

The Straits Trading Company Limited (Company Registration No. : 188700008D)
First Quarter Financial Statements Announcement for the Period Ended 31 March 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (1Q, 2Q & 3Q), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

The unaudited results for the 1st quarter ended 31 March 2018 are as follow:

GROUP	Note	1st Quarter (1Q) Ended		+ / (-)
		31 March		
		2018	2017	
		\$'000	\$'000	%
			(restated)	
Revenue				
Tin mining and smelting revenue	A	119,432	130,018	(8.1)
Property revenue		4,471	3,456	29.4
Total revenue		123,903	133,474	(7.2)
Other items of income/(loss)				
Dividend income		3,563	4,441	(19.8)
Interest income		4,310	3,442	25.2
Fair value changes in investment properties	B	4,608	–	NM
Fair value changes in financial assets		(705)	4,440	NM
Other income/(loss)		2,386	(2,284)	NM
		138,065	143,513	(3.8)
Other items of expense				
Employee benefits expense		(7,452)	(7,310)	1.9
Depreciation expense		(1,534)	(1,129)	35.9
Amortisation expense		(161)	(153)	5.2
Costs of tin mining and smelting		(108,769)	(115,833)	(6.1)
Finance costs		(6,450)	(5,478)	17.7
Other expenses		(5,579)	(5,780)	(3.5)
Exchange (losses)/gains		(852)	35	NM
Total expenses		(130,797)	(135,648)	(3.6)
Share of results of associates and joint ventures	C	5,864	19,848	(70.5)
Profit before tax		13,132	27,713	(52.6)
Income tax expense		(2,109)	(2,765)	(23.7)
Profit after tax		11,023	24,948	(55.8)
Profit attributable to:				
Owners of the Company		9,692	20,876	(53.6)
Non-controlling interests		1,331	4,072	(67.3)
		11,023	24,948	(55.8)

NM – Not meaningful

The results for 1st quarter ended 31 March 2017 are restated following the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (International) (“SFRS(I)s”). Please refer to paragraph 5 for the details on the financial impact from the adoption of SFRS(I)s.

Notes to the Income Statement:

- (A) The decrease is due to lower sales volume of refined tin. Despite higher average tin prices in US Dollars ("USD") terms, the increase in tin prices has been offset by the stronger Malaysian Ringgit against the USD for the resources operations in Malaysia.
- (B) The fair value changes in investment properties relates to the mark to valuation gains from the investment properties acquired.
- (C) The higher share of results for 1Q2017 was largely due to marking investment properties acquired by an associate to their valuations.

1(a)(ii) Statement of comprehensive income for the 1st quarter ended 31 March 2018.

<u>GROUP</u>	1st Quarter (1Q) Ended 31 March	
	2018	2017
	\$'000	\$'000
		(restated)
Profit after tax	11,023	24,948
Items that will not be reclassified to profit or loss:		
Net fair value changes in equity securities carried at fair value through other comprehensive income ("FVOCI")	(29,445)	14,751
Share of net fair value changes in equity securities carried at FVOCI of associates	(7,212)	6,662
	(36,657)	21,413
Items that may be reclassified subsequently to profit or loss:		
Net fair value changes in cash flow hedges	370	(220)
Currency translation reserve	8,063	(4,153)
Shares of reserves of associates and joint ventures	1,138	(18)
Realisation of foreign currency translation reserve to profit or loss	(34)	(1,953)
	9,537	(6,344)
Other comprehensive income after tax for the period	(27,120)	15,069
Total comprehensive income for the period	(16,097)	40,017
Total comprehensive income attributable to:		
Owners of the Company	(17,306)	36,074
Non-controlling interests	1,209	3,943
Total comprehensive income for the period	(16,097)	40,017

1(b)(i) A statement of financial position (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 2018

