



THE STRAITS TRADING COMPANY LIMITED

(Incorporated in Singapore)

NOTICE IS HEREBY GIVEN THAT

- (a) The Directors have declared a second interim dividend of 3 cents per share, less Malaysian income tax at 28% in respect of the year ended 31st December 2001, payable on 3rd May 2002 to shareholders on the share register on 19th April 2002. No further dividend is recommended in respect of the year ended 31st December 2001.
- (b) The share register of the Company will be closed from 18th April to 19th April 2002, both dates inclusive.
- (c) The Annual General Meeting of The Straits Trading Company Limited will be held at 9 Battery Road, #03-05 Straits Trading Building, Singapore 049910, on Friday, 26th April 2002 at 12.00 p.m.

The unaudited results of the Company and Group for the year ended 31st December 2001 are as follows:-

	COMPANY			GROUP		
	2001 \$'000	2000 (restated)# \$'000	+ or (-) %	2001 \$'000	2000 (restated)# \$'000	+ or (-) %
TURNOVER	842	368	128.8	104,867	121,386	(13.6)
OPERATING PROFIT	1,581	2,040	(22.5)	35,329	40,128	(12.0)
INVESTMENT INCOME	21,564	20,733	4.0	25,233	18,710	34.9
Profit before charging the following:-	22,404	17,804	25.8	59,713	60,552	(1.4)
Interest on Borrowings	(556)	(1,030)	(46.0)	(5,009)	(1,030)	386.3
Depreciation and Amortisation	(59)	(45)	31.1	(7,775)	(7,713)	0.8
	21,789	16,729	30.2	46,929	51,809	(9.4)
Share of Profits of Associated Companies	-	-	-	13,487	9,842	37.0
Profit before Exceptional Items	21,789	16,729	30.2	60,416	61,651	(2.0)
Exceptional Items	2,414	1,681		(10,656)	(1,529)	
Profit before Taxation	24,203	18,410	31.5	49,760	60,122	(17.2)
Taxation	(5,668)	(5,327)	6.4	(9,936)	(13,625)	(27.1)
Profit after Taxation	18,535	13,083	41.7	39,824	46,497	(14.4)
Minority Interests	-	-	-	(94)	13	
Profit attributable to Members of the Company	18,535	13,083	41.7	39,730	46,510	(14.6)
Turnover reported for:-						
First half year	275	188	46.3	53,129	75,415	(29.6)
Second half year	567	180	215.0	51,738	45,971	12.5
Profit after Taxation for:-						
First half year	1,410	2,874	(50.9)	27,383	29,219	(6.3)
Second half year	17,125	10,209	67.7	12,441	17,278	(28.0)

	<u>2001</u> Group	<u>2000</u> Group
Profit after Taxation as a percentage of Turnover	37.98%	38.31%
Profit attributable to Members as a percentage of the Issued Capital and Reserves at end of year	3.89%	4.55%
Basic and Diluted :-		
Earnings per share	11.1¢	13.0¢
Net Tangible Asset Backing per share	\$2.87	\$2.87

GROUP SEGMENTAL INFORMATION

	<u>Turnover</u>		<u>Profit before Taxation</u>	
	<u>2001</u> \$'000	<u>2000</u> \$'000	<u>2001</u> \$'000	<u>2000</u> \$'000
By Business Activities				
Property	36,889	23,355	20,776	12,879
Hotel	46,253	47,458	4,892	7,751
Securities trading	21,725	50,573	21,037	25,192
Investment holding	-	-	21,916	16,192
Corporate expenses	-	-	(3,423)	(2,269)
Net interest expenses	-	-	(4,636)	(907)
Exchange differences	-	-	(146)	2,813
	104,867	121,386	60,416	61,651
Exceptional items (see note below)	-	-	(10,656)	(1,529)
	104,867	121,386	49,760	60,122

