



The Straits Trading Company Limited

Second Quarter and Half Year Financial Statement And Dividend Announcement for the Period Ended 30 June 2004

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 the half year ended 30 June 2004 are as follows :-

	2nd Quarter		Half Year Ended 30 June	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Revenues				
Property revenue	14,682	9,020	25,956	17,398
Hotel revenue	14,150	11,862	31,225	25,679
Proceeds from sale of trading securities	4,264	910	39,732	5,847
Investment income, gross	8,379	5,710	10,250	7,745
Other revenue including interest income	116	48	169	83
Total Revenues	41,591	27,550	107,332	56,752
Costs and Expenses				
Staff costs	(7,797)	(5,313)	(14,604)	(10,625)
Depreciation and amortisation	(2,678)	(1,989)	(4,764)	(3,880)
Exchange gains/(losses)	121	(49)	205	(155)
Costs of trading securities sold	(2,972)	(792)	(28,918)	(4,902)
Write-back of diminution in value of trading securities	-	4,038	-	-
Other operating expenses	(15,779)	(11,101)	(29,309)	(21,718)
Total Costs and Expenses	(29,105)	(15,206)	(77,390)	(41,280)
Profit from Operations	12,486	12,344	29,942	15,472
Finance costs	(1,644)	(2,144)	(3,998)	(4,448)
Share of profits of associated companies	6,821	5,615	12,610	10,914
Profit from Operations Before Exceptional Items	17,663	15,815	38,554	21,938
Exceptional items	26,300	8	28,142	1,440
Profit from Operations Before Taxation and Minority Interests	43,963	15,823	66,696	23,378
Taxation	(4,911)	(3,924)	(9,116)	(5,604)
Profit from Operations After Taxation	39,052	11,899	57,580	17,774
Minority interests	104	363	240	709
Profit Attributable to Members of the Company	39,156	12,262	57,820	18,483

- Exceptional Items comprise :-

	2nd Quarter		Half Year Ended 30 June	
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
(a) Net surplus on disposal of investments	32,283	8	37,928	1,158
(b) Net surplus/(deficit) on revaluation of oversea commercial investment property	182	-	(3,621)	-
(c) Potential tax liability from prior years' sale of investments	(6,165)	-	(6,165)	-
(d) Net gain on disposal of property	-	-	-	282
	26,300	8	28,142	1,440

- Amount of profits on any sale of investments and/or properties :-

	2nd Quarter 2004	Half Year Ended 30 June 2004
	\$'000	\$'000
<i>Sale of investments</i>	32,283	37,928

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 2004

	GROUP		COMPANY	
	30 June 2004	31 December 2003	30 June 2004	31 December 2003
	\$'000	\$'000	\$'000	\$'000
Non-Current Assets				
Property, plant and equipment, net	155,938	160,813	1,494	1,520
Investment properties, net	921,436	927,554	43,815	43,815
Subsidiary companies, net	-	-	619,675	619,352
Joint venture company, net	511	-	-	-
Associated companies, net	61,543	82,923	37,102	49,882
Investments, net	174,054	162,059	113,490	116,513
Properties under development, net	77,202	75,813	-	-
Intangible assets, net	1,317	1,501	-	-
Deferred tax assets	1,331	1,499	-	-
Other non-current assets, net	452	720	-	-
	1,393,784	1,412,882	815,576	831,082
Current Assets				
Properties held for sale	48,861	51,780	-	-
Stocks	813	1,017	-	-
Marketable securities, net	91,939	110,428	-	-
Trade debtors, net	7,663	7,221	338	32
Other debtors	15,728	30,185	3,835	12,458
Cash at bank and on deposit	39,270	23,066	21,411	10,259
	204,274	223,697	25,584	22,749
Current Liabilities				
Short-term loans	(45,000)	(125,740)	(10,000)	(47,840)
Trade creditors	(7,799)	(9,005)	(748)	(410)
Other creditors	(22,619)	(25,131)	(2,719)	(2,888)
Provision for taxation	(4,685)	(2,847)	-	-
	(80,103)	(162,723)	(13,467)	(51,138)
Net Current Assets/(Liabilities)	124,171	60,974	12,117	(28,389)
Non-Current Liabilities				
Long-term loans	(390,000)	(390,000)	-	-
Other non-current liabilities	(24,245)	(20,683)	-	-
Deferred tax liabilities	(9,440)	(9,550)	(125)	(107)
	(423,685)	(420,233)	(125)	(107)
NET ASSETS	1,094,270	1,053,623	827,568	802,586
Equity				
Share capital	356,400	356,400	356,400	356,400
Reserves	750,502	709,434	471,168	446,186
	1,106,902	1,065,834	827,568	802,586
Minority interests	(12,632)	(12,211)	-	-
EQUITY & MINORITY INTERESTS	1,094,270	1,053,623	827,568	802,586