	Note	GROUP			Note	COMPANY		
		31 Mar 2018 \$'000	31 Dec 2017 \$'000 (restated)	1 Jan 2017 \$'000 (restated)		31 Mar 2018 \$'000	31 Dec 2017 \$'000 (restated)	1 Jan 2017 \$'000 (restated)
Assets								
Non-current assets								
Property, plant and equipment		56,084	55,777	52,737		111	112	143
Investment properties	1	721,151	586,694	554,337		33,779	33,110	32,314
Goodwill		17,988	17,629	17,298		–	–	–
Other intangible assets		6,705	6,718	7,100		–	–	–
Subsidiaries		–	–	–		124,237	124,237	125,237
Associates and joint ventures		790,965	789,409	639,379		144	1,997	2,708
Deferred tax assets		9,154	7,750	3,731		–	–	–
Derivative financial instruments		–	–	551		–	–	–
Investment securities		235,214	264,395	256,179		–	–	–
Other non-current assets		–	2,985	970		–	–	–
Total non-current assets		1,837,261	1,731,357	1,532,282		158,271	159,456	160,402
Current assets								
Assets classified as held for sale		–	5,000	17,464		–	–	17,464
Development properties for sale		–	–	66		–	–	–
Inventories		164,934	154,880	119,554		–	–	–
Income tax receivables		8,181	6,734	3,611		464	297	–
Prepayments and accrued income		1,927	1,132	2,409		108	14	15
Trade related prepayments		10,861	16,377	13,685		–	–	–
Trade receivables		10,147	5,282	37,565		5	23	50
Other receivables	2	104,436	73,315	74,027	1a	1,112,931	979,031	837,184
Investment securities	3	116,532	76,879	112,548		–	–	–
Derivative financial instruments		276	255	313		–	–	–
Cash and short-term deposits		256,583	362,438	291,091	1b	132,372	258,760	99,374
Total current assets		673,877	702,292	672,333		1,245,880	1,238,125	954,087
Total assets		2,511,138	2,433,649	2,204,615		1,404,151	1,397,581	1,114,489
Equity and liabilities								
Equity								
Share capital		568,968	568,968	568,968		568,968	568,968	568,968
Retained earnings		807,689	822,467	782,346		19,098	44,958	53,765
Other reserves		59,133	86,147	13,194		2,796	1,639	203
Equity attributable to owners of the Company		1,435,790	1,477,582	1,364,508		590,862	615,565	622,936
Non-controlling interests		96,788	93,312	94,240		–	–	–
Total equity		1,532,578	1,570,894	1,458,748		590,862	615,565	622,936

1(b)(i) A statement of financial position (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 2018

	<u>Note</u>	GROUP			<u>Note</u>	COMPANY		
		31 Mar 2018 \$'000	31 Dec 2017 \$'000 (restated)	1 Jan 2017 \$'000 (restated)		31 Mar 2018 \$'000	31 Dec 2017 \$'000 (restated)	1 Jan 2017 \$'000 (restated)
<u>Non-current liabilities</u>								
Provisions		9,465	9,196	8,644		–	–	–
Deferred tax liabilities		6,143	5,421	5,672		1,726	1,692	2,751
Borrowings	4	615,298	552,904	185,770		149,715	149,694	–
Derivative financial instruments		605	899	374		–	–	–
Other non-current liabilities		1,188	461	1,265		–	–	–
Total non-current liabilities		632,699	568,881	201,725		151,441	151,386	2,751
<u>Current liabilities</u>								
Provisions		4,140	4,058	3,116		–	–	–
Income tax payable		4,526	3,166	13,426		283	197	75
Trade and other payables		78,876	70,083	92,445		637,079	630,433	488,727
Borrowings		232,495	215,757	434,041		–	–	–
Derivative financial		1,338	810	1,114		–	–	–
Dividend payable		24,486	–	–		24,486	–	–
Total current liabilities		345,861	293,874	544,142		661,848	630,630	488,802
Total liabilities		978,560	862,755	745,867		813,289	782,016	491,553
Total equity and liabilities		2,511,138	2,433,649	2,204,615		1,404,151	1,397,581	1,114,489

Notes to Balance Sheets:

Group

- (1) The increase in investment properties was mainly due to acquisition of three residential buildings in Japan and an office building in Australia.
- (2) The increase in other receivables is due to the extension of a loan to a third party.
- (3) The increase in investment securities is mainly due to the purchase of quoted securities.
- (4) Long-term loans were drawn down to finance the acquisitions of investment properties.

