.: All in Singapore dollars.

** see paragraph 1(a)(ii) on further details to the group income statement

First Quarter Financial Statements Announcement for the Period Ended 31 March 2010**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS****1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

The unaudited results for the 1st quarter ended 31 March 2010 were as follows:

<u>GROUP</u>	1st Quarter (Q1)	
	2010	2009
	\$'000	\$'000
<u>Revenue</u>		
Tin mining and smelting revenue	272,452	146,906
Hotel revenue	35,966	31,298
Property revenue	10,180	10,057
	318,598	188,261
<u>Other items of income</u>		
Dividend income	2,775	1,127
Interest income	712	1,781
Fair value changes in financial assets	1,348	(773)
Other income	1,027	1,108
Total revenues	324,460	191,504
Exceptional gains/(losses)**	(17,305)	1,539
<u>Other items of expense</u>		
Employee benefits expense	(22,190)	(17,242)
Depreciation expense	(4,887)	(4,363)
Amortisation expense	(856)	(1,067)
Costs of tin mining and smelting	(250,999)	(137,130)
Finance costs	(4,742)	(4,896)
Other expenses	(32,742)	(27,422)
Exchange gains/(losses)	1,255	(2,610)
Total expenses	(315,161)	(194,730)
<u>Share of profit from associates and joint ventures</u>		
Share of profit from equity-accounted associates	1,760	668
Share of profit from equity-accounted joint ventures	36	11
Profit/(Loss) before tax from continuing operations	(6,210)	(1,008)
Income tax (expense)/credit	(4,091)	1,909
Profit/(Loss) from continuing operations, net of tax	(10,301)	901
Profit/(Loss) attributable to :		
Owners of the Company	(7,210)	3,575
Non-controlling interests	(3,091)	(2,674)
	(10,301)	901

1(a)(ii) Further details to the group income statement.**GROUP**

Exceptional gains/(losses) :

	<u>1st Quarter (Q1)</u>	
	2010	2009
	\$'000	\$'000
(a) Impairment provisions on investments in associates	(20,510)	-
(b) Write back of unutilised upgrading provision	3,278	-
(c) Net gain on disposal of investment securities	-	2,023
(d) Net loss on disposal of investment properties	(73)	(484)
	<u>(17,305)</u>	<u>1,539</u>

1(a)(iii) Statements of comprehensive income for the 1st quarter ended 31 March 2010.**GROUP**

	<u>1st Quarter (Q1)</u>	
	2010	2009
	\$'000	\$'000
Profit/(Loss) from continuous operations, net of tax	<u>(10,301)</u>	<u>901</u>
Other comprehensive income/(expense) :		
Net fair value changes in available-for-sale investment securities	(9,698)	14,148
Net fair value changes transferred to income statement	-	(694)
Net fair value changes on cash flow hedges	(1,516)	(305)
Currency translation reserve	12,260	7,621
Effect of reduction in tax rate on hotel property valuation	-	439
Other comprehensive income/(expense) for the period, net of tax	<u>1,046</u>	<u>21,209</u>
Total comprehensive income/(expense) for the period	<u>(9,255)</u>	<u>22,110</u>
Total comprehensive income/(expense) attributable to:		
Owners of the Company	(4,448)	23,527
Non-controlling interests	(4,807)	(1,417)
	<u>(9,255)</u>	<u>22,110</u>

**1(a)(iii) Statements of comprehensive income for the 1st quarter ended 31 March 2010
(Cont'd)**

COMPANY

	<u>1st Quarter (Q1)</u>	
	2010	2009
	\$'000	\$'000
Profit from continuing operations, net of tax	6,953	4,025
Other comprehensive income/(expense) :		
Net fair value changes in available-for-sale investment securities	(3,649)	9,240
Net fair value changes transferred to income statement	-	(694)
Net fair value changes on cash flow hedges	(321)	708
Currency translation reserve	1,718	174
Other comprehensive income/(expense) for the period, net of tax	(2,252)	9,428
Total comprehensive income/(expense) for the period	4,701	13,453
Total comprehensive income/(expense) attributable to:		
Owners of the Company	4,701	13,453

