



# THE STRAITS TRADING COMPANY LIMITED

Company Registration No.: 188700008D

## The Straits Trading Group

### Financial Highlights

- The Group reported net earnings of \$31.1 million in Q3 2006 versus a loss in Q3 2005. The significant improvement was due mainly to \$27.1 million exceptional gains in Q3 2006 from the sale of land and residential properties. Operating profit fell 29.7% to \$16.3 million in Q3 2006 with decreases in property rental and dividend income from investments.
- Year to date, net earnings more than doubled to \$95.4 million in 2006 as compared to \$43.3 million in 2005, mainly due to exceptional gains of \$65.4 million reported in the current year.
- Net Asset Value (NAV) per share rose from \$3.45 in December 2005 to \$3.62 in September 2006. In addition to positive earnings, NAV per share rose because of (a) increase in fair values of investment properties and financial investments and (b) reduced share capital after the selective capital reduction in April 2006.

\$ million	Q3 2006	Q3 2005 (Restated)	+ / (-) %	YTD 2006 (9 mths)	YTD 2005 (9 mths) (Restated)	+ / (-) %
Total Revenues	217.8	256.8	(15.2)	604.4	527.0	14.7
Profit/(Loss) Before Taxation	41.4	(5.2)	N.M.	112.5	58.8	91.3
Profit Before Exceptional Items	14.3	18.7	(23.4)	47.1	59.3	(20.5)
Profit/(Loss) Attributable to Equity Holders of the Company	31.1	(9.9)	N.M.	95.4	43.3	120.2

Earnings/(Losses) per Share	9.5 cents	(2.8) cents		28.2 cents	12.2 cents	
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	As at 30.9.2006	As at 31.12.2005
Equity Attributable to Equity Holders of the Company	\$1,178,429,000	\$1,229,443,000
Net Asset Value per Share	\$3.62	\$3.45

N.B.: All in Singapore dollars.

N.M.: Not meaningful.

**The Straits Trading Company Limited (Company Registration No. : 188700008D)****Third Quarter and Nine Months Financial Statement for the Period Ended 30 September 2006****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 3rd quarter and nine months ended 30 September 2006 are as follows :-

	3rd Quarter (Q3)		Nine Months Ended 30 September	
	2006 \$'000	2005 \$'000 (Restated)	2006 \$'000	2005 \$'000 (Restated)
<b>Revenues</b>				
Tin mining and smelting revenue	170,352	207,802	466,229	393,033
Hotel revenue	25,183	15,998	71,156	50,048
Property revenue	15,117	21,023	39,386	54,578
Proceeds from sale of trading securities	-	245	1,786	4,585
Investment income, gross	2,350	5,924	13,377	18,150
Fair value changes of financial assets	2,195	4,239	3,320	3,413
Other revenues including interest income	2,612	1,560	9,193	3,154
<b>Total Revenues</b>	<b>217,809</b>	<b>256,791</b>	<b>604,447</b>	<b>526,961</b>
<b>Costs and Expenses</b>				
Employee benefits expenses	(16,265)	(9,000)	(46,212)	(29,761)
Depreciation and amortisation	(5,437)	(5,551)	(14,485)	(13,523)
Exchange gains/(losses)	107	(1,103)	(2,590)	338
Cost of tin mining and smelting	(152,868)	(193,950)	(411,269)	(360,269)
Costs of trading securities sold	-	(252)	(1,768)	(4,442)
Impairment of financial assets	-	-	-	(405)
Other operating expenses	(27,042)	(23,729)	(74,713)	(61,852)
<b>Total Costs and Expenses</b>	<b>(201,505)</b>	<b>(233,585)</b>	<b>(551,037)</b>	<b>(469,914)</b>
<b>Profit from Operations</b>	<b>16,304</b>	<b>23,206</b>	<b>53,410</b>	<b>57,047</b>
Finance costs	(2,306)	(4,011)	(8,390)	(9,817)
Share of results of joint venture companies	(59)	43	33	129
Share of results of associated companies	368	(561)	2,057	11,922
<b>Profit Before Exceptional Items</b>	<b>14,307</b>	<b>18,677</b>	<b>47,110</b>	<b>59,281</b>
Exceptional items	27,087	(23,923)	65,354	(479)
<b>Profit/(Loss) Before Taxation</b>	<b>41,394</b>	<b>(5,246)</b>	<b>112,464</b>	<b>58,802</b>
Taxation	(9,243)	(3,846)	(13,805)	(12,712)
<b>Profit/(Loss) for the period</b>	<b>32,151</b>	<b>(9,092)</b>	<b>98,659</b>	<b>46,090</b>
<b>Attributable to :</b>				
<b>Equity holders of the Company</b>	<b>31,063</b>	<b>(9,915)</b>	<b>95,430</b>	<b>43,340</b>
<b>Minority interests</b>	<b>1,088</b>	<b>823</b>	<b>3,229</b>	<b>2,750</b>
	<b>32,151</b>	<b>(9,092)</b>	<b>98,659</b>	<b>46,090</b>