Company

- (1a) The increase in other receivables was due to advances to subsidiaries.
- (1b) The decrease in cash and short-term deposits was due to net intercompany advances to subsidiaries.

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

As at 31/03/2018		As at 31/12/2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
83,534	148,961	60,409	155,348

Amount repayable after one year:

As at 31/03/2018		As at 31/12/2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
465,582	149,716	403,210	149,694

Details of any collaterals:

Secured borrowings are generally secured by mortgages on the subsidiaries' properties, other assets and shares held in subsidiaries.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated cash flow statement for the 1st quarter ended 31 March 2018

	1 st Quarter (1Q) Ended 31 March	
	2018	2017
	\$'000	\$'000 (restated)
<u>Cash flows from operating activities</u>		
Profit before tax	13,132	27,713
<u>Adjustments</u>		
Depreciation of property, plant and equipment	1,534	1,129
Amortisation of other intangible assets	161	153
Dividend income	(3,563)	(4,441)
Interest income	(4,310)	(3,442)
Finance costs	6,450	5,478
Currency realignment	1,418	(668)
Fair value changes in investment properties and financial assets	(3,903)	(4,440)
Net (gain)/loss on disposal of property, plant and equipment, investment properties and other investments	(1,559)	2,135
Negative goodwill from acquisition of subsidiaries	–	(198)
Share of results of associates and joint ventures	(5,864)	(19,848)
Operating cash flows before changes in working capital	3,496	3,571
Decrease in development properties for sale	–	66
(Increase)/Decrease in inventories	(6,924)	14,843
(Increase)/Decrease in short-term investment securities	(40,231)	10,168
Decrease/(Increase) in trade and other receivables	1,251	(1,648)
Increase/(Decrease) in trade and other payables	1,778	(17,211)
Cash flows (used in)/from operations	(40,630)	9,789
Income taxes paid	(2,804)	(1,666)
Finance costs paid	(8,162)	(5,694)
Interest received	751	773
Dividend income from short-term investment securities	543	1,629
Net cash flows (used in)/from operating activities	(50,302)	4,831
<u>Cash flows from investing activities</u>		
Proceeds from disposal of property, plant and equipment and investment properties	16,427	58
Cost incurred on property, plant and equipment	(788)	(579)
Cost incurred on investment properties	(127,298)	(143)
Purchase of investment securities	–	(28,400)
Loan to a third party	(30,072)	–
Return of capital from an associate	1,853	86
Payment for deferred mine exploration and evaluation expenditure and mine properties and other intangible assets	(13)	(63)
Net cash outflow on acquisition of subsidiaries	–	(2,212)
Dividend income from investment securities and associates	3,904	3,602
Currency realignment	(500)	(164)
Net cash flows used in investing activities	(136,487)	(27,815)

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated cash flow statement for the 1st quarter ended 31 March 2018 (cont'd)

	1 st Quarter (1Q) Ended 31 March	
	2018	2017
	\$'000	\$'000 (restated)
<u>Cash flows from financing activities</u>		
Dividend paid to non-controlling shareholders of subsidiaries	(270)	(2,503)
Net proceeds from issuance of shares by subsidiaries to non-controlling shareholders	2,537	–
Loans from non-controlling shareholders of subsidiaries	8,966	–
Return of capital to a non-controlling shareholder of a subsidiary	–	(1,161)
Drawdown of short-term borrowings	10,835	22,418
Drawdown of long-term borrowings	79,364	129,163
Repayment of long-term borrowings	(21,745)	(220,000)
Currency realignment	240	(300)
Net cash flows from/(used in) financing activities	79,927	(72,383)
Net decrease in cash and cash equivalents	(106,862)	(95,367)
Effect of exchange rate changes on cash and cash equivalents	1,007	(134)
Cash and cash equivalents, beginning balance	362,438	291,091
Cash and cash equivalents, ending balance	256,583	195,590

Notes to the Cash Flow Statement:

(i) First Quarter

Net cash outflow from operating activities for 1Q2018 was due to the purchase of short-term quoted securities.

