



The Straits Trading Company Limited

First Quarter Financial Statement And Dividend Announcement

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 quarter ended 31 March 2003 are as follows:

	First Quarter	
	2003	2002
	\$'000	\$'000
Revenues		
Property revenue	8,378	8,182
Hotel revenue	13,817	11,761
Proceeds from sale of trading securities	4,937	30,730
Investment income, gross	2,035	1,362
Other revenue including interest income	35	2,173
Total Revenue	29,202	54,208
Costs and Expenses		
Staff costs	(5,312)	(5,060)
Depreciation and amortisation	(1,891)	(1,665)
Exchange losses	(106)	(707)
Costs of trading securities sold	(4,110)	(25,312)
Other operating expenses	(10,617)	(7,138)
Total Costs and Expenses	(22,036)	(39,882)
Profit from Operations	7,166	14,326
Finance costs	(2,304)	(1,331)
Share of profit of associated companies	5,299	4,417
Profit from Operations Before Exceptional Items	10,161	17,412
Exceptional items	(2,606)	527
Profit from Operations Before Taxation and Minority Interests	7,555	17,939
Taxation	(1,680)	(4,549)
Profit from Operations After Taxation	5,875	13,390
Minority interests	346	(192)
Profit Attributable to Members of the Company	6,221	13,198

- Exceptional Items comprise:-

	First Quarter	
	2003	2002
	\$'000	\$'000
(a) Net surplus on disposal of investments	1,150	527
(b) Net gain on sale of property	282	-
(c) Mark down in value of trading securities	(4,038)	-
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	(2,606)	527
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- *Amount of profits on any sale of investments and/or properties:-*

	\$'000
<i>Sale of investments</i>	1,150

<i>Sale of property</i>	282

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

Balance Sheets as at 31 March 2003

	GROUP		COMPANY	
	31 March 2003	31 December 2002	31 March 2003	31 December 2002
	\$'000	\$'000	\$'000	\$'000
Non-Current Assets				
Property, plant and equipment, net	157,478	155,356	1,608	1,624
Investment properties, net	965,445	962,527	45,753	45,753
Subsidiary companies	-	-	622,400	658,694
Associated companies	89,332	85,210	49,882	49,882
Investments, net	146,886	146,881	106,021	106,021
Properties under development, net	74,966	74,928	-	-
Intangible assets, net	1,377	1,253	-	-
Deferred tax assets	1,440	1,454	-	-
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	1,436,924	1,427,609	825,664	861,974
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Current Assets				
Properties held for sale	54,364	54,309	-	-
Stocks	722	749	-	-
Marketable securities, net	102,701	110,562	-	-
Trade debtors, net	11,622	6,020	1,396	38
Other debtors	72,168	73,195	12,988	10,254
Cash at bank and on deposit	14,651	11,382	1,636	3,797
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	256,228	256,217	16,020	14,089
Current Liabilities				
Short-term loans	(322,694)	(324,381)	(50,615)	(92,302)
Trade creditors	(5,266)	(5,350)	(127)	(298)
Other creditors	(35,194)	(47,083)	(3,024)	(2,969)
Provision for taxation	(3,752)	(1,019)	-	-
Dividend payable, net	(8,340)	-	(8,340)	-
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	(375,246)	(377,833)	(62,106)	(95,569)
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Net Current Liabilities	(119,018)	(121,616)	(46,086)	(81,480)
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Non-Current Liabilities				
Long-term loans	(270,000)	(270,000)	-	-
Other non-current liabilities	(7,701)	(7,554)	-	-
Deferred tax liabilities	(8,827)	(8,593)	-	-
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	(286,528)	(286,147)	-	-
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NET ASSETS	1,031,378	1,019,846	779,578	780,494
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Equity				
Share capital	356,400	356,400	356,400	356,400
Reserves	683,111	676,150	423,178	424,094
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	1,039,511	1,032,550	779,578	780,494
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Minority Interests	(8,133)	(12,704)	-	-
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EQUITY & MINORITY INTERESTS	1,031,378	1,019,846	779,578	780,494
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1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/03/2003		As at 31/12/2002	
Secured	Unsecured	Secured	Unsecured
\$232,079,000	\$90,615,000	\$192,079,000	\$132,302,000