- Exceptional Items comprise :-

	3rd Quarter (Q3)		Nine Months Ended 30 September	
	2006 \$'000	2005 \$'000 (Restated)	2006 \$'000	2005 \$'000 (Restated)
(a) Net surplus on disposal of investments	20	22,723	18,070	22,758
(b) Net surplus on dilution of interest in associated company	-	-	-	7,399
(c) Exchange loss on redemption of preference shares in associated company	-	(1,646)	-	(1,646)
(d) Net surplus on disposal of a subsidiary company	-	-	11,856	-
(e) Net deficit on revaluation of oversea commercial investment property	-	-	-	(14)
(f) Fair value changes of investment properties	-	-	6,957	-
(g) Net gains on disposal of properties	27,067	-	28,377	16,024
(h) Compensation award on land acquired	-	-	94	-
(i) Provision for impairment on property	-	(45,000)	-	(45,000)
	<u>27,087</u>	<u>(23,923)</u>	<u>65,354</u>	<u>(479)</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 September 2006

	GROUP		COMPANY	
	30 September 2006 \$'000	31 December 2005 \$'000	30 September 2006 \$'000	31 December 2005 \$'000
<b>Non-Current Assets</b>				
Property, plant and equipment	206,638	219,355	99	646
Investment properties	348,389	435,901	67,975	39,042
Base inventory	1,289	1,320	-	-
Investments in subsidiary companies	-	-	120,195	119,877
Amounts due from subsidiary companies	-	-	194,930	483,737
Joint venture companies	428	457	-	-
Associated companies	18,362	14,210	3,596	1,123
Investments	300,463	334,068	211,396	250,234
Mining rights	3,587	5,048	-	-
Management rights	963	1,135	-	-
Deferred tax assets	4,753	1,166	-	-
Goodwill on consolidation	29,631	21,410	-	-
Other financial assets	108	45	-	-
Other non-current assets	10,968	12,630	-	-
	<u>925,579</u>	<u>1,046,745</u>	<u>598,191</u>	<u>894,659</u>
<b>Current Assets</b>				
Properties held for sale	26,672	32,859	-	-
Inventories	146,073	168,671	-	-
Marketable securities	59,705	56,415	-	-
Trade debtors	71,549	29,648	1,398	756
Other debtors	57,289	29,333	127	341
Tax recoverables	13,714	14,838	-	9
Other financial assets	698	207	-	-
Cash at bank and on deposit	212,629	159,719	176,538	111,685
	<u>588,329</u>	<u>491,690</u>	<u>178,063</u>	<u>112,791</u>
Assets classified as held for sale	6,944	367,479	-	36
	<u>595,273</u>	<u>859,169</u>	<u>178,063</u>	<u>112,827</u>
<b>Current Liabilities</b>				
Borrowings	(176,485)	(257,855)	-	-
Trade creditors	(19,839)	(14,467)	(424)	(510)
Other creditors	(30,412)	(36,451)	(3,078)	(3,295)
Other financial liabilities	(370)	(3,534)	(133)	-
Provision for taxation	(20,624)	(13,437)	(1,458)	(1,165)
Provisions	(35)	(37)	-	-
	<u>(247,765)</u>	<u>(325,781)</u>	<u>(5,093)</u>	<u>(4,970)</u>
Liabilities directly associated with assets classified as held for sale	-	(220,000)	-	-
	<u>(247,765)</u>	<u>(545,781)</u>	<u>(5,093)</u>	<u>(4,970)</u>
<b>Net Current Assets</b>	<u>347,508</u>	<u>313,388</u>	<u>172,970</u>	<u>107,857</u>
<b>Non-Current Liabilities</b>				
Borrowings	(657)	(27,161)	-	-
Provisions	(6,180)	(5,999)	-	-
Other non-current liabilities	(42,258)	(26,462)	-	-
Deferred tax liabilities	(18,373)	(13,037)	(2,139)	(254)
Other financial liabilities	-	(1,611)	-	-
	<u>(67,468)</u>	<u>(74,270)</u>	<u>(2,139)</u>	<u>(254)</u>
<b>NET ASSETS</b>	<u>1,205,619</u>	<u>1,285,863</u>	<u>769,022</u>	<u>1,002,262</u>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	265,928	356,400	265,928	356,400
Reserves	912,501	873,043	503,094	645,862
	<u>1,178,429</u>	<u>1,229,443</u>	<u>769,022</u>	<u>1,002,262</u>
Minority interests	27,190	56,420	-	-
<b>TOTAL EQUITY</b>	<u>1,205,619</u>	<u>1,285,863</u>	<u>769,022</u>	<u>1,002,262</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 30/9/2006		As at 31/12/2005	
Secured	Unsecured	Secured	Unsecured
\$12,000	\$176,473,000	\$328,012,000	\$149,843,000

