



THE STRAITS TRADING COMPANY LIMITED

Company Registration No.: 188700008D

The Straits Trading Group

Financial Highlights

\$ million	Q3 2004	Q3 2003	-/(-) %	YTD 2004 (9 mths)	YTD 2003 (9 mths)	-/(-) %
Total Revenues	61.1	50.9	20.0	168.4	107.7	56.5
Operating Profit Before Exceptional Items	20.0	15.8	27.0	58.6	37.7	55.3
Operating Profit Before Taxation	20.1	18.9	5.9	86.8	42.3	105.0
Total Attributable Profit	14.1	16.1	(12.6)	71.9	34.6	107.8

Earnings per Share	4.0 cents	4.5 cents		20.2 cents	9.7 cents	
--------------------	-----------	-----------	--	------------	-----------	--

	As at 30.9.2004	As at 31.12.2003
Shareholders' Funds	\$1,115,055,000	\$1,065,834,000
Net Asset Value per Share	\$3.13	\$2.99

N.B.: All in Singapore dollars.

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

Third Quarter and Nine Months Financial Statement for the Period Ended 30 September 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 3rd quarter and the nine months ended 30 September 2004 are as follows :-

	3rd Quarter (Q3)		Nine Months Ended 30 September	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Revenues				
Property revenue	13,353	13,103	39,309	30,501
Hotel revenue	14,756	14,131	45,981	39,810
Proceeds from sale of trading securities	29,558	20,908	69,290	26,755
Investment income, gross	3,283	2,654	13,533	10,399
Other revenue including interest income	150	110	319	193
Total Revenues	61,100	50,906	168,432	107,658
Costs and Expenses				
Staff costs	(5,935)	(5,350)	(20,539)	(15,975)
Depreciation and amortisation	(2,417)	(2,115)	(7,181)	(5,995)
Exchange gains/(losses)	37	130	242	(25)
Costs of trading securities sold	(26,845)	(16,725)	(55,763)	(21,627)
Other operating expenses	(13,681)	(14,194)	(42,990)	(35,912)
Total Costs and Expenses	(48,841)	(38,254)	(126,231)	(79,534)
Profit from Operations	12,259	12,652	42,201	28,124
Finance costs	(2,033)	(1,965)	(6,031)	(6,413)
Share of results of associated companies	9,788	5,091	22,398	16,005
Share of results of joint venture company	19	-	19	-
Profit from Operations Before Exceptional Items	20,033	15,778	58,587	37,716
Exceptional items	37	3,170	28,179	4,610
Profit from Operations Before Taxation and Minority Interests	20,070	18,948	86,766	42,326
Taxation	(5,920)	(3,049)	(15,036)	(8,653)
Profit from Operations After Taxation	14,150	15,899	71,730	33,673
Minority interests	(48)	234	192	943
Profit Attributable to Members of the Company	14,102	16,133	71,922	34,616

- Exceptional Items comprise :-

	3rd Quarter (Q3)		Nine Months Ended 30 September	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
(a) Net surplus on disposal of investments	89	3,170	38,017	4,328
(b) Net deficit on revaluation of oversea commercial investment property	(52)	-	(3,673)	-
(c) Potential tax liability from prior years' sale of investments	-	-	(6,165)	-
(d) Net gain on disposal of property	-	-	-	282
	----- 37	----- 3,170	----- 28,179	----- 4,610

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

	3rd Quarter (Q3)	Nine Months Ended
	2004	30 September 2004
	\$'000	\$'000
<i>Sale of investments</i>	89	38,017
	-----	-----