Amount repayable after one year

As at 31/03/2003		As at 31/12/2002	
Secured	Unsecured	Secured	Unsecured
\$270,000,000	\$0	\$270,000,000	\$0

Details of any collateral

A \$40 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 loan facilities 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 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 quarter ended 31 March 2003

	First Quarter 2003 \$'000	First Quarter 2002 \$'000
Cash flow from operating activities :		
Profit from operations	7,166	14,326
Adjustments for :		
Interest income	(33)	(2,170)
Investment income	(2,035)	(1,362)
Depreciation of property, plant and equipment	1,852	1,655
Gain on disposal of property, plant and equipment	(295)	-
Property, plant and equipment written off	13	1
Amortisation of hotel management rights	39	10
Mark down in value of marketable securities	(4,038)	-
Operating profit before working capital changes	2,669	12,460
Decrease in stocks	27	51
Decrease/(Increase) in marketable securities, net	7,861	(2,342)
Increase in debtors	(4,960)	(371)
(Decrease)/Increase in creditors	(1,279)	6,978
Cash generated from operations	4,318	16,776
Interest expense	(2,304)	(1,331)
Income tax paid	(4,445)	(686)
Investment income	2,035	1,362
Dividends from associated companies	1,291	-
Interest income	33	2,170
Net cash flow from operating activities	928	18,291
Cash flow from investing activities :		
Increase/(Decrease) in amount payable to associated company	26	(19)
Proceeds from sale of property, plant and equipment	634	1
Purchase of property, plant and equipment	(988)	(522)
Proceeds from sale of investments	3,731	527
Purchase of hotel management rights	(43)	-
Expenditures incurred on properties under development	(2,575)	(42,422)
Tax paid on prior years' sale of investments	(3,688)	(1,126)
Tax refund on prior years' sale of investments	1,589	-
Proceeds from sale of tin slag	-	1,027
Proceeds from sale of a commercial building	-	350,733
Net cash flow (used in)/from investing activities	(1,314)	308,199
Cash flow from financing activities :		
Repayment of loans	(1,687)	(359,397)
Proceeds from loans	-	26,375
Proceeds from issuance of share capital by subsidiary company to minority shareholders	4,900	-
Net cash flow from/(used in) financing activities	3,213	(333,022)
Net increase/(decrease) in cash and cash equivalents	2,827	(6,532)
Cash and cash equivalents at 1 January	11,382	13,402
Effect of exchange rate changes on balances held in foreign currencies	442	69
Cash and cash equivalents at 31 March	14,651	6,939
Cash and cash equivalents at 31 March consist of :		
Cash at bank and on deposit	14,651	6,939

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 quarter ended 31 March 2003

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 2003	356,400	168,786	(34,420)	2,634	530,810	8,340	1,032,550
Exchange adjustment	-	-	9,080	-	-	-	9,080
Profit for the quarter	-	-	-	-	6,221	-	6,221
Dividend on ordinary shares							
- 2nd interim dividend for previous year, payable	-	-	-	-	-	(8,340)	(8,340)
At 31 March 2003	356,400	168,786	(25,340)	2,634	537,031	-	1,039,511
At 1 January 2002	356,400	175,194	(32,690)	2,634	508,698	7,698	1,017,934
Exchange adjustment	-	-	2,438	-	-	-	2,438
Profit for the quarter	-	-	-	-	13,198	-	13,198
Dividend on ordinary shares							
- 2nd interim dividend for previous year, payable	-	-	-	-	-	(7,698)	(7,698)
At 31 March 2002	356,400	175,194	(30,252)	2,634	521,896	-	1,025,872

