THE STRAITS TRADING COMPANY LIMITED

Company Registration No.: 188700008D

The Straits Trading Group

Financial Highlights

- The Group's profit before exceptional items rose 73.0% from $17.7 million in Q2 2004 to $30.6 million in spite of the absence of profit on sale of trading securities. The improvement was partly attributable to the increase in shareholding of Malaysia Smelting Corporation Berhad from 40.0% to 63.3%.
- Lower exceptional gains contributed to the marginal increase in the profit attributable to equity holders of the Company at $39.5 million.
- The Group's net asset value per share rose from $3.07 to $3.46 per share due primarily to the adoption of the new financial reporting standard, namely, FRS 39 Financial Instruments : Recognition and Measurement.

$ million	**Q2 2005**	Q2 2004	+/(-) %	**YTD 2005 (6 mths)**	YTD 2004 (6 mths)	+/(-) %
Total Revenues	**225.5**	41.6	442.1	**271.0**	107.3	152.5
Profit Before Exceptional Items	**30.6**	17.7	73.0	**50.0**	38.6	29.7
Profit Before Taxation	**54.0**	44.0	22.9	**73.5**	66.7	10.1
Profit Attributable to Equity Holders of the Company	**39.5**	39.2	1.0	**55.1**	57.8	(4.7)

Earnings per Share	**11.1 cents**	11.0 cents		**15.5 cents**	16.2 cents	

	As at 30.6.2005	As at 31.12.2004
Equity Attributable to Equity Holders of the Company	**$1,233,557,000**	$1,094,369,000
Net Asset Value per Share	**$3.46**	$3.07

N.B.: All in Singapore dollars.

The Straits Trading Company Limited (Company Registration No. : 188700008D)

Second Quarter and Half Year Financial Statement and Dividend Announcement for the Period Ended 30 June 2005

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 2005 are as follows :-

	2nd Quarter (Q2)		Half Year Ended 30 June	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000
Revenues				
Tin mining and smelting revenue	**185,231**	-	**185,231**	-
Property revenue	**13,284**	14,682	**33,555**	25,956
Hotel revenue	**15,904**	14,150	**34,050**	31,225
Proceeds from sale of trading securities	**-**	4,264	**4,340**	39,732
Investment income, gross	**9,711**	8,379	**12,226**	10,250
Other revenues including interest income	**1,321**	116	**1,594**	169
Total Revenues	**225,451**	41,591	**270,996**	107,332
Costs and Expenses				
Employee benefits expenses	**(13,713)**	(7,797)	**(20,761)**	(14,604)
Depreciation and amortisation	**(4,653)**	(2,678)	**(7,135)**	(4,764)
Exchange gains	**1,400**	121	**1,441**	205
Cost of tin mining and smelting	**(161,672)**	-	**(161,672)**	-
Costs of trading securities sold	**-**	(2,972)	**(4,190)**	(28,918)
Fair value changes of financial assets	**274**	-	**(1,103)**	-
Impairment of financial assets	**(405)**	-	**(405)**	-
Other operating expenses	**(19,630)**	(15,779)	**(38,018)**	(29,309)
Total Costs and Expenses	**(198,399)**	(29,105)	**(231,843)**	(77,390)
Profit from Operations	**27,052**	12,486	**39,153**	29,942
Finance costs	**(3,696)**	(1,644)	**(5,806)**	(3,998)
Share of results of joint venture companies	**43**	-	**86**	-
Share of results of associated companies	**7,154**	6,821	**16,577**	12,610
Profit Before Exceptional Items	**30,553**	17,663	**50,010**	38,554
Exceptional items	**23,458**	26,300	**23,444**	28,142
Profit Before Taxation	**54,011**	43,963	**73,454**	66,696
Taxation	**(10,582)**	(4,911)	**(14,463)**	(9,116)
Profit for the period	**43,429**	39,052	**58,991**	57,580
Attributable to :				
Equity holders of the Company	**39,532**	39,156	**55,080**	57,820
Minority interests	**3,897**	(104)	**3,911**	(240)
	43,429	39,052	**58,991**	57,580