**Amount repayable after one year**

As at 30/9/2006		As at 31/12/2005	
Secured	Unsecured	Secured	Unsecured
\$35,000	\$622,000	\$45,000	\$27,116,000

**Details of any collateral**

The \$47,000 secured borrowing is secured by a motor vehicle acquired under a finance lease.

**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 3rd quarter and nine months ended 30 September 2006**

	3rd Quarter (Q3)		Nine Months Ended 30 September 2006	
	2006 \$'000	2005 \$'000 (Restated)	2006 \$'000	2005 \$'000 (Restated)
<b>Cash flow from operating activities :-</b>				
Profit from operations	16,304	23,206	53,410	57,047
Adjustments for :-				
Interest income	(2,365)	(1,340)	(6,616)	(2,781)
Investment income	(2,350)	(5,924)	(13,377)	(18,150)
Depreciation of property, plant and equipment	3,892	5,152	11,334	12,676
Loss/(Gain) on disposal of property, plant and equipment	-	2	(92)	6
Property, plant and equipment written off	642	74	672	74
Amortisation of mining rights	408	351	1,236	703
Amortisation of management rights	46	48	138	144
Amortisation of exploration and development cost	1,086	-	1,772	-
Amortisation of deferred income	(1,679)	-	(3,684)	-
Amortisation of club membership	5	-	5	-
Changes in fair value on financial assets	(2,195)	(4,239)	(3,320)	(3,413)
Provision for mine reclamation	-	545	481	382
Provision/(Write back) for employee benefit	109	(375)	782	(26)
Write off capitalised exploration costs	246	-	602	-
Share-based payments	40	-	40	-
<b>Operating profit before working capital changes</b>	<b>14,189</b>	<b>17,500</b>	<b>43,383</b>	<b>46,662</b>
Decrease in properties held for sale	2,730	5,901	6,187	12,060
(Increase)/Decrease in inventories	(9,467)	(8,059)	22,598	(35,445)
(Increase)/Decrease in marketable securities	(527)	71	93	(1,629)
Increase in debtors	(8,636)	(23,421)	(52,343)	(22,099)
Increase/(Decrease) in creditors	8,263	3,471	(2,024)	5,381
<b>Cash generated/(used in) from operations</b>	<b>6,552</b>	<b>(4,537)</b>	<b>17,894</b>	<b>4,930</b>
Interest expense	(1,866)	(4,426)	(7,193)	(10,048)
Income tax refund/(paid)	2,576	(9,294)	(6,963)	(14,396)
Investment income	2,350	5,924	13,377	18,150
Dividends from associated companies	-	2,345	21	4,755
Interest income	2,366	1,173	6,691	2,525
<b>Net cash flow from/(used in) operating activities</b>	<b>11,978</b>	<b>(8,815)</b>	<b>23,827</b>	<b>5,916</b>
<b>Cash flow from investing activities :-</b>				
Proceeds from sale of property, plant and equipment	13,819	40,320	33,161	48,237
Proceed received on sale of property	-	-	390,000	-
Net cash flow (used in)/from acquisition of subsidiary companies	-	(809)	-	2,202
Acquisition of additional interest in a subsidiary company	(46,011)	-	(46,011)	-
Net cash flow from disposal of a subsidiary company (see note)	-	-	17,270	-
Cost incurred on property, plant and equipment	(6,611)	(4,015)	(13,868)	(16,802)