COMPANY

	Issued Capital \$'000	Revaluation Reserve \$'000	Revenue Reserve \$'000	Dividend Reserve \$'000	Total \$'000
At 1 January 2003	356,400	32,929	382,825	8,340	780,494
Profit for the quarter	-	-	7,424	-	7,424
Dividend on ordinary shares					
- 2nd interim dividend for previous year, payable	-	-	-	(8,340)	(8,340)
At 31 March 2003	356,400	32,929	390,249	-	779,578
At 1 January 2002	356,400	36,466	323,417	7,698	723,981
Profit for the quarter	-	-	2,019	-	2,019
Dividend on ordinary shares					
- 2nd interim dividend for previous year, payable	-	-	-	(7,698)	(7,698)
At 31 March 2002	356,400	36,466	325,436	-	718,302

- 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 standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)*

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*

Except as disclosed in paragraph 5 below and the disclosure of the mark down in value of the trading securities shown under exceptional item, the same accounting policies and methods of computations are followed in the financial statements for the current financial period as compared with the audited financial statements for the year ended 31 December 2002.

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*

With effect from 1 January 2003, the Group has adopted the Singapore Financial Reporting Standard (FRS) 21 on the Effects of Changes in Foreign Exchange Rates. Accordingly, the financial results of foreign subsidiary companies and associated companies are now translated into Singapore dollars at the average exchange rates for the period. Previously, such results were translated at exchange rates on balance sheet date. The change in accounting policy is applied prospectively because the effects of adopting the FRS 21 are not significant.

6. *Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends*

	31 March 2003	31 March 2002
Basic and Diluted Earnings per share for the period based on Group profit attributable to members of the Company:-	1.7 cents	3.7 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 period reported on and (b) immediately preceding financial year*

	31 March 2003	31 December 2002
Net asset value per share based on issued share capital at the end of:-		
The Group	\$2.92	\$2.90
The Company	\$2.19	\$2.19

8. *A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on*

Against the backdrop of weak global and Singapore economic conditions in the first quarter of this year, the Group recorded lower revenue of \$29.2 million compared to the previous corresponding quarter's revenue of \$54.2 million. This was due mainly to a reduction in the sales of trading securities, reflecting the general weakness in the equity markets during the financial period.

As compared to the previous corresponding quarter, the Group's attributable profit decreased by \$6.9 million due mainly to the mark down in value of the trading securities of \$4.0 million and a decrease in gains from sale of trading securities of \$4.6 million partially offset by a higher investment income. There was no mark down in value of the trading securities in the previous corresponding quarter.

The Group's property revenue improved against the previous corresponding quarter due to the completion of the investment properties in China Square Central (CSC) in the second and third quarter of 2002. However, property profit was lower as interest expenses were no longer capitalised and because of substantial marketing and promotional expenses incurred for the initial launch of CSC.

Hotel profit fell due to the combined impact of the war in Iraq and the outbreak of SARS. The Group's hotel in Singapore has been particularly affected in the first quarter of 2003. Its hotels in Australia, which are more dependent on inter-state travel, have been less affected by SARS. In the meantime, the Group has taken steps to improve operational efficiency and to reduce costs in this difficult time.

Share of associated companies' profits increased from \$4.4 million to \$5.3 million due to better performances by Malaysia Smelting Corporation Bhd. and Johan Kekal Sdn. Bhd. Johan Kekal commenced to recognize profits based on percentage of completion method from the pre-sale of its residential properties in Kuala Lumpur.

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

Not applicable.

10. *A commentary at the date of the announcement of the 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 face of slower economic growth and the oversupply of office spaces and weak market demand, rental profit from the Group's residential and commercial properties is expected to remain weak.

The SARS outbreak will continue to have an adverse impact on the operating performance of the Group's hotels over the next few months. In response to lower occupancies, the hotel in Singapore has implemented cost cutting measures to mitigate any operating losses. The Group's hotel operations in Australia, however, should remain profitable.

The Group's investments are expected to generate a similar level of dividend income but the results of investment trading will be difficult to forecast due to continuing uncertainties in the global financial markets.

The Group's associated companies are expected to continue to contribute positively to the Group's results.

Overall, barring unforeseen circumstances, the Directors expect the Group's 2003 operations to remain profitable as per the 2002 full year announcement on 28 February 2003.

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 first quarter ended 31 March 2003.

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

28th May 2003
Singapore