- Exceptional Items comprise :-

	2nd Quarter (Q2)		Half Year Ended 30 June	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
(a) Net surplus on disposal of investments	**35**	32,283	**35**	37,928
(b) Net surplus on dilution of interest in associated company	**7,399**	-	**7,399**	-
(c) Net surplus/(deficit) on revaluation of oversea commercial investment property	-	182	**(14)**	(3,621)
(d) Net gains on disposal of properties	**16,024**	-	**16,024**	-
(e) Potential tax liability from prior years' sale of investments	-	(6,165)	-	(6,165)
	23,458	26,300	**23,444**	28,142

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 2005

	GROUP		COMPANY	
	30 June 2005	31 December 2004	**30 June 2005**	31 December 2004
	$'000	$'000	**$'000**	$'000
Non-Current Assets				
Property, plant and equipment, net	**214,743**	155,824	**1,437**	1,465
Investment properties, net	**840,741**	877,545	**41,748**	41,748
Base inventory	**1,329**	-	**-**	-
Subsidiary companies, net	**-**	-	**611,549**	597,068
Joint venture companies, net	**551**	469	**-**	-
Associated companies, net	**26,419**	67,058	**8,976**	37,102
Investments, net	**300,365**	174,054	**234,820**	113,490
Properties under development, net	**71,147**	80,110	-	-
Management rights, net	**1,227**	1,309	-	-
Deferred tax assets	**1,213**	1,325	-	-
Goodwill on consolidation	**25,352**	-	-	-
Other non-current assets, net	**3,882**	20	-	-
	1,486,969	1,357,714	**898,530**	790,873
Current Assets				
Properties held for sale	**39,372**	45,531	**-**	-
Inventories	**143,190**	1,148	**-**	-
Marketable securities, net	**50,925**	40,961	**-**	-
Trade debtors, net	**45,341**	18,898	**1,966**	45
Other debtors	**67,937**	21,084	**359**	3,438
Other financial assets	**905**	-	**31**	-
Cash at bank and on deposit	**87,028**	55,980	**44,891**	40,145
	434,698	183,602	**47,247**	43,628
Current Liabilities				
Short-term loans	**(386,033)**	(270,000)	**-**	-
Trade creditors	**(21,518)**	(6,443)	**(431)**	(434)
Other creditors	**(29,661)**	(34,303)	**(3,620)**	(3,040)
Provision for taxation	**(10,794)**	(6,225)	**(345)**	-
	(448,006)	(316,971)	**(4,396)**	(3,474)
Net Current (Liabilities)/Assets	**(13,308)**	(133,369)	**42,851**	40,154
Non-Current Liabilities				
Long-term loans	**(138,154)**	(108,000)	**-**	-
Other non-current liabilities	**(30,743)**	(30,067)	**-**	-
Deferred tax liabilities	**(14,842)**	(9,452)	**(151)**	(151)
	(183,739)	(147,519)	**(151)**	(151)
NET ASSETS	**1,289,922**	1,076,826	**941,230**	830,876
Equity attributable to equity holders of the Company				
Share capital	**356,400**	356,400	**356,400**	356,400
Reserves	**877,157**	737,969	**584,830**	474,476
	1,233,557	1,094,369	**941,230**	830,876
Minority interests	**56,365**	(17,543)	**-**	-
TOTAL EQUITY	**1,289,922**	1,076,826	**941,230**	830,876

(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 30/6/2005		As at 31/12/2004	
Secured	Unsecured	Secured	Unsecured
$270,000,000	$116,033,000	$270,000,000	$0

Amount repayable after one year

As at 30/6/2005		As at 31/12/2004	
Secured	Unsecured	Secured	Unsecured
$108,000,000	$30,154,000	$108,000,000	$0

Details of any collateral

The secured loans are secured by, inter alia, legal mortgages over the land and buildings erected on 18/20/22 Cross Street and 3 Pickering Street, China Square Central, Singapore and debentures over all the assets of the borrowing subsidiary companies.

