



THE STRAITS TRADING COMPANY LIMITED

Company Registration No.: 188700008D

The Straits Trading Group

Financial Highlights

- Net earnings for Q1 2007 increased by 29.1% to \$55.4 million as compared to \$42.9 million in Q1 2006. The increase was mainly due to better operational results from (a) hotel, (b) property and (c) interest savings from the significantly reduced Group's borrowings. In addition, increase in fair value surpluses from the Groups's trading securities as well as investment properties also lifted earnings higher.
- The Group's profit from operations before exceptional items was higher at \$23.9 million in Q1 2007 as compared to \$16.7 million in Q1 2006.
- Net Asset Value per share rose from \$3.96 in December 2006 to \$4.27 in March 2007 aided further by the increase in fair value of the Group's financial investments.

\$ million	Q1 2007	Q1 2006	+ / (-) %
Total Revenues	226.0	175.1	29.1
Profit from Operations Before Taxation	64.8	45.9	41.4
Profit from Operations Before Exceptional Items	23.9	16.7	42.6
Profit Attributable to Equity Holders of the Company	55.4	42.9	29.1

Earnings per Share	17.0 cents	12.0 cents	
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	As at 31.3.2007	As at 31.12.2006
Equity Attributable to Equity Holders of the Company	\$1,390,709,000	\$1,289,322,000
Net Asset Value per Share	\$4.27	\$3.96

N.B.: All in Singapore dollars.

The Straits Trading Company Limited (Company Registration No. : 188700008D)
First Quarter Financial Statement for the Period Ended 31 March 2007

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 1st quarter ended 31 March 2007 are as follows :-

	1st Quarter (Q1)	
	2007 \$'000	2006 \$'000
Revenues		
Tin mining and smelting revenue	156,844	130,511
Hotel revenue	37,816	24,035
Property revenue	18,943	11,390
Investment income, gross	2,219	2,009
Fair value changes of financial assets	6,966	3,150
Other revenues including interest income	3,208	3,988
Total Revenues	225,996	175,083
Costs and Expenses		
Employee benefits expenses	(20,136)	(14,352)
Depreciation and amortisation	(5,366)	(4,155)
Exchange losses	(873)	(1,983)
Cost of tin mining and smelting	(136,837)	(111,955)
Other operating expenses	(37,534)	(22,534)
Total Costs and Expenses	(200,746)	(154,979)
Profit from Operations	25,250	20,104
Finance costs	(1,580)	(4,539)
Share of results of joint ventures	38	46
Share of results of associates	144	1,114
Profit from Operations Before Exceptional Items	23,852	16,725
Exceptional items	40,979	29,131
Profit from Operations Before Taxation	64,831	45,856
Taxation	(8,664)	(1,444)
Profit for the period	56,167	44,412
Attributable to :		
Equity holders of the Company	55,446	42,938
Minority interests	721	1,474
	56,167	44,412

- Exceptional Items comprise :-

	<u>1st Quarter (Q1)</u>	
	<u>2007</u>	<u>2006</u>
	<u>\$'000</u>	<u>\$'000</u>
(a) Net surplus on disposal of investments	626	17,275
(b) Net surplus on disposal of a subsidiary	-	11,856
(c) Fair value changes of investment properties	40,353	-
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	40,979	29,131
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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 2007