Net cash outflow from investing activities for 1Q2018 was due to the purchase of investment properties in Japan and Australia.

Net cash inflow from financing activities for 1Q2018 was due to the drawdown of loans.

(ii) Significant non-cash transactions

There were no material non-cash transactions other than those disclosed in the cash flow statement.

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 31 March 2018

GROUP

	Total equity	Equity attributable to owners of the Company	Share capital	Retained earnings	FVOCI reserve	Hedging reserve	Revaluation reserve	Translation reserve	Non-controlling interests
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 January 2018 (As previously stated)	1,570,894	1,477,582	568,968	874,014	65,328	(1,042)	28,066	(57,752)	93,312
Effects of adoption of SFRS(l)	–	–	–	(51,547)	–	–	–	51,547	–
Opening balance at 1 January 2018 (As restated)	1,570,894	1,477,582	568,968	822,467	65,328	(1,042)	28,066	(6,205)	93,312
Total comprehensive income for the period	(16,097)	(17,306)	–	9,692	(34,615)	393	–	7,224	1,209
<u>Contributions by and distributions to owners</u>									
Dividend for FY2017, payable	(24,486)	(24,486)	–	(24,486)	–	–	–	–	–
Dividend to non-controlling interests	(270)	–	–	–	–	–	–	–	(270)
Contribution of capital by non-controlling interests	2,537	–	–	–	–	–	–	–	2,537
Total contributions by and distributions to owners	(22,219)	(24,486)	–	(24,486)	–	–	–	–	2,267
Total transactions with owners in their capacity as owners	(22,219)	(24,486)	–	(24,486)	–	–	–	–	2,267
<u>Others</u>									
Share of associate's realisation of FVOCI reserve	–	–	–	16	(16)	–	–	–	–
Total others	–	–	–	16	(16)	–	–	–	–
Closing balance at 31 March 2018	1,532,578	1,435,790	568,968	807,689	30,697	(649)	28,066	1,019	96,788

Statements of changes in equity for the period ended 31 March 2018 (cont'd)
GROUP (cont'd)

	Total equity	Equity attributable to owners of the Company	Share capital	Retained earnings	FVOCI reserve	Hedging reserve	Revaluation reserve	Translation reserve	Non-controlling interests
	\$'000	\$'000	\$'000	\$'000 (As restated)	\$'000	\$'000	\$'000	\$'000 (As restated)	\$'000
Opening balance at 1 January 2017 (As previously stated)	1,458,748	1,364,508	568,968	832,222	(10,178)	(672)	24,044	(49,876)	94,240
Effects of adoption of SFRS(l)	–	–	–	(49,876)	–	–	–	49,876	–
Opening balance at 1 January 2017 (As restated)	1,458,748	1,364,508	568,968	782,346	(10,178)	(672)	24,044	–	94,240
Total comprehensive income for the period	40,017	36,074	–	20,876	20,360	(511)	–	(4,651)	3,943
Contributions by and distributions to owners									
Dividend for FY2016, payable	(24,486)	(24,486)	–	(24,486)	–	–	–	–	–
Dividend to non-controlling interests	(2,242)	–	–	–	–	–	–	–	(2,242)
Return of capital to non-controlling interests	(1,161)	–	–	–	–	–	–	–	(1,161)
Total contributions by and distributions to owners	(27,889)	(24,486)	–	(24,486)	–	–	–	–	(3,403)
Total transactions with owners in their capacity as owners	(27,889)	(24,486)	–	(24,486)	–	–	–	–	(3,403)
Closing balance at 31 March 2017	1,470,876	1,376,096	568,968	778,736	10,182	(1,183)	24,044	(4,651)	94,780

Statements of changes in equity for the period ended 31 March 2018 (cont'd)**COMPANY**