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 2005

	2nd Quarter (Q2)		Half Year Ended 30 June	
	2005	2004	**2005**	2004
	$'000	$'000	**$'000**	$'000
Cash flow from operating activities :-				
Profit from operations	**27,052**	12,486	**39,153**	29,942
Adjustments for :-				
Interest income	**(1,188)**	(87)	**(1,441)**	(132)
Investment income	**(9,711)**	(8,379)	**(12,226)**	(10,250)
Depreciation of property, plant and equipment	**4,605**	2,632	**7,039**	4,670
Loss on disposal of property, plant and equipment	**3**	3	**4**	3
Property, plant and equipment written off	**-**	2	**-**	28
Amortisation of management rights	**48**	46	**96**	94
Changes in fair value on interest rate cap	**44**	-	**14**	-
Provision for mine reclamation	**(163)**	-	**(163)**	-
Provision for employee benefit	**349**	-	**349**	-
Operating profit before working capital changes	**21,039**	6,703	**32,825**	24,355
Decrease in properties held for sale	**1,059**	2,253	**6,159**	2,919
(Increase)/Decrease in stocks	**(25,446)**	281	**(25,302)**	204
(Increase)/Decrease in marketable securities, net	**(871)**	(726)	**(611)**	18,489
(Increase)/Decrease in debtors	**(2,373)**	169	**1,322**	(101)
Increase/(Decrease) in creditors	**3,754**	411	**(4,926)**	956
Cash (used in)/generated from operations	**(2,838)**	9,091	**9,467**	46,822
Interest expense	**(3,512)**	(1,762)	**(5,622)**	(3,729)
Income tax (paid)/refund, net	**(4,956)**	5,431	**(5,102)**	4,913
Investment income	**9,711**	8,379	**12,226**	10,250
Dividends from associated companies	**62**	1,356	**2,410**	1,356
Interest income	**1,099**	87	**1,352**	132
Net cash flow (used in)/from operating activities	**(434)**	22,582	**14,731**	59,744
Cash flow from investing activities :-				
Proceeds from sale of property, plant and equipment	**18**	17	**32**	19
Purchase of property, plant and equipment	**(8,780)**	(1,816)	**(10,361)**	(2,590)
Sale proceeds/capital repayment from investments	**265**	34,233	**265**	54,848
Purchase of investments	**(7,279)**	-	**(8,589)**	-
Expenditures incurred on properties under development	**(1,268)**	(4,449)	**(2,426)**	(6,345)
Net cash flow from acquisition of a subsidiary company (see Note)	**(1,172)**	-	**28,580**	-
Acquisition of additional interest in a subsidiary company	**(25,569)**	-	**(25,569)**	-
Proceeds/deposits received on sale of properties	**7,361**	-	**7,885**	-
Payment of deferred exploration and evaluation assets	**(975)**	-	**(975)**	-
Net cash flow (used in)/from investing activities	**(37,399)**	27,985	**(11,158)**	45,932
Cash flow from financing activities :-				
Increase in borrowings/(repayment of loans), net	**36,579**	(30,925)	**36,579**	(80,740)
(Decrease)/Increase in amount due to minority shareholder of a subsidiary company	**(271)**	3,714	**4,139**	3,714
Decrease/(Increase) in amount due from a joint venture company	**41**	(511)	**4**	(511)
Payment of dividend to minority shareholders of a subsidiary company	**-**	(120)	**-**	(120)
Payment of dividends to shareholders	**(14,256)**	(11,405)	**(14,256)**	(11,405)
Net cash flow from/(used in) financing activities	**22,093**	(39,247)	**26,466**	(89,062)
Net (decrease)/increase in cash and cash equivalents	**(15,740)**	11,320	**30,039**	16,614
Cash and cash equivalents at beginning of financial period	**101,910**	28,343	**55,980**	23,066
Effect of exchange rate changes on balances held in foreign currencies	**858**	(393)	**1,009**	(410)
Cash and cash equivalents at end of financial period	**87,028**	39,270	**87,028**	39,270
Cash and cash equivalents at end of financial period consist of :-				
Cash at bank and on deposit	**87,028**	39,270	**87,028**	39,270