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 2004

	GROUP		COMPANY	
	30 September 2004	31 December 2003	30 September 2004	31 December 2003
	\$'000	\$'000	\$'000	\$'000
Non-Current Assets				
Property, plant and equipment, net	155,457	160,813	1,478	1,520
Investment properties, net	922,071	927,554	43,815	43,815
Subsidiary companies, net	-	-	629,887	619,352
Joint venture company, net	490	-	-	-
Associated companies, net	63,690	82,923	37,102	49,882
Investments, net	174,054	162,059	113,490	116,513
Properties under development, net	78,949	75,813	-	-
Intangible assets, net	1,296	1,501	-	-
Deferred tax assets	982	1,499	-	-
Other non-current assets, net	160	720	-	-
	<u>1,397,149</u>	<u>1,412,882</u>	<u>825,772</u>	<u>831,082</u>
Current Assets				
Properties held for sale	47,542	51,780	-	-
Stocks	895	1,017	-	-
Marketable securities, net	65,863	110,428	-	-
Trade debtors, net	37,980	7,221	1,381	32
Other debtors	16,105	30,185	3,661	12,458
Cash at bank and on deposit	22,756	23,066	5,524	10,259
	<u>191,141</u>	<u>223,697</u>	<u>10,566</u>	<u>22,749</u>
Current Liabilities				
Short-term loans	(298,480)	(125,740)	(4,730)	(47,840)
Trade creditors	(7,559)	(9,005)	(675)	(410)
Other creditors	(22,557)	(25,131)	(2,967)	(2,888)
Provision for taxation	(4,598)	(2,847)	-	-
	<u>(333,194)</u>	<u>(162,723)</u>	<u>(8,372)</u>	<u>(51,138)</u>
Net Current (Liabilities)/Assets	<u>(142,053)</u>	<u>60,974</u>	<u>2,194</u>	<u>(28,389)</u>
Non-Current Liabilities				
Long-term loans	(117,000)	(390,000)	-	-
Other non-current liabilities	(25,690)	(20,683)	-	-
Deferred tax liabilities	(9,917)	(9,550)	(141)	(107)
	<u>(152,607)</u>	<u>(420,233)</u>	<u>(141)</u>	<u>(107)</u>
NET ASSETS	<u><u>1,102,489</u></u>	<u><u>1,053,623</u></u>	<u><u>827,825</u></u>	<u><u>802,586</u></u>
Equity				
Share capital	356,400	356,400	356,400	356,400
Reserves	758,655	709,434	471,425	446,186
	<u>1,115,055</u>	<u>1,065,834</u>	<u>827,825</u>	<u>802,586</u>
Minority interests	(12,566)	(12,211)	-	-
EQUITY & MINORITY INTERESTS	<u><u>1,102,489</u></u>	<u><u>1,053,623</u></u>	<u><u>827,825</u></u>	<u><u>802,586</u></u>

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

As at 30/9/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
\$9,750,000	\$288,730,000	\$39,400,000	\$86,340,000

Amount repayable after one year

As at 30/9/2004		As at 31/12/2003	
Secured	Unsecured	Secured	Unsecured
\$117,000,000	\$0	\$390,000,000	\$0

Details of any collateral

The \$9.75 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 3rd quarter and the nine months ended 30 September 2004