	Total equity	Equity attributable to owners of the Company	Share capital	Retained earnings	Revaluation reserve	Translation reserve
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 January 2018 (As previously stated)	615,565	615,565	568,968	64,565	213	(18,181)
Effects of adoption of SFRS(I)	–	–	–	(19,607)	–	19,607
Opening balance at 1 January 2018 (As restated)	615,565	615,565	568,968	44,958	213	1,426
Total comprehensive income for the period	(217)	(217)	–	(1,374)	–	1,157
<u>Contributions by and distributions to owners</u>						
Dividend for FY2017, payable	(24,486)	(24,486)	–	(24,486)	–	–
Total transactions with owners in their capacity as owners	(24,486)	(24,486)	–	(24,486)	–	–
Closing balance at 31 March 2018	590,862	590,862	568,968	19,098	213	2,583

	Total equity	Equity attributable to owners of the Company	Share capital	Retained earnings	Revaluation reserve	Translation reserve
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 January 2017 (As previously stated)	622,936	622,936	568,968	73,372	203	(19,607)
Effects of adoption of SFRS(I)	–	–	–	(19,607)	–	19,607
Opening balance at 1 January 2017 (As restated)	622,936	622,936	568,968	53,765	203	–
Total comprehensive income for the period	13,217	13,217	–	14,800	–	(1,583)
<u>Contributions by and distributions to owners</u>						
Dividend for FY2016, payable	(24,486)	(24,486)	–	(24,486)	–	–
Total transactions with owners in their capacity as owners	(24,486)	(24,486)	–	(24,486)	–	–
Closing balance at 31 March 2017	611,667	611,667	568,968	44,079	203	(1,583)

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31 March 2018	31 December 2017
Total number of ordinary shares in issue	408,095,772	408,095,772

There were no treasury shares as at 31 March 2018 and 31 December 2017.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

These figures had 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 item 5 below, the Group had 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 2017.

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.

The Group's financial statements for the financial period beginning 1 January 2018 is prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") issued by the Accounting Standards Council.

In adopting the new SFRS(I) framework with effect from 1 January 2018, the Group is required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

Adoption of SFRS(I) 1

The Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 January 2017. As a result, cumulative translation losses of \$49,876,000 and \$19,607,000 were reclassified from translation reserves to retained earnings as at 1 January 2017 for the Group and the Company respectively. The Group also reduced a gain of \$1,070,000 and \$1,671,000 arising from foreign exchange impact on disposal of subsidiaries and associates in 1Q2017 and FY2017 respectively from other income.

Adoption of SFRS(I)s

In addition, during the current financial year, the Group has adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial period beginning 1 January 2018:

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration

Except for SFRS(I) 1 as disclosed above, the adoption of these SFRS(I) and interpretation of SFRS(I) did not have any significant impact on the financial statements of the Group.

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.**

	1 st Quarter Ended 31 March	
	2018	2017 (restated)
Basic and diluted earnings per share for the period based on Group's profit attributable to owners of the Company	2.4 cents	5.1 cents

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares 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:	31 March 2018	31 December 2017
The Group	\$3.52	\$3.62
The Company	\$1.45	\$1.51

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 following tables summarise the 1Q2018 operating results by business segments and comparatives for 1Q2017.

1Q2018 Operating Segment Results

	Resources	Real Estate (Note)	Hospitality (Note)	Others (Note)	Elimination	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
External revenue	119,432	4,471	–	–	–	123,903
Inter-segment revenue	–	33	–	–	(33)	–
Total revenue	119,432	4,504	–	–	(33)	123,903
Segment results						
Operating profit	4,069	4,758	121	162	–	9,110
Fair value changes in investment properties	–	4,608	–	–	–	4,608
Finance costs	(1,564)	(3,464)	–	(1,422)	–	(6,450)
Share of results of associates and joint ventures	(61)	5,182	743	–	–	5,864
Profit/(Loss) before tax	2,444	11,084	864	(1,260)	–	13,132
Income tax expense	(955)	(1,661)	(56)	563	–	(2,109)
Profit/(Loss) after tax	1,489	9,423	808	(697)	–	11,023
Profit/(Loss) attributable to:						
Owners of the Company	772	8,809	808	(697)	–	9,692
Non-controlling interests	717	614	–	–	–	1,331
	1,489	9,423	808	(697)	–	11,023

1Q2017 Operating Segment Results (restated)