	GROUP		COMPANY	
	31 March 2007 \$'000	31 December 2006 \$'000	31 March 2007 \$'000	31 December 2006 \$'000
Non-Current Assets				
Property, plant and equipment	199,959	211,564	100	105
Investment properties	456,358	416,353	76,720	76,575
Base inventory	1,316	1,303	-	-
Investments in subsidiaries	-	-	120,191	120,191
Amounts due from subsidiaries	-	-	146,037	171,853
Joint ventures	488	460	-	-
Associates	19,244	18,908	3,585	3,585
Investments	358,173	304,128	257,674	212,106
Mining rights	2,705	3,076	-	-
Management rights	904	940	-	-
Deferred tax assets	8,581	8,626	-	-
Goodwill on consolidation	23,486	23,249	-	-
Other non-current assets	7,239	6,358	-	-
	<u>1,078,453</u>	<u>994,965</u>	<u>604,307</u>	<u>584,415</u>
Current Assets				
Properties held for sale	19,736	23,681	-	-
Inventories	131,258	132,267	-	-
Marketable securities	76,515	69,236	-	-
Trade and other receivables	72,717	85,896	1,258	1,171
Tax recoverables	8,645	8,928	18	5
Other financial assets	245	835	-	-
Cash at bank and on deposit	318,523	335,199	292,206	261,428
	<u>627,639</u>	<u>656,042</u>	<u>293,482</u>	<u>262,604</u>
Assets classified as held for sale	20,043	7,020	351	-
	<u>647,682</u>	<u>663,062</u>	<u>293,833</u>	<u>262,604</u>
Current Liabilities				
Borrowings	(104,180)	(148,831)	-	-
Trade and other payables	(64,213)	(67,946)	(3,615)	(3,458)
Other financial liabilities	(3,437)	(4,044)	(8)	(70)
Provision for taxation	(18,228)	(16,911)	(2,552)	(2,044)
Provisions	(37)	(36)	-	-
Dividend payable	(9,516)	-	(9,516)	-
	<u>(199,611)</u>	<u>(237,768)</u>	<u>(15,691)</u>	<u>(5,572)</u>
Liabilities directly associated with assets classified as held for sale	-	-	-	-
	<u>(199,611)</u>	<u>(237,768)</u>	<u>(15,691)</u>	<u>(5,572)</u>
Net Current Assets	<u>448,071</u>	<u>425,294</u>	<u>278,142</u>	<u>257,032</u>
Non-Current Liabilities				
Borrowings	-	(32)	-	-
Provisions	(6,311)	(6,056)	-	-
Other non-current liabilities	(44,146)	(44,514)	-	-
Deferred tax liabilities	(32,678)	(28,687)	(387)	(2,242)
	<u>(83,135)</u>	<u>(79,289)</u>	<u>(387)</u>	<u>(2,242)</u>
NET ASSETS	<u>1,443,389</u>	<u>1,340,970</u>	<u>882,062</u>	<u>839,205</u>
Equity attributable to equity holders of the Company				
Share capital	265,928	265,928	265,928	265,928
Reserves	1,124,781	1,023,394	616,134	573,277
	<u>1,390,709</u>	<u>1,289,322</u>	<u>882,062</u>	<u>839,205</u>
Minority Interests	52,680	51,648	-	-
TOTAL EQUITY	<u>1,443,389</u>	<u>1,340,970</u>	<u>882,062</u>	<u>839,205</u>

(Certain comparative figures have been adjusted to conform with current period's presentation.)

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

As at 31/3/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
-	\$104,180,000	\$13,000	\$148,818,000

Amount repayable after one year

As at 31/3/2007		As at 31/12/2006	
Secured	Unsecured	Secured	Unsecured
-	-	\$32,000	-

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 2007

	1st Quarter (Q1)	
	2007 \$'000	2006 \$'000
Cash flow from operating activities :		
Profit from operations	25,250	20,104
Adjustments for :		
Interest income	(2,487)	(1,661)
Investment income	(2,219)	(2,009)
Depreciation of property, plant and equipment	3,624	3,642
Loss on disposal of property, plant and equipment	13	1
Property, plant and equipment written off	15	26
Amortisation of mining rights	339	417
Amortisation of management rights	47	46
Amortisation of exploration and development cost	1,354	50
Amortisation of deferred income	(906)	-
Amortisation of club membership	2	-
Changes in fair value on financial assets	(6,966)	(3,150)
Provision for mine reclamation cost	339	241
Provision for employee benefits	756	488
Provision/(Write back) of doubtful debts	97	(314)
Exploration costs written off	-	356
Operating profit before working capital changes	19,258	18,237
Decrease in properties held for sale	3,945	1,396
Decrease in inventories	1,009	27,657
Increase in marketable securities	(680)	(1)
Decrease/(Increase) in trade and other receivables	13,131	(13,834)
Decrease in trade and other payables	(5,046)	(5,557)
Cash generated from operations	31,617	27,898
Interest expense	(2,124)	(3,829)
Income tax paid	(2,750)	(1,968)
Investment income	2,219	2,009
Interest income	3,045	1,709
Net cash flow from operating activities	32,007	25,819
Cash flow from investing activities :		
Proceeds from sale of property, plant and equipment	97	3,231
Proceed from sale of property	-	390,000
Net cash flow from disposal of a subsidiary	-	17,270
Cost incurred on property, plant and equipment	(1,056)	(3,758)
Sale proceeds from investments	992	51,646
Purchase of investments	(687)	-
Payment of deferred mine development and exploration expenditure	(2,191)	(269)
Cost incurred on investment properties	(999)	(68)
Net cash flow (used in)/from investing activities	(3,844)	458,052
Cash flow from financing activities :		
Loan repayment	(44,683)	(253,570)
Decrease in amount due from a joint venture	10	69
Payment of dividends to minority shareholders of subsidiaries	-	(1,643)
Net cash flow used in financing activities	(44,673)	(255,144)
Net (decrease)/increase in cash and cash equivalents	(16,510)	228,727
Cash and cash equivalents at 1 January	335,199	159,719
Effects of exchange rate changes on balances held in foreign currencies	(166)	(643)
Cash and cash equivalents at 31 March	318,523	387,803
Cash and cash equivalents at 31 March consist of :		
Cash at bank and on deposit	318,523	387,803