By Geographical Location

Singapore	67,187	83,571	47,115	42,157
Malaysia	1,164	708	13,214	9,384
Australia	36,516	37,107	4,808	8,144
Other countries	-	-	61	60
Net interest expenses	-	-	(4,636)	(907)
Exchange differences	-	-	(146)	2,813
	104,867	121,386	60,416	61,651
Exceptional items (see note below)	-	-	(10,656)	(1,529)
	104,867	121,386	49,760	60,122

Note

Group's exceptional items of \$10.66 million comprise:-

	\$ million
(a) Net surplus on sale of long-term investments	0.06
(b) Potential tax liability from prior years' sale of investments	(1.13)
(c) Surplus on disposal of tin slag	2.36
(d) Provision in respect of land disposal no longer required	0.05
(e) Provision for impairment in value of hotel property	(12.00)

	(10.66)
	=====

BALANCE SHEETS (UNAUDITED) AS AT 31ST DECEMBER 2001

	COMPANY		GROUP	
	2001	2000	2001	2000
	\$'000	(restated)# \$'000	\$'000	(restated)# \$'000
Non-Current Assets				
Property, plant and equipment, net	1,690	1,545	180,408	230,855
Investment properties	49,290	49,369	307,719	283,808
Subsidiary companies	667,860	906,522	-	-
Joint venture company	-	-	-*	-
Associated companies	49,882	49,904	79,625	70,061
Investments	106,421	106,421	150,288	152,574
Properties under development	-	-	658,498	930,744
Other non-current assets	-	-	316	444
	-----	-----	-----	-----
	875,143	1,113,761	1,376,854	1,668,486
	-----	-----	-----	-----
Current Assets	12,698	17,258	570,343	196,582
Current Liabilities	(163,860)	(49,629)	(367,095)	(85,182)
	-----	-----	-----	-----
Net Current (Liabilities)/Assets	(151,162)	(32,371)	203,248	111,400
	-----	-----	-----	-----
Non-Current Liabilities				
Long-term loans	-	(362,410)	(533,976)	(722,007)
Other non-current liabilities	-	-	(23,098)	(35,101)
	-----	-----	-----	-----
	-	(362,410)	(557,074)	(757,108)
	-----	-----	-----	-----
NET ASSETS	723,981	718,980	1,023,028	1,022,778
	=====	=====	=====	=====
Equity				
Share capital	356,400	356,400	356,400	356,400
Reserves	367,581	362,580	664,818	666,048
	-----	-----	-----	-----
TOTAL EQUITY	723,981	718,980	1,021,218	1,022,448
Minority Interests	-	-	1,810	330
	-----	-----	-----	-----
	723,981	718,980	1,023,028	1,022,778
	=====	=====	=====	=====

* related to cost of investment of \$1.

BORROWINGS

Group's borrowings are as follows:-	<u>As at 31st December 2001</u> \$'000	<u>As at 30th June 2001</u> \$'000
Repayable within one year		
Secured	280,000	-
Unsecured	40,469	65,822
	----- 320,469 =====	----- 65,822 =====
Repayable after one year		
Secured	533,976 =====	734,408 =====

(Certain comparative figures have been restated or reclassified to conform with current year's presentation.)

Change in Accounting Policies #

In compliance with the latest applicable Statements of Accounting Standard, the Group has made the following modifications to its accounting policies:-

- (a) Items outside the normal operations are now disclosed as 'exceptional' instead of 'extraordinary' and are presented before 'Profit before Taxation'.
- (b) Pre-operating expenses which were previously treated as deferred expenditure are now written off in the year in which they are incurred instead of being amortised over an appropriate period.
- (c) Dividend income and dividend payment are recognised as an asset or liability when the dividends are declared payable.

In consequence:-

- Deferred expenditure as at 1st January 2000 was adjusted against reserves and minority interests. The comparative figures in the profit statement for the year ended 31st December 2000 have also been restated accordingly, resulting in an attributable profit of \$46.51 million at Group level for that year, being \$0.06 million lower than previously reported.