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 2010

	GROUP		COMPANY	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
	\$'000	\$'000	\$'000	\$'000
<u>Assets</u>				
<u>Non-current assets</u>				
Property, plant and equipment	317,217	313,033	374	370
Investment properties	767,881	776,877	108,508	106,313
Goodwill on consolidation	36,966	35,052	-	-
Other intangible assets	32,389	30,359	-	-
Investments in subsidiaries	-	-	115,834	115,834
Investments in associates*	69,489	91,372	3,585	3,585
Investments in joint ventures	402	399	-	-
Deferred tax assets	11,869	10,584	-	-
Other non-current receivables	2,637	1,085	151,640	150,166
Investment securities	225,604	235,299	85,134	88,783
Other non-current assets	50,850	49,335	-	-
Total non-current assets	1,515,304	1,543,395	465,075	465,051
<u>Current assets</u>				
Assets held for sale*	9,850	-	-	-
Properties held for sale	1,344	1,270	-	-
Inventories	135,426	157,608	-	-
Income tax receivable	13,258	16,384	11	155
Prepayments	5,299	5,003	241	244
Trade receivables	88,641	66,463	189	21
Other receivables	62,561	76,766	331,555	357,405
Marketable securities	16	16	-	-
Derivative financial instruments	2,403	330	-	-
Cash and cash equivalents	59,364	56,194	6,212	8,934
Total current assets	378,162	380,034	338,208	366,759
Total assets	1,893,466	1,923,429	803,283	831,810
<u>Equity and liabilities</u>				
<u>Equity</u>				
Share capital	265,928	265,928	265,928	265,928
Retained earnings	691,646	705,374	105,450	105,015
Other reserves	128,720	125,958	21,070	23,322
Equity attributable to owners of the Company	1,086,294	1,097,260	392,448	394,265
Non-controlling interests	61,324	66,131	-	-
Total equity	1,147,618	1,163,391	392,448	394,265
<u>Non-current liabilities</u>				
Provisions	7,179	6,478	-	-
Deferred tax liabilities	69,746	69,056	1,885	1,797
Other non-current payables	-	-	138,777	135,411
Borrowings	278,740	307,609	222,837	250,992
Derivative financial instruments	3,385	2,928	2,910	2,589
Other non-current liabilities	11,647	13,682	-	-
Total non-current liabilities	370,697	399,753	366,409	390,789
<u>Current liabilities</u>				
Provisions	2,032	1,957	-	-
Income tax payable	27,568	27,020	893	713
Trade payables	27,007	26,621	257	657
Other payables	50,715	65,493	36,758	45,386
Borrowings	252,788	233,106	-	-
Derivative financial instruments	8,523	6,088	-	-
Dividend payable	6,518	-	6,518	-
Total current liabilities	375,151	360,285	44,426	46,756
Total liabilities	745,848	760,038	410,835	437,545
Total equity and liabilities	1,893,466	1,923,429	803,283	831,810

* In line with its strategy to focus its resources operations on tin, the Group re-designated its non-tin resources investment in an associate as an asset held for sale, and made mark-to-market provisions in Q1 2010.

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

As at 31/3/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
-	\$252,788,000	-	\$233,106,000

Amount repayable after one year

As at 31/3/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
\$222,837,000	\$55,903,000	\$250,992,000	\$56,617,000

Details of any collateral

The \$215.5 million loan is secured by mortgages over the land and building at No. 9 Battery Road, Singapore and legal assignment of all rights, titles and interests under contracts in respect of the mortgaged properties. The loan is due in September 2011.

The \$7.3 million loan is secured by mortgages over 20 units of the Gallop Green condominium in Singapore and legal assignment of all rights, titles and interests under contracts in respect of the mortgaged properties. The loan is due in March 2012.