Sale proceeds from investments	112	42,984	53,128	43,249
Purchase of investments	(248)	(2,036)	(442)	(10,625)
Payment of deferred mine development and exploration expenditure	(734)	(4,915)	(1,200)	(5,890)
Cost incurred on investment properties	(198)	-	(339)	-
Purchase of club membership	-	-	(139)	-
Compensation award on land acquired	94	-	94	-
Proceeds from redemption of preference shares in associated company	-	6,207	-	6,207
Payment of shares in associated company	(2,473)	-	(2,473)	-
<b>Net cash flow (used in)/from investing activities</b>	<b>(42,250)</b>	<b>77,736</b>	<b>429,181</b>	<b>66,578</b>
<b>Cash flow from financing activities :-</b>				
(Loan repayment)/increase in borrowings	(837)	(24,204)	(219,874)	12,375
Increase in amount due to minority shareholder of a subsidiary company	-	466	-	4,605
(Increase)/Decrease in amount due from a joint venture company	(1)	98	61	102
Payment of dividends to minority shareholders of a subsidiary company	(946)	(3,856)	(2,589)	(3,856)
Payment of dividends to shareholders	(6,518)	(7,128)	(84,733)	(21,384)
Payment pursuant to selective capital reduction and related expenses	-	-	(90,690)	-
<b>Net cash flow used in financing activities</b>	<b>(8,302)</b>	<b>(34,624)</b>	<b>(397,825)</b>	<b>(8,158)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(38,574)</b>	<b>34,297</b>	<b>55,183</b>	<b>64,336</b>
Cash and cash equivalents at beginning of financial period	251,483	87,028	159,719	55,980
Effect of exchange rate changes on balances held in foreign currencies	(280)	311	(2,273)	1,320
<b>Cash and cash equivalents at 30 September</b>	<b>212,629</b>	<b>121,636</b>	<b>212,629</b>	<b>121,636</b>
<b>Cash and cash equivalents at 30 September consist of :-</b>				
Cash at bank and on deposit	212,629	121,636	212,629	121,636

Note :

(a) Disposal of a subsidiary company

The values of assets and liabilities of the subsidiary company recorded in the consolidated financial statements as at 1 January 2006, and the cash flow effect of the disposal were :

	\$'000
Property, plant and equipment	7
Investment property	120,000
Trade and other debtors	414
Cash at bank and on deposit	348
	-----
	120,769
Borrowings	(108,000)
Trade and other creditors	(1,264)
Amount due to :	
- holding company	(13,312)
- minority shareholder	(12,997)
Minority interests	7,254
	-----
	(7,550)
Net surplus on disposal	11,856
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Net consideration	4,306
Repayment of amount due from subsidiary company	13,312
Net cash at bank and on deposit in the subsidiary company disposed	(348)
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Net cash inflow from disposal of a subsidiary company	17,270
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(b) The net cash effect arising from the acquisition of a subsidiary company in Q1 2006 is nil.