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 capitalization 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 2007

GROUP

	Attributable to equity holders of the Company								Total equity \$'000
	Share capital \$'000	Revaluation reserve \$'000	Exchange translation reserve \$'000	Fair value reserve \$'000	Share-based payment reserve \$'000	Revenue reserve \$'000	Total reserves \$'000	Minority interests \$'000	
At 1 January 2007	265,928	927	(10,651)	147,642	33	885,443	1,023,394	51,648	1,340,970
Exchange adjustment	-	-	1,668	-	-	-	1,668	364	2,032
Profit for 1st quarter	-	-	-	-	-	55,446	55,446	721	56,167
Net fair value changes on available-for-sale investments	-	-	-	54,500	-	-	54,500	(7)	54,493
Net fair value changes transferred to profit and loss account	-	-	-	(495)	-	-	(495)	-	(495)
Net fair value changes on cash flow hedges	-	-	-	(216)	-	-	(216)	(46)	(262)
Dividend on ordinary shares - 2nd interim dividend for 2006, payable	-	-	-	-	-	(9,516)	(9,516)	-	(9,516)
At 31 March 2007	265,928	927	(8,983)	201,431	33	931,373	1,124,781	52,680	1,443,389

Statements of Changes in Equity for the period ended 31 March 2007 (cont'd)

GROUP

	Attributable to equity holders of the Company								
	Share capital \$'000	Revaluation reserve \$'000	Exchange translation reserve \$'000	Fair value reserve \$'000	Share-based payment reserve \$'000	Revenue reserve \$'000	Total reserves \$'000	Minority interests \$'000	Total equity \$'000
At 31 December 2005 as previously reported	356,400	77,590	(17,982)	148,156	33	665,246	873,043	56,420	1,285,863
Effect of adopting :									
FRS 40									
Transfer of revaluation reserve arising from investment properties to revenue reserve	-	(76,443)	-	-	-	76,443	-	-	-
Net revaluation surplus arising from properties reclassified to investment properties	-	-	-	-	-	34,687	34,687	-	34,687
At 1 January 2006 as restated	356,400	1,147	(17,982)	148,156	33	776,376	907,730	56,420	1,320,550
Exchange adjustment	-	-	(3,354)	-	-	-	(3,354)	(392)	(3,746)
Exchange loss transferred to profit and loss account	-	-	10,977	-	-	-	10,977	-	10,977
Profit for 1st quarter	-	-	-	-	-	42,938	42,938	1,474	44,412
Net fair value changes on available-for-sale investments	-	-	-	76,568	-	-	76,568	(13)	76,555
Net fair value changes transferred to profit and loss account	-	-	-	(25,400)	-	-	(25,400)	-	(25,400)
Net fair value changes on cash flow hedges	-	-	-	1,234	-	-	1,234	1,612	2,846
Minority interest on disposal of a subsidiary	-	-	-	-	-	-	-	7,254	7,254
Dividend to minority shareholders of subsidiary	-	-	-	-	-	-	-	(1,643)	(1,643)
Dividend on ordinary shares - 2nd interim dividend for 2005, payable	-	-	-	-	-	(13,036)	(13,036)	-	(13,036)
At 31 March 2006	356,400	1,147	(10,359)	200,558	33	806,278	997,657	64,712	1,418,769