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 2010

	1st Quarter (Q1)	
	2010 \$'000	2009 \$'000
<u>Cash flows from operating activities</u>		
Profit/(Loss) before tax from continuing operations	(6,210)	(1,008)
<u>Adjustments</u>		
Depreciation of property, plant and equipment	4,887	4,363
Amortisation of intangible assets	856	1,067
Amortisation of deferred income	(906)	(906)
Dividend income	(2,775)	(1,127)
Interest income	(712)	(1,781)
Finance costs	4,742	4,896
Currency realignment	6,325	4,880
Fair value changes in financial assets	(1,348)	773
Net gain on disposal of investment securities	-	(2,023)
Net loss on disposal of investment properties	73	484
Net (gain)/loss on disposal of property, plant and equipment	(1)	6
Impairment provisions on investments in associates	20,510	-
Write back of unutilised upgrading provision	(3,278)	-
Write-off/provisions for mine rehabilitation/exploration costs and inventories	650	647
Property, plant and equipment written off	14	1
Provision for severance benefit and share based payments	504	34
(Reversal)/Provision for doubtful receivables and bad debts written off	(4)	42
Share of profit from equity-accounted associates	(1,760)	(668)
Share of profit from equity-accounted joint ventures	(36)	(11)
Operating cash flows before changes in working capital	21,531	9,669
Decrease in inventories	23,017	791
Decrease in marketable securities	-	17
Increase in trade and other receivables	(30,044)	(24,244)
(Decrease)/Increase in trade and other payables	(11,388)	5,331
Cash flows from/(used in) operations	3,116	(8,436)
Income taxes paid	(620)	(4,396)
Payment of finance costs	(3,830)	(8,757)
Interest received	712	2,102
Dividend income	2,775	1,127
Dividends from associates	-	2,281
Dividend from joint venture	42	-
Net cash flows from/(used in) operating activities	2,195	(16,079)

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 2010 (cont'd)

	1st Quarter (Q1)	
	2010 \$'000	2009 \$'000
<u>Cash flows from investing activities</u>		
Proceeds from disposal of property, plant and equipment and investment properties	33,149	5,687
Cost incurred on property, plant and equipment	(4,939)	(605)
Proceeds from disposal of investment securities	-	5,283
Cost incurred on investment properties	(1,761)	(6,734)
Payment of deferred mine development and exploration expenditure	(3,235)	(3,808)
Purchase of shares/incidental cost of associates	(2,847)	(1)
Net cash flows from/(used in) investing activities	20,367	(178)
<u>Cash flows from financing activities</u>		
Dividends paid to shareholders	-	(260,718)
Increase in borrowings	182,680	279,092
Decrease in loans and borrowings	(202,840)	(159,163)
Net cash flows used in financing activities	(20,160)	(140,789)
Net increase/(decrease) in cash and cash equivalents	2,402	(157,046)
Effect of exchange rate changes on cash and cash equivalents	768	1,357
Cash and cash equivalents, beginning balance	56,194	215,842
Cash and cash equivalents, ending balance	59,364	60,153

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 2010

GROUP

	Total equity \$'000	Equity attributable to owners 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	Non- controlling interests \$'000
Opening balance at 1 January 2010	1,163,391	1,097,260	265,928	705,374	76,179	(4,652)	64,460	84	(10,113)	66,131
Total comprehensive income/(expense) for 1st quarter	(9,255)	(4,448)	-	(7,210)	(9,693)	(849)	-	-	13,304	(4,807)
Dividend on ordinary shares										
- Dividend for 2009, payable	(6,518)	(6,518)	-	(6,518)	-	-	-	-	-	-
Closing balance at 31 March 2010	1,147,618	1,086,294	265,928	691,646	66,486	(5,501)	64,460	84	3,191	61,324

	Total equity \$'000	Equity attributable to owners 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	Non- controlling interests \$'000
Opening balance at 1 January 2009	1,249,130	1,196,781	265,928	891,369	10,026	(2,729)	70,493	150	(38,456)	52,349
Total comprehensive income/(expense) for 1st quarter	22,110	23,527	-	3,575	13,452	252	439	-	5,809	(1,417)
Dividend on ordinary shares										
- Special dividend	(325,897)	(325,897)	-	(325,897)	-	-	-	-	-	-
Adjustment of share-based payments	(140)	(66)	-	-	-	-	-	(66)	-	(74)
Closing balance at 31 March 2009	945,203	894,345	265,928	569,047	23,478	(2,477)	70,932	84	(32,647)	50,858

Statements of changes in equity for the period ended 31 March 2010 (cont'd)

COMPANY

	Total equity \$'000	Equity attributable to owners of the Company \$'000	Share capital \$'000	Retained earnings \$'000	AFS reserve \$'000	Hedging reserve \$'000	Revaluation reserve \$'000	Translation reserve \$'000
Opening balance at 1 January 2010	394,265	394,265	265,928	105,015	29,642	(2,573)	129	(3,876)
Total comprehensive income/(expense) for 1st quarter	4,701	4,701	-	6,953	(3,649)	(321)	-	1,718
Dividend on ordinary shares								
- Dividend for 2009, payable	(6,518)	(6,518)	-	(6,518)	-	-	-	-
Closing balance at 31 March 2010	392,448	392,448	265,928	105,450	25,993	(2,894)	129	(2,158)