**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 30 September 2006

**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 :									
<b>FRS 40</b>									
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	-	-	-	-	-	32,681	32,681	-	32,681
At 1 January 2006 as restated	356,400	1,147	(17,982)	148,156	33	774,370	905,724	56,420	1,318,544
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 company	-	-	-	-	-	-	-	7,254	7,254
Dividend to minority shareholders of a subsidiary company	-	-	-	-	-	-	-	(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	804,272	995,651	64,712	1,416,763



## Statements of Changes in Equity for the period ended 30 September 2006 (cont'd)

**GROUP**

	Attributable to equity holders of the Company								
	Share capital	Revaluation reserve	Exchange translation reserve	Fair value reserve	Share-based payment reserve	Revenue reserve	Total reserves	Minority interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Exchange adjustment	-	-	(1,937)	-	-	-	(1,937)	(974)	(2,911)
Profit for 2nd quarter	-	-	-	-	-	21,429	21,429	667	22,096
Net fair value changes on available-for-sale investments	-	-	-	(57,202)	-	-	(57,202)	(8)	(57,210)
Net fair value changes transferred to profit and loss account	-	-	-	(231)	-	-	(231)	-	(231)
Net fair value changes on cash flow hedges	-	-	-	936	-	-	936	832	1,768
Reduction of share capital pursuant to selective capital reduction and related expenses	(90,472)	-	-	-	-	(218)	(218)	-	(90,690)
Dividend on ordinary shares - Special dividend for 2005, paid	-	-	-	-	-	(65,179)	(65,179)	-	(65,179)
At 30 June 2006	265,928	1,147	(12,296)	144,061	33	760,304	893,249	65,229	1,224,406
Exchange adjustment	-	-	(598)	-	-	-	(598)	(468)	(1,066)
Profit for 3rd quarter	-	-	-	-	-	31,063	31,063	1,088	32,151
Net fair value changes on available-for-sale investments	-	-	-	(4,119)	-	-	(4,119)	(10)	(4,129)
Net fair value changes on cash flow hedges	-	-	-	(593)	-	-	(593)	(443)	(1,036)
Fair value of options issued by a subsidiary company	-	-	-	-	17	-	17	23	40
Acquisition of additional interests in subsidiary companies	-	-	-	-	-	-	-	(37,283)	(37,283)
Dividend to minority shareholders of a subsidiary company	-	-	-	-	-	-	-	(946)	(946)
Dividend on ordinary shares - 1st interim dividend for 2006, paid	-	-	-	-	-	(6,518)	(6,518)	-	(6,518)
At 30 September 2006	265,928	1,147	(12,894)	139,349	50	784,849	912,501	27,190	1,205,619

## Statements of Changes in Equity for the period ended 30 September 2006 (cont'd)

**GROUP**

	Attributable to equity holders of the Company								Total equity \$'000
	Share capital \$'000	Revaluation reserve \$'000	Exchange translation reserve \$'000	Reserve on consolidation \$'000	Fair value reserve \$'000	Revenue reserve \$'000	Total Reserves \$'000	Minority interests \$'000	
At 31 December 2004 as previously reported	356,400	149,258	(17,862)	2,634	-	603,939	737,969	(17,543)	1,076,826
<b>FRS 16 (revised)</b>									
Reversal of revaluation surplus for properties under development	-	(72,815)	-	-	-	-	(72,815)	-	(72,815)
At 31 December 2004 as restated	356,400	76,443	(17,862)	2,634	-	603,939	665,154	(17,543)	1,004,011
Effect of adopting :									
<b>FRS 39</b>									
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)
<b>FRS 103</b>									
Transfer of reserve on consolidation to revenue reserve	-	-	-	(2,634)	-	2,634	-	-	-
At 1 January 2005 as restated	356,400	76,443	(17,862)	-	63,850	614,979	737,410	(17,543)	1,076,267
Exchange adjustment	-	-	314	-	-	-	314	(56)	258
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	-	-	-	-	277	-	277	-	277
Minority interest arising from acquisition of a subsidiary company	-	-	-	-	-	-	-	79,274	79,274
Dividend on ordinary shares									
- 2nd interim dividend for 2004, payable	-	-	-	-	-	(14,256)	(14,256)	-	(14,256)
Net revaluation surplus on subsidiary company acquired	-	1,147	-	-	-	1,403	2,550	-	2,550
At 31 March 2005	356,400	77,590	(17,548)	-	76,953	617,919	754,914	61,689	1,173,003