	Resources	Real Estate (Note)	Hospitality (Note)	Others (Note)	Elimination	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
External revenue	130,018	3,456	–	–	–	133,474
Inter-segment revenue	–	25	–	–	(25)	–
Total revenue	130,018	3,481	–	–	(25)	133,474
Segment results						
Operating profit/(loss)	7,427	6,016	478	(578)	–	13,343
Finance costs	(1,037)	(4,195)	–	(246)	–	(5,478)
Share of results of associates and joint ventures	80	18,781	987	–	–	19,848
Profit/(Loss) before tax	6,470	20,602	1,465	(824)	–	27,713
Income tax expense	(2,023)	(503)	(55)	(184)	–	(2,765)
Profit/(Loss) after tax	4,447	20,099	1,410	(1,008)	–	24,948
Profit/(Loss) attributable to:						
Owners of the Company	2,376	18,098	1,410	(1,008)	–	20,876
Non-controlling interests	2,071	2,001	–	–	–	4,072
	4,447	20,099	1,410	(1,008)	–	24,948

Note:

Real Estate – This comprises the property portfolio, investments in Straits Real Estate Pte. Ltd. (“SRE”), Suntec REIT and ARA Asset Management Limited (“ARA”).

Hospitality – This comprises the investments in Far East Hospitality Holdings Pte. Ltd. (“FEHH”) and Far East Hospitality Trust (“FEHT”).

Others – This comprises Group-level corporate and treasury services.

Group

The Group reported a profit after tax and non-controlling interests of \$9.7 million for 1Q2018 largely contributed by its real estate segment.

Resources

The resources operations in Malaysia reported a lower profit after tax and non-controlling interests for 1Q2018 compared with 1Q2017. This was due to lower sales volume of refined tin, lower recovery yield and higher operating expenses. The higher tin prices in US Dollars (“USD”) terms were offset by the stronger Malaysian Ringgit against the USD.

Real Estate

The Group’s real estate segment reported a lower profit after tax and non-controlling interests for 1Q2018 as compared to 1Q2017. The results of 1Q2017 included the marking of investment properties acquired by an associate to their valuations.

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

No prospect statement was disclosed in the 2017 full year financial results announcement made on 28 February 2018.

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.

Straits Real Estate Pte. Ltd. (“SRE”), the Group’s 89.5%-owned real estate investment vehicle, now has a geographically diverse portfolio of investments across China, Malaysia, Australia and Japan spanning different real estate asset classes. It will continue to pursue new and attractive investment opportunities in the Asia Pacific region. As part of growing its footprint in Japan, SRE has added four buildings to its residential portfolio.

Malaysia Smelting Corporation Berhad (“MSC”), the Group’s 54.8%-owned resources arm, continues to face challenging market conditions due to volatility in both the foreign exchange and global commodity markets. Nevertheless, it will continue to focus on operational efficiencies to mitigate these challenges. MSC is undertaking efforts to improve on all areas of operations, technology, manpower and logistics. Plans to commence full operations at the new plant in Pulau Indah, Port Klang, using newer and more efficient technology, are under way and it is expected to be operational in the medium term. As the company progressively moves its operations to the new plant, it expects overheads to increase as it is running two plants concurrently, but with only one plant generating revenue. MSC expects this to impact its financial performance for this and the next financial year. Once the move is completed, with the new facility with the ISASMELT furnace, MSC expects to reduce operational and manpower costs, while improving its carbon footprint.

Far East Hospitality Holdings Pte. Ltd. (“FEHH”), the Group’s 30%-owned hospitality arm plans to continue growing its businesses by increasing the number of management contracts, acquiring strategic assets, and divesting properties to recycle capital for re-deployment towards higher yielding growth opportunities.

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 2018.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company did not seek and does not have a general mandate from shareholders pursuant to Rule 920 of the Listing Manual.

14. Negative confirmation pursuant to Rule 705(5).

The Board of Directors of the Company hereby confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the first quarter 2018 financial results to be false or misleading in any material aspect.

15. Confirmation of Undertakings from Directors and Executive Officers pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its Directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD
Aldric Tan Jee Wei
Secretary

15 May 2018
Singapore

This Announcement will be available at the Company's website at
<http://www.stc.com.sg/>