	3rd Quarter (Q3)		Nine Months Ended 30 September	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
Cash flow from operating activities :-				
Profit from operations	12,259	12,652	42,201	28,124
Adjustments for :-				
Interest income	(108)	(27)	(240)	(90)
Investment income	(3,283)	(2,654)	(13,533)	(10,399)
Depreciation of property, plant and equipment	2,372	2,071	7,042	5,869
Loss/(Gain) on disposal of property, plant and equipment	11	-	14	(295)
Property, plant and equipment written off	1	79	29	129
Amortisation of hotel management rights	45	44	139	126
Operating profit before working capital changes	11,297	12,165	35,652	23,464
Decrease in properties held for sale	1,319	1,871	4,238	1,871
(Increase)/Decrease in stocks	(82)	(40)	122	(94)
Decrease in marketable securities, net	26,076	4,992	44,565	9,385
Increase in debtors	(30,768)	(5,301)	(30,872)	(5,040)
(Decrease)/Increase in creditors	(1,139)	177	(183)	(273)
Cash generated from operations	6,703	13,864	53,522	29,313
Interest expense	(1,742)	(1,965)	(5,471)	(6,413)
Income tax (paid)/refund, net	(1,509)	(1,669)	3,404	(9,105)
Investment income	3,283	2,654	13,533	10,399
Dividends from associated companies	3,444	1,024	4,800	2,404
Interest income	108	27	240	90
Net cash flow from operating activities	10,287	13,935	70,028	26,688
Cash flow from investing activities :-				
(Decrease)/Increase in amount payable to associated company	(4)	3	(1)	4
Proceeds from sale of property, plant and equipment	5	8	24	650
Deposits received on sale of properties	583	-	583	-
Purchase of property, plant and equipment	(1,156)	(1,416)	(3,746)	(3,259)
Sale proceeds/Capital repayment from investments	87	3,034	54,935	7,942
Purchase of investments	-	(99)	-	(493)
Purchase of hotel management rights	-	-	-	(43)
Expenditures incurred on properties under development	(1,627)	(1,290)	(7,972)	(6,331)
Tax paid on prior years' sale of investments	-	-	-	(3,688)
Tax refund on prior years' sale of investments	-	-	-	1,724
Net cash flow (used in)/from investing activities	(2,112)	240	43,823	(3,494)
Cash flow from financing activities :-				
Repayment of loans, net	(19,520)	(14,068)	(100,260)	(34,577)
Payment of premium on interest rate cap	-	(770)	-	(770)
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	1,470	-	5,184	13,230
Decrease/(Increase) in amount due from a joint venture company	40	-	(471)	-
Payment of dividend to minority shareholders of a subsidiary company	-	-	(120)	-
Payment of dividends to shareholders	(6,772)	-	(18,177)	(8,340)
Net cash flow used in financing activities	(24,782)	(14,838)	(113,844)	(25,557)
Net (decrease)/increase in cash and cash equivalents	(16,607)	(663)	7	(2,363)
Cash and cash equivalents at beginning of financial period	39,270	10,515	23,066	11,382
Effect of exchange rate changes on balances held in foreign currencies	93	(67)	(317)	766
Cash and cash equivalents at end of financial period	22,756	9,785	22,756	9,785
Cash and cash equivalents at end of financial period consist of :-				
Cash at bank and on deposit	22,756	9,785	22,756	9,785

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 September 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
Exchange adjustment	-	-	887	-	-	-	887
Share of reserve movement of associated companies	-	-	-	-	(64)	-	(64)
Profit for 3rd quarter	-	-	-	-	14,102	-	14,102
Dividend on ordinary shares - 1st interim dividend for 2004, paid	-	-	-	-	-	(6,772)	(6,772)
At 30 September 2004	356,400	154,650	(19,589)	2,634	620,960	-	1,115,055
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
Cost adjustment to investment property	-	152	-	-	-	-	152
Exchange adjustment	-	-	(2,049)	-	-	-	(2,049)
Profit for 3rd quarter	-	-	-	-	16,133	-	16,133
Dividend on ordinary shares - 1st interim dividend for 2003, payable	-	-	-	-	-	(5,132)	(5,132)
At 30 September 2003	356,400	168,938	(20,953)	2,634	560,055	-	1,067,074

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
Profit for 3rd quarter	-	-	7,029	-	7,029
Dividend on ordinary shares - 1st interim dividend for 2004, paid	-	-	-	(6,772)	(6,772)
At 30 September 2004	356,400	31,143	440,282	-	827,825
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
Cost adjustment to investment property	-	152	-	-	152
Profit for 3rd quarter	-	-	2,451	-	2,451
Dividend on ordinary shares - 1st interim dividend for 2003, payable	-	-	-	(5,132)	(5,132)
At 30 September 2003	356,400	33,081	396,681	-	786,162

- 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 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 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.*

	3rd Quarter (Q3)		Nine Months Ended 30 September	
	2004	2003	2004	2003
Basic and Diluted Earnings per share for the period based on Group profit attributable to Members of the Company :-	4.0 cents	4.5 cents	20.2 cents	9.7 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 September 2004	31 December 2003
Net asset value per share based on issued share capital at the end of :-		
The Group	\$3.13	\$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 management, financial investments, property development and investment, and media advertising.