## Statements of Changes in Equity for the period ended 30 September 2006 (cont'd)

**GROUP**

	Attributable to equity holders of the Company								Total equity \$'000
	Issued capital \$'000	Revaluation reserve \$'000	Exchange translation reserve \$'000	Reserve on consolidation \$'000	Fair value reserve \$'000	Revenue reserve \$'000	Total reserves \$'000	Minority interests \$'000	
Exchange adjustment	-	-	2,724	-	-	-	2,724	1,609	4,333
Profit for 2nd quarter	-	-	-	-	-	37,707	37,707	1,913	39,620
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	-	-	-	-	(2,855)	-	(2,855)	(2,608)	(5,463)
Capital injection by minority shareholder of a subsidiary company	-	-	-	-	-	-	-	11,760	11,760
Acquisition of additional interest in a subsidiary company	-	-	-	-	-	-	-	(14,712)	(14,712)
At 30 June 2005	356,400	77,590	(14,824)	-	94,697	655,626	813,089	59,552	1,229,041
Exchange adjustment	-	-	891	-	-	-	891	866	1,757
Exchange loss transferred to profit and loss account	-	-	1,646	-	-	-	1,646	-	1,646
Loss for 3rd quarter	-	-	-	-	-	(9,915)	(9,915)	823	(9,092)
Net fair value changes on available-for-sale investments	-	-	-	-	36,557	-	36,557	20	36,577
Net fair value changes transferred to profit and loss account	-	-	-	-	(22,775)	-	(22,775)	-	(22,775)
Net fair value changes on cash flow hedges	-	-	-	-	(2,356)	-	(2,356)	(2,603)	(4,959)
Dividends to minority shareholders of subsidiary companies	-	-	-	-	-	-	-	(3,856)	(3,856)
Minority interest arising from acquisition of a subsidiary company	-	-	-	-	-	-	-	1,951	1,951
Dividend on ordinary shares - 1st interim dividend for 2005, paid	-	-	-	-	-	(7,128)	(7,128)	-	(7,128)
<b>At 30 September 2005</b>	<b>356,400</b>	<b>77,590</b>	<b>(12,287)</b>	<b>-</b>	<b>106,123</b>	<b>638,583</b>	<b>810,009</b>	<b>56,753</b>	<b>1,223,162</b>

## Statements of Changes in Equity for the period ended 30 September 2006 (cont'd)

**COMPANY**

	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
<b>FRS 40</b> Transfer of revaluation reserve arising from investment properties to revenue reserve	-	(26,010)	-	-	26,010	-
Net revaluation surplus arising from properties reclassified to investment properties	-	-	-	-	27,711	27,711
At 1 January 2006 as restated	356,400	-	(468)	131,681	542,360	1,029,973
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	454,102	949,948
Exchange adjustment	-	-	(715)	-	-	(715)
Profit for 2nd quarter	-	-	-	-	9,850	9,850
Fair value changes on available- for-sale investments	-	-	-	(36,216)	-	(36,216)
Reduction of share capital pursuant to selective capital reduction and related expenses	(90,472)	-	-	-	(218)	(90,690)
Dividend on ordinary shares - Special dividend for 2005, paid	-	-	-	-	(65,179)	(65,179)
At 30 June 2006	265,928	-	(1,208)	103,723	398,555	766,998
Exchange adjustment	-	-	(458)	-	-	(458)
Profit for 3rd quarter	-	-	-	-	12,584	12,584
Fair value changes on available-for-sale investments	-	-	-	(3,584)	-	(3,584)
Dividend on ordinary shares - 1st interim dividend for 2006, paid	-	-	-	-	(6,518)	(6,518)
<b>At 30 September 2006</b>	<b>265,928</b>	<b>-</b>	<b>(1,666)</b>	<b>100,139</b>	<b>404,621</b>	<b>769,022</b>