Note: Acquisition of Subsidiary Company

The attributable assets and liabilities of the subsidiary company acquired are as follows :-

		$'000
Property, plant and equipment		53,955
Base inventory		1,305
Associated companies		5,238
Investments		482
Other non-current assets		2,846
Net current assets		81,351
Non-current liabilities		(21,700)
		123,477
Less:	Interest previously accounted for as associated company	(44,351)
	Minority interests	(70,247)
Adjusted attributable net assets		8,879
Goodwill on acquisition		12,904
Cash Consideration		21,783
Less :	Consideration not yet paid	(1,172)
	Net cash at bank of the subsidiary company acquired	(50,363)
Net cash inflow from acquisition of the subsidiary company at 31 March 2005		(29,752)
Consideration paid in Q2 2005		1,172
		(28,580)

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 2005

GROUP

	Attributable to equity holders of the Company									
	Issued capital $'000	Revaluation reserve $'000	Exchange translation reserve $'000	Reserve on consolidation $'000	Fair value reserve $'000	Revenue reserve $'000	Dividend reserve $'000	**Total reserves** $'000	Minority interests $'000	**Total equity** $'000
At 1 January 2005										
As previously reported	356,400	149,258	(17,862)	2,634	-	589,683	14,256	737,969	(17,543)	1,076,826
Effect of adopting :										
<u>FRS 39</u>										
Net fair value changes on available-for-sale investments	-	-	-	-	63,191	-	-	63,191	-	63,191
Net fair value changes on cash flow hedges	-	-	-	-	659	-	-	659	-	659
Net fair value changes on held-for-trading investments	-	-	-	-	-	8,536	-	8,536	-	8,536
Impairment on investments	-	-	-	-	-	(130)	-	(130)	-	(130)
<u>FRS 103</u>										
Transfer of reserve on consolidation to revenue reserve	-	-	-	(2,634)	-	2,634	-	-	-	-
As restated	356,400	149,258	(17,862)	-	63,850	600,723	14,256	810,225	(17,543)	1,149,082
Exchange adjustment	-	-	282	-	-	-	-	282	7	289
Share of reserves movement of associated companies	-	-	-	-	-	245	-	245	-	245
Profit for 1st quarter	-	-	-	-	-	15,548	-	15,548	14	15,562
Net fair value changes on available-for-sale investments	-	-	-	-	12,826	-	-	12,826	-	12,826
Net fair value changes on cash flow hedges	-	-	-	-	202	-	-	202	-	202
Minority interest arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	70,247	70,247
Dividend on ordinary shares										
- 2nd interim dividend for 2004, payable	-	-	-	-	-	-	(14,256)	(14,256)	-	(14,256)
At 31 March 2005	356,400	149,258	(17,580)	-	76,878	616,516	-	825,072	52,725	1,234,197

Statements of Changes in Equity for the period ended 30 June 2005 (cont'd)