Statements of Changes in Equity for the period ended 31 March 2007 (cont'd)

COMPANY

	Share capital \$'000	Exchange translation reserve \$'000	Fair value reserve \$'000	Revenue reserve \$'000	Total \$'000	
At 1 January 2007	265,928	(1,232)	107,839	466,670	839,205	
Exchange adjustment	-	456	-	-	456	
Fair value changes on available-for-sale investments	-	-	45,569	-	45,569	
Profit for 1st quarter	-	-	-	6,348	6,348	
Dividend on ordinary shares - 2nd interim dividend for 2006, payable	-	-	-	(9,516)	(9,516)	
At 31 March 2007	265,928	(776)	153,408	463,502	882,062	
	Share capital \$'000	Revaluation reserve \$'000	Exchange translation reserve \$'000	Fair value reserve \$'000	Revenue reserve \$'000	Total \$'000
At 31 December 2005 as previously reported	356,400	26,010	(468)	131,681	488,639	1,002,262
FRS 40						
Transfer of reserve arising from investment properties to revenue reserve	-	(26,010)	-	-	26,010	-
Net revaluation surplus arising from properties reclassified to investment properties	-	-	-	-	29,718	29,718
At 1 January 2006 as restated	356,400	-	(468)	131,681	544,367	1,031,980
Exchange adjustment	-	-	(25)	-	-	(25)
Fair value changes on available-for-sale investments	-	-	-	49,756	-	49,756
Net fair value changes transferred to profit and loss account	-	-	-	(41,498)	-	(41,498)
Profit for 1st quarter	-	-	-	-	44,436	44,436
Cancellation of subsidiaries' indebtedness	-	-	-	-	(119,658)	(119,658)
Dividend on ordinary shares - 2nd interim dividend for 2005, payable	-	-	-	-	(13,036)	(13,036)
At 31 March 2006	356,400	-	(493)	139,939	456,109	951,955

- 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 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(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 2007 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 2006, as well as adoption of various relevant new or revised Financial Reporting Standard (FRS) and Interpretations to FRS (INT FRS) which become effective for the financial year beginning on or after 1 January 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 or revised FRS or INT FRS does not have any material financial impact on 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.**

	1st Quarter (Q1)	
	2007	2006
Basic and Diluted Earnings per share for the period based on Group profit attributable to Equity Holders of the Company :-	17.0 cents	12.0 cents

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital 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 2007	31 December 2006
The Group	\$4.27	\$3.96
The Company	\$2.71	\$2.58

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

The Group's core businesses comprise (a) metals and mineral resources, (b) hotel investment and management, (c) property operations and (d) financial investments.

The Group's net profit in Q1 2007 increased by 29.1% to \$55.4 million from \$42.9 million in Q1 2006, mainly due to better operational results from (a) hotel, (b) property and (c) interest savings from the significantly reduced Group's borrowings. In addition, increase in fair value surpluses from the Group's trading securities as well as investment properties also lifted earnings higher.

Segmental review

Metals and mineral resources

Net earnings from Malaysia Smelting Corporation Berhad ('MSC') Group fell from RM9.8 million in Q1 2006 to RM6.5 million in Q1 2007 mainly due to provision made for the late delivery of some forward contracts as a result of the delay in granting an export licence to PT Koba Tin, MSC's 75% owned subsidiary. The licence was only granted in April 2007 and with the licence, PT Koba Tin has now resumed delivery and shipment of its production of tin metals from its own dredging and gravel pump operations.

Hotel investment and management

Hotel revenue increased 57.3% from \$24.0 million in Q1 2006 to \$37.8 million in Q1 2007 mainly due to the increase in room revenue from the existing hotels as well as new hotels added to Rendezvous Group. These new hotels consist of Rendezvous Hotel, Auckland (since September 2006) and The Marque Hotels in Sydney, Brisbane and Canberra (since November 2006).