## Statements of Changes in Equity for the period ended 30 September 2006 (cont'd)

**COMPANY**

	Share capital \$'000	Revaluation reserve \$'000	Exchange translation reserve \$'000	Fair value reserve \$'000	Revenue reserve \$'000	Total \$'000
At 31 December 2004 as previously reported	356,400	29,076	-	-	445,400	830,876
Effect of adopting FRS 39 :						
Fair value changes on available- for-sale investments	-	-	-	63,970	-	63,970
Impairment on investments	-	-	-	-	(130)	(130)
At 1 January 2005 as restated	356,400	29,076	-	63,970	445,270	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
At 30 June 2005	356,400	29,076	-	103,337	452,417	941,230
Profit for 3rd quarter	-	-	-	-	36,831	36,831
Fair value changes on available- for-sale investments	-	-	-	31,223	-	31,223
Net fair value changes transferred to profit and loss account	-	-	-	(30,428)	-	(30,428)
Net fair value changes on cash flow hedged	-	-	-	(31)	-	(31)
Dividend on ordinary shares - 1st interim dividend for 2005, paid	-	-	-	-	(7,128)	(7,128)
<b>At 30 September 2005</b>	<b>356,400</b>	<b>29,076</b>	<b>-</b>	<b>104,101</b>	<b>482,120</b>	<b>971,697</b>

- 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.**

There have been no changes to the Company's issued share capital since 30 June 2006.

- 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 third quarter 2006 financial results to be false or misleading.

- 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 2005, except for the early adoption of Financial Reporting Standard (FRS) 40 – Investment Property.

The impact of the change in accounting policy is as follows:-

The adoption of FRS 40 has resulted in an increase in equity as at 1 January 2006 of \$32.7 million at Group level. This is after adjusting for the related deferred taxes. In accordance with the transitional provisions, there is no restatement of the profit and loss account of the Group and the Company for the corresponding periods.

Further, in accordance with the transitional provisions of FRS 40, the revaluation reserve of \$76.4 million at Group level, as at 1 January 2006, arising from investment properties, 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.

	3rd Quarter (Q3)		Nine Months Ended 30 September	
	2006	2005 (Restated)	2006	2005 (Restated)
Basic and Diluted Earnings/(Losses) per share for the period based on Group profit attributable to Equity Holders of the Company :-	9.5 cents	(2.8) cents	28.2 cents	12.2 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.

Net asset value per share based on issued share capital at the end of :-	30 September 2006	31 December 2005
The Group	\$3.62	\$3.45
The Company	\$2.36	\$2.81

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 reported net earnings of \$31.1 million in Q3 2006 compared to a \$9.9 million loss in Q3 2005 (due mainly to the \$45 million provision for the master lease of 18, 20 and 22 Cross Street). The significant improvement was attributable primarily to exceptional gains, totaling \$27.1 million, in Q3 2006. A \$3.9 million write back from prior years' tax paid in Q3 2006 has also helped contribute to the increase in profit.

Profit before exceptional items fell 23.4% from \$18.7 million in Q3 2005 to \$14.3 million in Q3 2006. The fall was because of decreases in property rental and dividend income from the Group's investments.

Year to date, the Group's net earnings of \$95.4 million was more than double the \$43.3 million reported in the first 9 months of 2005. Exceptional gains were \$65.4 million year to date, mainly from the divestment of the Group's investment in Killinghall (Malaysia) Berhad (Killinghall) and 3 Pickering Street in Q1 2006 and the sale of residential properties and land in Singapore and Malaysia in Q3 2006.

### **Segmental review**

#### **Metals and mineral resources**

Net earnings of Malaysia Smelting Corporation Berhad (MSC) fell from RM11.3 million in Q3 2005 to RM7.3 million in Q3 2006. The Malaysian operations, aided by sale of by-products, achieved a better performance during the period. However, despite a turnaround in the performance of its subsidiary, PT Koba Tin in Q3 2006, year-to-date losses incurred by the Indonesian operations due to higher fuel and other production costs, lower production volume and unrealized foreign exchange translation differences due to the strengthening of the Ringgit had resulted in lower overall earnings of MSC.

#### **Hotel investment and management**

Hotel revenue increased 57.4% from \$16.0 million in Q3 2005 to \$25.2 million in Q3 2006 due to increases in room and food and beverage revenues from existing as well as new hotels added to the Rendezvous portfolio. The new hotels included Melbourne, Broome and Port Douglas in Australia since Q4 2005 and Auckland in New Zealand in Q3 2006.