The Group's operating profit before exceptional items rose from \$15.8 million in Q3 2003 to \$20.0 million in Q3 2004 due primarily to (a) marked improvement in associate contributions; (b) better hotel results; and (c) higher investment income. Overall net earnings attributable to members however decreased from \$16.1 million in Q3 2003 to \$14.1 million in Q3 2004 as there was a \$3.2 million exceptional gain in Q3 2003 from the disposal of long-term investments.

Notwithstanding, net earnings for the nine months ended September 2004 increased significantly to \$71.9 million from \$34.6 million in the corresponding period in 2003, due mainly to the \$26.3 million exceptional gain in Q2 2004 and strong results from the sale of marketable securities in Q1 2004.

In Q3 2004, property revenue rose marginally to \$13.4 million from \$13.1 million in Q3 2003. Although the Group saw higher occupancies from the China Square Central and Gallop Green condominium properties, lower occupancies and rental rates were experienced in other Singapore properties.

Hotel profit improved substantially in Q3 2004 albeit a marginal rise in revenue from \$14.1 million in Q3 2003 to \$14.8 million in Q3 2004. The hotels in Australia have generally done well with rises in both occupancies and room rates. Rendezvous Merry Hotel in Shanghai continues to make contribution since opening in March 2004. Rendezvous Hotel, Singapore, though still experiencing low room rates, has seen improved occupancy so far this year.

Profit from securities trading decreased from \$4.2 million in Q3 2003 to \$2.7 million in Q3 2004. On the other hand, dividend income from the Group's investments rose

23.7% from \$2.7 million in Q3 2003 to \$3.3 million in Q3 2004 with increased dividend payouts from a number of long-term investments.

Killinghall (Malaysia) Berhad (Killinghall) officially ceased to be an associated company on 28 September 2004. Despite the exclusion of Killinghall's contribution, total associates' earnings increased 92.3% from \$5.1 million in Q3 2003 to \$9.8 million in Q3 2004. The tin smelting associate, Malaysia Smelting Corporation Berhad contributed higher profits, as a result of improved operational efficiency and firm tin prices. Johan Kekal Sdn Bhd also recorded substantial profits based on percentage of completion method from the sale of its residential properties at Federal Hill, Kuala Lumpur. As at 30 September 2004, more than 90% of units built have been pre-sold.

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 2nd quarter financial statements announcement made on 12 August 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.*

With a moderate recovery in Singapore's property market, rentals from the Group's China Square Central and Gallop Green condominium are expected to be stable. However, rentals from Straits Trading Building, Singapore will be lower pending the Group's decision to redevelop the building.

The Singapore hotel and tourism industry is expected to improve. Appropriate strategies have been put in place to enhance yield and to gradually restore room rates back to a sustainable long-term level. All the Group's other hotels in Australia and China are expected to continue to perform well, benefiting from the strong economies and their popularity for both commercial and leisure activities. In line with the hotel expansion plan, the Group has been actively looking into new contracts to manage hotels in major cities in China, Australia and New Zealand. The Group expects an increase in the number of rooms under Rendezvous management in 2005.

The Group's long-term investments are expected to continue to generate a stable stream of dividend income but the continual volatility in the capital and equity markets makes it difficult to accurately forecast the result of securities trading.

The Group's associated companies will continue to perform well and contribute positively to the Group's results, particularly from Malaysia Smelting Corporation Berhad.

Overall, the Directors expect the Group's 2004 operations to remain profitable and in line with the Group's practice, a review of the carrying values of the Group's assets for any impairment will be conducted at the end of the year.

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 2004.

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 November 2004

Singapore