GROUP

	Attributable to equity holders of the Company									
	Issued capital $'000	Revaluation reserve $'000	Exchange translation reserve $'000	Reserve on consolidation $'000	Fair value reserve $'000	Revenue reserve $'000	Dividend reserve $'000	**Total reserves** $'000	Minority interests $'000	**Total equity** $'000
Exchange adjustment	-	-	2,777	-	-	-	-	2,777	1,453	4,230
Revaluation reserve transferred to profit and loss account	-	(10,401)	-	-	-	-	-	(10,401)	-	(10,401)
Profit for 2nd quarter	-	-	-	-	-	39,532	-	39,532	3,897	43,429
Net fair value changes on available-for-sale investments	-	-	-	-	20,694	-	-	20,694	(99)	20,595
Net fair value changes transferred to profit and loss account	-	-	-	-	(95)	-	-	(95)	-	(95)
Net fair value changes on cash flow hedges	-	-	-	-	(422)	-	-	(422)	-	(422)
Capital injection by minority shareholder of a subsidiary company	-	-	-	-	-	-	-	-	11,760	11,760
Acquisition of additional interest in a subsidiary company	-	-	-	-	-	-	-	-	(13,371)	(13,371)
Dividend on ordinary shares - 1st interim dividend for 2005, proposed	-	-	-	-	-	(7,128)	7,128	-	-	-
At 30 June 2005	**356,400**	**138,857**	**(14,803)**	**-**	**97,055**	**648,920**	**7,128**	**877,157**	**56,365**	**1,289,922**

Statements of Changes in Equity for the period ended 30 June 2005 (cont'd)

GROUP

	Attributable to equity holders of the Company									
	Issued capital $'000	Revaluation reserve $'000	Exchange translation reserve $'000	Reserve on consolidation $'000	Fair value reserve $'000	Revenue reserve $'000	Dividend reserve $'000	**Total reserves** $'000	Minority interests $'000	**Total equity** $'000
At 1 January 2004	356,400	154,650	(15,045)	2,634	-	555,790	11,405	709,434	(12,211)	1,053,623
Exchange adjustment	-	-	(853)	-	-	-	-	(853)	1	(852)
Share of reserves movement of associated companies	-	-	-	-	-	70	-	70	-	70
Profit for 1st quarter	-	-	-	-	-	18,664	-	18,664	(136)	18,528
Dividend on ordinary shares - 2nd interim dividend for 2003, payable	-	-	-	-	-	-	(11,405)	(11,405)	-	(11,405)
At 31 March 2004	356,400	154,650	(15,898)	2,634	-	574,524	-	715,910	(12,346)	1,059,964
Exchange adjustment	-	-	(4,578)	-	-	-	-	(4,578)	(62)	(4,640)
Share of reserves movement of associated companies	-	-	-	-	-	14	-	14	-	14
Profit for 2nd quarter	-	-	-	-	-	39,156	-	39,156	(104)	39,052
Dividend to minority shareholders of a subsidiary company	-	-	-	-	-	-	-	-	(120)	(120)
Dividend on ordinary shares - 1st interim dividend for 2004, proposed	-	-	-	-	-	(6,772)	6,772	-	-	-
At 30 June 2004	**356,400**	**154,650**	**(20,476)**	**2,634**	**-**	**606,922**	**6,772**	**750,502**	**(12,632)**	**1,094,270**

Statements of Changes in Equity for the period ended 30 June 2005 (cont'd)