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30/6/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
\$20,000,000	\$25,000,000	\$39,400,000	\$86,340,000

Amount repayable after one year

As at 30/6/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
\$390,000,000	\$0	\$390,000,000	\$0

Details of any collateral

The \$20 million short-term loan facility is secured by an assignment of the proceeds from the tenancies relating to an investment property of a subsidiary company.

The other 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 the half year ended 30 June 2004

	2nd Quarter		Half Year Ended 30 June	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Cash flow from operating activities :-				
Profit from operations	12,486	12,344	29,942	15,472
Adjustments for :-				
Interest income	(87)	(30)	(132)	(63)
Investment income	(8,379)	(5,710)	(10,250)	(7,745)
Depreciation of property, plant and equipment	2,632	1,946	4,670	3,798
Loss/(Gain) on disposal of property, plant and equipment	3	-	3	(295)
Property, plant and equipment written off	2	37	28	50
Amortisation of hotel management rights	46	43	94	82
Operating profit before working capital changes	6,703	8,630	24,355	11,299
Decrease in properties held for sale	2,253	-	2,919	-
Decrease/(Increase) in stocks	281	(81)	204	(54)
(Increase)/Decrease in marketable securities, net	(726)	(3,468)	18,489	4,393
Decrease/(Increase) in debtors	166	5,221	(104)	261
Increase/(Decrease) in creditors	411	829	956	(450)
Cash generated from operations	9,088	11,131	46,819	15,449
Interest expense	(1,762)	(2,144)	(3,729)	(4,448)
Income tax refund/(paid), net	5,431	(2,991)	4,913	(7,436)
Investment income	8,379	5,710	10,250	7,745
Dividends from associated companies	1,356	89	1,356	1,380
Interest income	87	30	132	63
Net cash flow from operating activities	22,579	11,825	59,741	12,753
Cash flow from investing activities :-				
Increase/(Decrease) in amount payable to associated company	3	(25)	3	1
Proceeds from sale of property, plant and equipment	17	8	19	642
Purchase of property, plant and equipment	(1,816)	(855)	(2,590)	(1,843)
Sale proceeds/Capital repayment from investments	34,233	1,177	54,848	4,908
Purchase of investments	-	(394)	-	(394)
Purchase of hotel management rights	-	-	-	(43)
Expenditures incurred on properties under development	(4,449)	(2,466)	(6,345)	(5,041)
Tax paid on prior years' sale of investments	-	-	-	(3,688)
Tax refund on prior years' sale of investments	-	135	-	1,724
Net cash flow from/(used in) investing activities	27,988	(2,420)	45,935	(3,734)
Cash flow from financing activities :-				
Repayment of loans, net	(30,925)	(18,822)	(80,740)	(20,509)
Proceeds from issuance of share capital by subsidiary company to minority shareholders	-	-	-	4,900
Increase in amount due to minority shareholder of a subsidiary company	3,714	13,230	3,714	13,230
Increase in amount due from a joint venture company	(511)	-	(511)	-
Payment of dividend to minority shareholders of a subsidiary company	(120)	-	(120)	-
Payment of dividends to shareholders	(11,405)	(8,340)	(11,405)	(8,340)
Net cash flow used in financing activities	(39,247)	(13,932)	(89,062)	(10,719)
Net increase/(decrease) in cash and cash equivalents	11,320	(4,527)	16,614	(1,700)
Cash and cash equivalents at beginning of financial period	28,343	14,651	23,066	11,382
Effect of exchange rate changes on balances held in foreign currencies	(393)	391	(410)	833
Cash and cash equivalents at end of financial period	39,270	10,515	39,270	10,515
Cash and cash equivalents at end of financial period consist of :-				
Cash at bank and on deposit	39,270	10,515	39,270	10,515