	Total equity \$'000	Equity attributable to owners of the Company \$'000	Share capital \$'000	Retained earnings \$'000	AFS reserve \$'000	Hedging reserve \$'000	Revaluation reserve \$'000	Translation reserve \$'000
Opening balance at 1 January 2009	682,160	682,160	265,928	413,657	8,050	(2,213)	129	(3,391)
Total comprehensive income/(expense) for 1st quarter	13,453	13,453	-	4,025	8,546	708	-	174
Dividend on ordinary shares								
- Special dividend	(325,897)	(325,897)	-	(325,897)	-	-	-	-
Closing balance at 31 March 2009	369,716	369,716	265,928	91,785	16,596	(1,505)	129	(3,217)

- 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 2010	31 December 2009
	'000	'000
Total number of ordinary shares in issue	325,897	325,897

There were no treasury shares as at 31 March 2010.

- 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(5) 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 2010 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.**

These figures had 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 had 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 2009, except for the adoption of new/revised Financial Reporting Standards (FRS) and Interpretations to FRS applicable for the financial period beginning 1 January 2010.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Among the changes to FRS are FRS 103 (revised 2009) and FRS 27 (amended) which will become effective for the Group's financial statements for the year ending 31 December 2010. FRS 103 (revised 2009) introduces significant changes to the accounting for business combination, both at the acquisition date and post acquisition, and requires greater use of fair values. The amendments will mainly impact the accounting for transaction costs, step acquisitions, goodwill and non-controlling interests (previously minority interests).

The amended FRS 27 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with gain or loss recognised in the income statement.

The revised FRS 103 and amended FRS 27 will be applied prospectively and therefore there will be no adjustments made to prior period 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.**

	1st Quarter (Q1)	
	2010	2009
Basic and Diluted Earnings/(Losses) per share for the period based on Group profit/(loss) attributable to owners of the Company :-	(2.2) cents	1.1 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 2010	31 December 2009
The Group	\$3.33	\$3.37
The Company	\$1.20	\$1.21

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.**

Resources

The Malaysia Smelting Corporation Berhad ("MSC") Group recorded a profit before tax of \$11.7 million (RM27.75 million) in Q1 2010 compared with a pre-tax loss of \$3.8 million (RM9.16 million) in Q1 2009. This was due to improved performances in its operations in Malaysia, Indonesia and the Philippines.

However, in line with the Group strategy to focus its resources business on tin, the MSC Group re-designated its non-tin resources investment in an associate as an asset held for sale and made mark-to-market impairment provisions. This was the main contributor to the provision of \$20.5 million (RM48 million), which resulted in the MSC Group recording a pre-tax loss of \$8.8 million (RM20.25 million) in Q1 2010.

Hospitality

Hospitality operations reported a pre-tax loss of \$2.8 million in Q1 2010 compared with a profit before tax of \$1.7 million in Q1 2009. The loss was mainly due to higher expenses in 2010 even though occupancy and revenue have begun to improve.

Property

Property operations recorded a profit before tax of \$2.8 million in Q1 2010, 12.6% higher than Q1 2009. The increase was mainly due to the rental income from the Straits Trading Building.

Financial investments

Higher dividend income of \$2.8 million in Q1 2010 was due to higher dividend rate upon increased shareholdings in WBL Corporation.

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 2009 full year financial statements announcement made on 23 February 2010.

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.**

Resources

In the light of the higher prevailing metal prices, improved operating results for Q1 2010 and, barring any unforeseen circumstances, the performance of the MSC Group for the current year is expected to be better than that of last year.

Hospitality

The Group's ongoing review and continuing improvement of its hospitality operations, including refinement of product standards, are expected to result in increased costs.

Property

Rental income from the Straits Trading Building will increase with rising occupancy in subsequent quarters. The divestment of non-core property assets will continue. The Group can be expected to seize new opportunities in property development as they arise.

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 first quarter ended 31 March 2010.

BY ORDER OF THE BOARD

Sng Kiat Huang (Ms)
Secretary

13 May 2010
Singapore

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