COMPANY

	Issued capital $'000	Revaluation reserve $'000	Fair value reserve $'000	Revenue reserve $'000	Dividend reserve $'000	**Total equity** $'000
At 1 January 2005						
As previously reported	356,400	29,076	-	431,144	14,256	830,876
Effect of adopting FRS 39 :						
Fair value changes on available-for-sale investments	-	-	63,970	-	-	63,970
Impairment on investments	-	-	-	(130)	-	(130)
As restated	356,400	29,076	63,970	431,014	14,256	894,716
Profit for 1st quarter	-	-	-	4,392	-	4,392
Fair value changes on available-for-sale investments	-	-	11,177	-	-	11,177
Dividend on ordinary shares						
- 2nd interim dividend for 2004, payable	-	-	-	-	(14,256)	(14,256)
At 31 March 2005	356,400	29,076	75,147	435,406	-	896,029
Profit for 2nd quarter	-	-	-	17,011	-	17,011
Fair value changes on available-for-sale investments	-	-	28,159	-	-	28,159
Net fair value changes on cash flow hedges	-	-	31	-	-	31
Dividend on ordinary shares						
- 1st interim dividend for 2005, proposed	-	-	-	(7,128)	7,128	-
At 30 June 2005	**356,400**	**29,076**	**103,337**	**445,289**	**7,128**	**941,230**
At 1 January 2004	356,400	31,143	-	403,638	11,405	802,586
Profit for 1st quarter	-	-	-	4,409	-	4,409
Dividend on ordinary shares						
- 2nd interim dividend for 2003, payable	-	-	-	-	(11,405)	(11,405)
At 31 March 2004	356,400	31,143	-	408,047	-	795,590
Profit for 2nd quarter	-	-	-	31,978	-	31,978
Dividend on ordinary shares						
- 1st interim dividend for 2004, proposed	-	-	-	(6,772)	6,772	-
At 30 June 2004	356,400	31,143	-	433,253	6,772	827,568

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.

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

The figures for the 2nd quarter and the half year ended 30 June 2005 have not been audited but have been reviewed by the Company's auditors in accordance with the Singapore Statement of Auditing Practice 11, Review of Interim Financial Information.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Review Report by the Auditors, Ernst & Young, Certified Public Accountants, Singapore :-

"We have been engaged by The Straits Trading Company Limited (the "Company") to review the interim financial information for the second quarter and half-year ended 30 June 2005.

Appendix 7.2 of the Singapore Exchange Securities and Trading Limited Listing Manual ("Listing Manual") requires the preparation of interim financial information to be in compliance with the relevant provisions thereof. The accompanying financial information comprise the balance sheet of the Company and the consolidated balance sheet of the Company and its subsidiaries (the "Group") as at 30 June 2005, the statements of changes in equity of the Company and of the Group and statements of income and cash flows of the Group for the second quarter and half-year ended on that date (collectively, the "financial information"). The financial information reviewed by us are those set out in paragraphs 1, 6 and 7 of this announcement. The interim financial information is the responsibility of, and has been approved by, the Company's directors. Our responsibility is to issue a report, solely for the use of the directors, on the financial information based on our review.

We conducted our review in accordance with the Singapore Statement of Auditing Practice 11, Review of Interim Financial Information. A review of interim financial information consists principally of applying analytical procedures to the financial data and making inquiries of, and having discussions with, persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with Singapore Standards on Auditing and does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that there are any material modifications that should be made to the accompanying interim financial information for it to be in accordance with Appendix 7.2 of the Listing Manual.

We draw your attention to the following matter. As reported in the Group's SGXNET announcement on 27 April 2005, the Group made a Mandatory General Offer ("MGO") for Malaysia Smelting Corporation Berhad ("MSC") in March 2005. MSC became a subsidiary of the Group on 16 March 2005. Following the closure of the MGO on 13 April 2005, management initiated an exercise to determine the fair value of MSC's assets and liabilities acquired ("fair value exercise"). As the fair value exercise has not been completed, management has preliminarily assessed the fair value of MSC's assets and liabilities acquired to approximate their book values. These preliminary values may have to be adjusted when the fair value exercise is completed."

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 2004, except for the adoption of the following new Financial Reporting Standards (FRS) which become effective for the financial year beginning on or after 1 January 2005.

FRS 39 Financial Instruments: Recognition and Measurement
FRS 103 Business Combinations

The impact of the changes in accounting policies are as follows:-

<u>FRS 39</u>
In accordance with the transitional provision of FRS 39, the effect of recognition, derecognition and measurement of financial instruments, for periods prior to 1 January 2005, is not restated. Consequently, the comparative figures for 2004 have not been restated. On 1 January 2005, the following transitional adjustments were made.