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 2004

GROUP

	Issued Capital \$'000	Revaluation Reserve \$'000	Exchange Translation Reserve \$'000	Reserve on Consolidation \$'000	Revenue Reserve \$'000	Dividend Reserve \$'000	Total \$'000
At 1 January 2004	356,400	154,650	(15,045)	2,634	555,790	11,405	1,065,834
Exchange adjustment	-	-	(853)	-	-	-	(853)
Share of reserve movement of associated companies	-	-	-	-	70	-	70
Profit for 1st quarter	-	-	-	-	18,664	-	18,664
Dividend on ordinary shares - 2nd interim dividend for 2003, payable	-	-	-	-	-	(11,405)	(11,405)
At 31 March 2004	356,400	154,650	(15,898)	2,634	574,524	-	1,072,310
Exchange adjustment	-	-	(4,578)	-	-	-	(4,578)
Share of reserve movement of associated companies	-	-	-	-	14	-	14
Profit for 2nd quarter	-	-	-	-	39,156	-	39,156
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	1,106,902
At 1 January 2003	356,400	168,786	(34,420)	2,634	530,810	8,340	1,032,550
Exchange adjustment	-	-	9,080	-	-	-	9,080
Profit for 1st quarter	-	-	-	-	6,221	-	6,221
Dividend on ordinary shares - 2nd interim dividend for 2002, payable	-	-	-	-	-	(8,340)	(8,340)
At 31 March 2003	356,400	168,786	(25,340)	2,634	537,031	-	1,039,511
Exchange adjustment	-	-	6,436	-	-	-	6,436
Share of reserve movement of associated companies	-	-	-	-	(239)	-	(239)
Profit for 2nd quarter	-	-	-	-	12,262	-	12,262
Dividend on ordinary shares - 1st interim dividend for 2003, proposed	-	-	-	-	(5,132)	5,132	-
At 30 June 2003	356,400	168,786	(18,904)	2,634	543,922	5,132	1,057,970

COMPANY

	Issued Capital \$'000	Revaluation Reserve \$'000	Revenue Reserve \$'000	Dividend Reserve \$'000	Total \$'000
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
At 1 January 2003	356,400	32,929	382,825	8,340	780,494
Profit for 1st quarter	-	-	7,424	-	7,424
Dividend on ordinary shares - 2nd interim dividend for 2002, payable	-	-	-	(8,340)	(8,340)
At 31 March 2003	356,400	32,929	390,249	-	779,578
Profit for 2nd quarter	-	-	9,113	-	9,113
Dividend on ordinary shares - 1st interim dividend for 2003, proposed	-	-	(5,132)	5,132	-
At 30 June 2003	356,400	32,929	394,230	5,132	788,691

- 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 2004 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 2004.

Appendix 7.2 of the Singapore Exchange Securities 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 2004, 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.”

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 same accounting policies and methods of computation are followed in the financial statements for the current financial period as compared with the audited financial statements for the year ended 31 December 2003.

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.*

Not applicable.

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		Half Year Ended 30 June	
	2004	2003	2004	2003
Basic and Diluted Earnings per share for the period based on Group profit attributable to Members of the Company :-	11.0 cents	3.4 cents	16.2 cents	5.2 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 2004	31 December 2003
Net asset value per share based on issued share capital at the end of :-		
The Group	\$3.11	\$2.99
The Company	\$2.32	\$2.25

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.*

The Group's core businesses comprise tin smelting, hotel development and management, financial investments and fund management, property development and investment, and media advertising.

The Group's operating profit before exceptional items rose from \$15.8 million in Q2 2003 to \$17.7 million in Q2 2004. Apart from media advertising, the Group's other core businesses reported better results in Q2 2004. In addition, finance cost fell 23.3% to \$1.6 million and associates' earnings improved by 21.5% to \$6.8 million. The Group has also reported an exceptional gain of \$26.3 million, primarily from the disposal of its investment in Tronoh Mines Malaysia Berhad (now known as Tronoh Consolidated Malaysia Berhad) 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. Overall, net earnings attributable to members tripled from \$12.3 million in Q2 2003 to \$39.2 million in Q2 2004.

For the six months ended June 2004, net earnings increased significantly from \$18.5 million in the corresponding period in 2003 to \$57.8 million. The strong performance was attributable mainly to the \$28.1 million exceptional gain from the disposal of long-term investments and better operating results derived, amongst others, from an increase in contribution from the sale of short-term investments in Q1 2004.

Property revenue rose sharply from \$9.0 million in Q2 2003 to \$14.7 million in Q2 2004. This was mainly due to higher occupancies in the Group's Singapore properties, namely, China Square Central and Gallop Green condominium and the sale of a few residential units at Gallop Gables condominium.