Higher room yields in Singapore and the turnaround results of the Adelaide hotel, in particular, have boosted the Group's hotel revenue. Overall hotel performance, however, was slightly pulled back by results of Observation City, Perth. Whilst average room rates and occupancy levels in Q3 2006 were higher than in Q3 2005, profit margins of the Perth hotel were affected by fixed assets write-off and higher costs incurred on the contracted security arrangement.



### Property operations

Property revenue fell 28.1% from \$21.0 million in Q3 2005 to \$15.1 million in Q3 2006 as fewer Gallop Gables units were sold. In addition, rental collections were absent from Australia Place and 3 Pickering Street after the divestments respectively in mid-2005 and early 2006. Redevelopment work of Straits Trading Building, Singapore has started recently and there was no rental income as the building has been vacated since February 2006.

### Financial investments

There was no sale from the trading portfolio in Q3 2006.

With respect to the Group's long term investments, dividend income fell substantially from \$5.9 million in Q3 2005 to \$2.4 million in Q3 2006. The fall was due to (a) the disposal of some investments eg Killinghall and (b) the absence of special dividend payouts by some of the Group's investments.

### Share of results of associated companies

Earnings from associated companies were insignificant in Q3 2006 as vast majority of profits from Johan Kekal's Federal Hill residential development have been recognized in previous years. The new residential project in Ipoh, Malaysia through Taiko-Straits Developments Sdn Bhd is at its early stage and contribution in 2006 is unlikely.

### Exceptional Items

Total exceptional gains amounted to \$27.1 million in Q3 2006 compared with a loss of \$23.9 million in Q3 2005. The gains were mainly from the sale of the land and properties in Singapore and Malaysia.

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

The 3rd quarter and 9-month results ended 30 September 2006 are broadly in line with the prospect statement disclosed in the 2006 2nd quarter financial statements announcement made on 8 August 2006.

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

Although overall earnings of MSC group for the year are expected to be lower than that of 2005 due to the losses incurred by its subsidiary, PT Koba Tin, in the first half of this year, going forward, earnings are expected to be better with lower fuel costs and the ongoing measures to reduce the operating costs of PT Koba Tin. The substantially higher tin prices of around US\$10,000/tonne, if maintained, after the clamp down of small-scale smelters in Bangka Island, Indonesia in October 2006 will further enhance the performance of MSC group.

During Q3 2006, the Group acquired an additional 30% equity stake in MSC from MMC Corporation Berhad. In connection with the application for the re quotation of MSC shares on the main board of Bursa Malaysia Securities Berhad, the Group subsequently placed out 20.56% of its holding in MSC. The Group now holds 73.01% shareholding in MSC.

Hotel investment and management

Hotel profit is expected to rise with new hotels added to the Rendezvous portfolio. The Group has also launched a new hotel brand name, Marque Hotel, for boutique hotels with limited services. The hotel expansion plan has seen one of the largest hotels in New Zealand and three hotels in Australia added to the portfolio so far this year. More hotel management contracts in Australia, New Zealand and China are currently under negotiations.

Property operations

After the sale of China Square Central and the vacation of Straits Trading Building, Singapore for redevelopment early this year, property rental incomes are expected to be significantly lower for the rest of the year.

Financial investments

Activities from our trading portfolio are expected to remain low. Dividend income from our long term investments is expected to be lower than 2005 due to less special dividend payments from the Group's investments.

Overall earnings of the Group for the year are expected to be considerably higher than in 2005, mainly due to the gains from exceptional items.

Contingent Liabilities

Since the Company's last announcement on 8 August 2006 of its Q2 interim financial statement, there was no new development on the following outstanding material litigations against the subsidiary, MSC :

- (1) A Writ 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 disputing liability. To-date, the Plaintiff has not proceeded further on the case.
- (2) A Writ of Claim was filed against MSC by 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 third quarter ended 30 September 2006.

**BY ORDER OF THE BOARD**

**Emily Teo (Ms)**

**Secretary**

10 November 2006

Singapore