Profit margins were higher mainly due to better results from hotels in Singapore, Sydney, Adelaide and Melbourne with strong room sales and additional income from the new Rendezvous hotel in Auckland, The Marque Hotels in Sydney and Canberra. However, the increase was partially offset by the losses incurred in the current quarter at Broome and Port Douglas because of the delay in construction and refurbishment works and higher corporate support expenses.

Property operations

Property revenue increased by 66.3% from \$11.4 million in Q1 2006 to \$18.9 million in Q1 2007, mainly due to the sales of more residential units in Q1 2007 than in Q1 2006. Rental revenue also showed an increase in Q1 2007 as compared to Q1 2006 due to higher rental rates achieved for new leases.

Financial investments

The Group has benefited further from the increase in equity prices and recorded a \$7.0 million increase in fair value on its trading portfolio in Q1 2007 as compared to a \$3.2 million increase in Q1 2006.

Dividend income from Group's investments also increased by 10.5% from \$2.0 million in Q1 2006 to \$2.2 million in Q1 2007.

Exceptional Items

The exceptional gain of \$41.0 million in Q1 2007 was mainly due to the fair value surplus arising from the re-classification of some of the Group's residential properties on completion from property, plant and equipment to investment properties.

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

Not applicable.

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

Tin prices have increased substantially to around US\$14,000 per tonne currently following the clamp-down of small-scale smelters/miners in Bangka Island since October 2006. Although PT Koba Tin, the 75%-owned subsidiary of MSC will benefit from the high tin prices and should perform better in the coming quarters in 2007, the total production volume for 2007 will be affected. There is no new development on the current investigation by the Indonesian authorities on Koba Tin (please refer to the latest announcement by the Company on 19 April 2007).

Hotel investment and management

Hotel profits are expected to rise with new hotels added. The Group's strategy is to continue expanding the portfolio of hotels under both Rendezvous and The Marque brand names. The Group currently operates 15 hotels, mainly in Australasia. In April 2007, the Group has secured additional management contracts in Kuala Lumpur in Malaysia and Guilin in China.

Property operations

The Group has increased its focus on fee-based property management and property development in the region. In 2007, a substantial portion of the Group's property profits will come from the sale of the Group's residential properties in Singapore.

Financial investments

Activities from our trading portfolio are expected to remain low and dividend income from our long term investments is likely to be lower for 2007 after divestment of a few substantial investments in 2006.

Overall Earnings

Overall, the Group is confident that the operations will remain profitable in 2007. However, the results for Q2 2007 will be lower compared with Q1 2007 since the forward quarter is unlikely to see the level of exceptional gains achieved in Q1 2007.

Contingent Liabilities

Since the Company's last announcement on 22 February 2007 of its full year financial statement, there was no new development on the following outstanding material litigations against the subsidiary, MSC :

- (a) A claim from a party against MSC and three others, seeking a declaration that the award for the sale of 100% issued shares of Rahman Hydraulic Tin Sdn. Bhd. (RHT) to MSC pursuant to an open tender process, be declared null and void. The party also filed an injunction to restrain the Administrator of RHT from proceeding with the sale. Both the claim and the injunction were dismissed by the High Court with costs. The party has filed an appeal on 8 March 2005 and no date has been fixed for hearing.
- (b) A statement of claim for RM45 million plus interest at 8% per annum and legal costs was filed against MSC for an alleged breach of a Share Subscription Agreement made between the Plaintiff and MSC. The breach was in fact committed by the Plaintiff, entitling MSC to terminate the agreement. MSC has filed its Statement of Defence on 18 November 2005 disputing liability. To-date, the Plaintiff has not proceeded further on the case.
- (c) On 7 February 2006, MSC received a statement of claim from a system provider for RM1.28 million plus interest at 8% per annum and legal costs for alleged cost overruns in the implementation of an Enterprise Resource Planning System. The claim came after more than a year following the completion of the implementation. MSC has filed its Statement of Defence disputing liability.

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 2007.

BY ORDER OF THE BOARD

Emily Teo (Ms)

Secretary

10 May 2007

Singapore