Hotel revenue increased from \$11.9 million in Q2 2003 to \$14.2 million in Q2 2004. The hotels in Australia have generally done well with rises in both occupancies and room rates. Rendezvous Merry Hotel in Shanghai, opened in March 2004, made a full-quarter contribution. Rendezvous Hotel, Singapore, though it saw improved occupancy, was still experiencing low room rates.

Profit from securities trading increased from \$0.1 million in Q2 2003 to \$1.3 million in Q2 2004. On the other hand, dividend income from the Group's investments rose 46.7% from \$5.7 million in Q2 2003 to \$8.4 million in Q2 2004 with special dividends and increased dividend payouts from a number of long-term investments.

Since 1 January 2004, the Group has stopped equity accounting the associate earnings from Killinghall (Malaysia) Berhad (Killinghall) in light of the potential dilution of the Group's holding from 20.15% to below 20% as a result of the conversion of Killinghall's convertible loan stocks into shares. Nevertheless, total associates' earnings increased 21.5% from \$5.6 million in Q2 2003 to \$6.8 million in Q2 2004. The tin smelting associate, Malaysia Smelting Corporation Berhad (MSC), in particular, contributed higher profits, resulted from improved operational efficiency and higher tin prices.

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 2004 1st quarter financial statements announcement made on 13 May 2004.

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 view of improved economic outlook, Singapore's property markets are anticipated to pick up. The Group expects rental income from its investment properties to improve this year, although rental rates remain low and are unlikely to rebound sharply as there is still an oversupply of office space in the central business district.

Despite increased occupancy, the room rates of Rendezvous Hotel, Singapore are likely to remain low to stay competitive and improvement in profitability will be gradual. Rendezvous Hotel, Singapore has taken steps to improve yields by refocusing on the corporate market segment which had suffered a significant pull-back last year due to SARS. The Group's hotels in Australia and the new Rendezvous Merry Hotel, Shanghai are expected to perform well due to booming economies in Australia and China.

The Group's long-term investments will continue to generate stable dividend income. Nevertheless, profits from securities trading are difficult to predict with the highly volatile equity markets.

Given firm tin prices, MSC's results will remain strong this year.

Overall, barring unforeseen circumstances, the Directors expect the Group's 2004 operations to remain profitable.

11. *Dividend*

(a) *Current Financial Period Reported On*

Any dividend declared for the current financial period reported on?

Yes.

<i>Name of Dividend</i>	First Interim	First Interim
<i>Dividend Type</i>	Cash	Cash
<i>Dividend Amount per Share (in cents)</i>	0.5 cent per ordinary share (less tax)	1.5 cents per ordinary share tax exempt (one-tier tax)
<i>Optional:- Dividend rate (in %)</i>		
<i>Par value of shares</i>	\$1.0	\$1.0
<i>Tax Rate</i>	20%	N.A.

(b) *Corresponding Period of the Immediately Preceding Financial Year*

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

Yes.

<i>Name of Dividend</i>	First Interim
<i>Dividend Type</i>	Cash
<i>Dividend Amount per Share (in cents)</i>	2.0 cents per ordinary share (less tax)
<i>Optional:- Dividend rate (in %)</i>	
<i>Par value of shares</i>	\$1.0
<i>Tax Rate</i>	28% (Malaysian tax)

(c) *Date payable*

22 September 2004.

The Directors have declared a first interim dividend of 2 cents per share in respect of the financial year ending 31 December 2004, comprising 0.5 cent per share, less Singapore income tax at 20%, to be followed immediately by a one-tier tax exempt dividend of 1.5 cents per share on the same day, pursuant to the Company's exercise of the option to move to the one-tier corporate tax system with effect from 22 September 2004.

The above dividend will be paid on 22 September 2004 to shareholders on the share register on 8 September 2004.

(d) *Books closure date*

The share register of the Company will be closed on 7 September and 8 September 2004 for the preparation of warrants. Registrable transfers received by Company's Registrars, PricewaterhouseCoopers, at 8 Cross Street, #11-00 PWC Building, Singapore 048424, up to 5.00 p.m. on 6 September 2004 will be registered before entitlements to the dividend are determined.

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

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. *Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.*

Not applicable.

14. *In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.*

Not applicable.

15. *A breakdown of sales.*

Not applicable.

16. *A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.*

Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details)

	<i>Latest Full Year (S\$'000)</i>	<i>Previous Full Year (S\$'000)</i>
<i>Ordinary</i>	0	0
<i>Preference</i>	0	0
<i>Total:</i>	0	0

Not applicable.

BY ORDER OF THE BOARD

Emily Teo (Ms)

Secretary

12 August 2004

Singapore