	Fair value reserve	Revenue reserve	Total
	$'000	$'000	$'000
Fair Valuation of :			
Investments	63,289	-	63,289
Marketable securities	(98)	8,536	8,438
Impairment of :			
Investments	-	(130)	(130)
Hedge Accounting :			
Cash flow hedges	659	-	659
	63,850	8,406	72,256

The adoption of FRS 39 has resulted in an increase in equity as at 1 January 2005 of $72.256 million. This is after adjusting for the related deferred taxes. In accordance with the transitional adjustment rules, there is no restatement of the Q1 2004 profit and loss account of the Group and the Company.

FRS 103

FRS 103 requires goodwill acquired in a business combination to be measured at cost and subject to impairment. Further, in accordance with the transitional provisions of FRS 103, the reserve on consolidation of $2.634 million, as at 1 January 2005, was adjusted to opening revenue reserve.

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.

Please refer to paragraph 4.

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	
	2005	2004	**2005**	2004
Basic and Diluted Earnings per share for the period based on Group profit attributable to Equity Holders of the Company :-	**11.1 cents**	11.0 cents	**15.5 cents**	16.2 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.

	30 June 2005	31 December 2004
Net asset value per share based on issued share capital at the end of :-		
The Group	**$3.46**	$3.07
The Company	**$2.64**	$2.33

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 major core businesses comprise (a) resources, (b) property, (c) hotel and (d) financial investments.

In Q2 2005, the Group's profit before exceptional items rose 73.0% from $17.7 million in Q2 2004 to $30.6 million in spite of the absence of profit on sale of trading securities. The improvement was partly attributable to increased earnings contribution from the 63.3% shareholding in Malaysia Smelting Corporation Berhad (MSC) after the mandatory general offer earlier this year compared with only a 40.0% equity interest in the corresponding period last year.

In Q2 2005, the Group reported a total exceptional gain of $23.5 million from the sale of Cable Road bungalow development and Australia Place in Perth as well as the dilution of the Group's interest in its associated company, Straits Lion Asset Management Limited (SLAM) arising from the merger between OCBC Asset Management Limited and SLAM. The exceptional gain was still lower than the exceptional gain of $26.3 million reported in Q2 2004 which was mainly from the disposal of Tronoh Consolidated Malaysia Berhad shares and the exchange of shares in Great Eastern Holdings Limited for Oversea-Chinese Banking Corporation Limited shares under the latter's voluntary unconditional offer in June 2004. The Group's net attributable earnings, after exceptional items, taxation and minority interests improved marginally from $39.2 million in Q2 2004 to $39.5 million in Q2 2005 albeit the strong operating results in Q2 2005.

For the six months ended June 2005, net earnings fell 4.7% from $57.8 million in the corresponding period in 2004 to $55.1 million. The lower earnings were mainly due to (a) significantly lower profit on sale of trading securities and (b) lower exceptional gains.

Segmental review

In Q2 2005, MSC recorded a 15.2% decline in revenue from RM500.2 million in Q2 2004 to RM424.1 million due mainly to lower contributions from its Indonesia operations. However, as MSC only became a subsidiary of the Group early this year, its revenue was only consolidated in the Group's income statement from this quarter onwards. Consequently, the Group's total revenues rose significantly from $41.6 million in Q2 2004 to $225.5 million in Q2 2005. Revenue contribution from MSC alone amounted to $185.2 million.

Property revenue is lower by 9.5% from $14.7 million in Q2 2004 to $13.3 million in Q2 2005 as fewer units in Gallop Gables were sold in the current quarter. Notwithstanding, the Group's major investment properties, namely China Square Central, reported higher occupancies and rentals during this period.

Hotel revenue increased 12.4% from $14.2 million in Q2 2004 to $15.9 million in Q2 2005. Among the managed hotels, except for Adelaide and Sydney, all have generally done well with rises in both occupancies and room rates. The hotel in Perth has recorded a substantial improvement in room revenue after its recent room refurbishment. Strong performance from the Singapore and the Shanghai hotels has also contributed to the revenue increase.