- Dividend income recorded on a declared basis resulted in \$13.08 million for the attributable profit of the Company for the year ended 31st December 2000, being \$0.38 million higher than previously reported.

REVIEW OF RESULTS

Group turnover fell by 13.6% from the previous year to \$104.87 million, due largely to lower gains from sales of short-term securities and decline in hotel revenues. Group operating profit before exceptional items at \$60.42 million was however comparable to that of the previous year, reflecting higher income from properties and associated companies.

The September 11 incident and subsequent events have adversely impacted the travel and hotel industry worldwide. This has resulted in a further decline in profit contributions from the Group's hotel operations. Additionally, as a prudent measure, the Group has made a provision of \$12 million as an exceptional item against the value of one of the Group's hotel properties, Hotel Rendezvous Singapore due to an impairment in value. As a result, the attributable profit of the Group was reduced to \$39.73 million compared to the previous year's \$46.51 million, a drop of 14.6%. Excluding this provision, the attributable profit of the Group would have been \$51.73 million, representing a 11.2% increase over the previous year.

Despite the weak property market in Singapore, the Group managed to achieve a relatively high property income due to sales of a number of residential units in the earlier part of the year and a stable occupancy rate for its properties. The Group's interest on borrowings rose from \$1 million to \$5 million mainly due to the interest expense that could no longer be capitalised after Temporary Occupation Permit (TOP) was obtained for part of its China Square development.

The increase in investment income was largely due to higher dividend income received and stronger performance by the Group's tin smelting associated company, Malaysia Smelting Corporation Berhad.

Amid the weak outlook of the property market and after reviewing the values of some of the Group's properties, the Directors decided to be prudent and revalue some of its properties. This revaluation would reduce the Group's revaluation reserves by \$30.45 million, representing a reduction of the Group's net tangible assets by 8.5 cents per share.

There was no pre-acquisition profit during the year.

There was no material adjustment for income tax in respect of prior years.

On 9th January 2002, the shareholders of the Company approved the sale of the new building at Parcel G in China Square at an estimated price of \$389.70 million and 90% of the price was paid on 21st February 2002. As a result, the gearing of the Group has been reduced from 82% as at 31st December 2001 to approximately 48%.

Save as mentioned above, no item, transaction or event of a material and unusual nature has arisen which would affect substantially the results of the Company or the Group between the date to which this announcement refers and the date on which this announcement is issued.

CURRENT YEAR PROSPECTS

Despite the slowdown in the hotel industry worldwide, the outlook for the Group's hotel operations remain positive. It has the potential to increase earnings as a result of refurbishment, economies of scale and increase in management contracts in the region including extension of operation to China. Property will continue to provide a regular stream of income, though it may be lower as interest expense could no longer be capitalised and will be charged against the Group's two major properties at China Square upon attaining TOP in the current year.

In the case of investment income, the Group expects to receive a comparable level of contributions from its associated companies and similar level of dividend income from its investments. Although financial markets will remain volatile and uncertain, trading of short-term securities is expected to be profitable.

Overall, barring unforeseen circumstances, the Group expects the attributable profit for the current year to be comparable to that of 2001.

DIVIDEND

(a) The first interim dividend of 2 cents per share was paid on 8th October 2001.

	<u>2001</u>	<u>2000</u>
(b) Annual dividend per share (cents)	5.0	5.0
(c) Total annual dividend, net (\$'000)	13,080	13,383

(d) Registrable transfers received by the Company's Registrars, PricewaterhouseCoopers, at 8 Cross Street, #11-00 PWC Building, Singapore 048424, up to 5.00 p.m. on 17th April 2002 will be registered before entitlements to the dividend are determined.

BY ORDER OF THE BOARD

Emily Teo (Ms)
Secretary

27th February 2002
Singapore