The Group reported no sale of trading securities in Q2 2005. Dividend income from the Group's long term investments rose from $8.4 million in Q2 2004 to $9.7 million in Q2 2005 with special payouts from some of the Group's investee companies.

Associate earnings rose 4.9% from $6.8 million in Q2 2004 to $7.2 million in Q2 2005 despite the exclusion of MSC earnings. The increase was due to the recognition of profit by Johan Kekal Sdn. Bhd. following the handover of all the townhouses and condominium units to the purchasers in Q2 2005.

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

This current announced results are broadly in line with the prospect statement disclosed in the 2005 1st quarter financial statements announcement made on 27 April 2005.

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.

In the second half of 2005, earnings contribution from MSC will likely be affected by the lower tin prices, which have continued to fall by about 10% compared with the average price in the second half of 2004. In addition, costs of the Indonesia operations are expected to rise with the currently high fuel prices and the removal of government subsidy on fuel in Indonesia.

Despite recent improvement in the property market, rental income from the Group's China Square Central is not expected to be much affected in 2005 as it is already at near full occupancy and the committed leases generally run beyond 2005. Any improvement in the Group's property related profit, therefore, will likely be from the sale of some of the Group's residential developments.

As mentioned in the 2004 Annual Report, the Group will continue to pursue a viable strategy to restructure its real estate portfolio so as to improve the long-term shareholders' value. With this in mind, the Group plans to either divest or re-develop some of its property assets and property income may be affected.

Outlook for the Group's hotel business remains positive with gradual increases in room rates. The Group is also actively expanding its hotel portfolio, particularly in Australasia, China and Thailand. Hotel profits are expected to increase with the openings of Rendezvous Sanctuary Resort in Broome, Western Australia and Rendezvous Baohong Hotel Sanya, Hainan, China in October this year, Rendezvous Resort, Phuket in mid-2006 and Rendezvous Lanko Hotel in Chongqing, China in 2006/7.

The Group's long-term investments will continue to generate a stable stream of dividend income. However, as already reflected in the accounts so far this year, profit from securities trading will remain low as the trading equity portfolio had been reduced substantially.

Going forward, associate earnings will be substantially reduced as (a) Straits Lion Asset Management Limited has ceased to be an associate company of the Group and (b) the residential project at Federal Hill, Malaysia will be substantially completed this year.

Overall, the Group is confident that its operations will be profitable in 2005.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	First Interim
Dividend Type	Cash
Dividend Amount per Share (in cents)	2 cents per ordinary share (one-tier tax)
Par value of shares	$1.0
Tax Rate	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.

Name of Dividend	← First Interim *	→
Dividend Type	Cash	Cash
Dividend Amount per Share (in cents)	0.5 cents per ordinary share (less tax)	1.5 cents per ordinary share (one-tier tax)
Par value of shares	$1.0	$1.0
Tax Rate	20%	N.A.

* The first interim dividend of 2 cents per share comprised 0.5 cent per share, less Singapore income tax at 20%, followed immediately by a one-tier tax exempt dividend of 1.5 cents per share on the same day.

(c) Date payable

8 September 2005.

(d) Books closure date

The share register of the Company will be closed on 30 August and 31 August 2005 for the preparation of warrants. Registrable transfers received by Company's Registrars, Barbinder & Co Pte Ltd, at 8 Cross Street, #11-00 PWC Building, Singapore 048424, up to 5.00 p.m. on 29 August 2005 will be registered before entitlements to the dividend are determined.

The Directors have declared a first interim dividend of a one-tier tax exempt dividend of 2 cents per share in respect of the financial year ending 31 December 2005.

The above dividend will be paid on 8 September 2005 to shareholders on the share register on 31 August 2005.

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

Not applicable.

BY ORDER OF THE BOARD
Emily Teo (Ms)
Secretary

5 August 2005
Singapore