

The Straits Trading Company Limited (Company Registration No. : 188700008D)
Second Quarter and Half Year Financial Statements Announcement for the Period Ended 30 June 2019

**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 2nd quarter and half year ended 30 June 2019 are as follow:

<u>GROUP</u>	Note	2nd Quarter (2Q)		+ / (-)	Half Year (1H)		+ / (-)
		Ended 30 June			Ended 30 June		
		2019	2018		2019	2018	
		\$'000	\$'000	%	\$'000	\$'000	%
<u>Revenue</u>							
Tin mining and smelting revenue	A	95,535	110,240	(13.3)	196,977	229,672	(14.2)
Property revenue	B	9,825	6,022	63.2	19,373	10,493	84.6
Total revenue		105,360	116,262	(9.4)	216,350	240,165	(9.9)
<u>Other items of income/(loss)</u>							
Dividend income		3,556	3,529	0.8	6,510	7,092	(8.2)
Interest income		16,174	19,966	(19.0)	19,372	24,276	(20.2)
Fair value changes in investment properties	C	5,651	14,608	(61.3)	5,651	19,216	(70.6)
Fair value changes in financial assets		96	74	29.7	4,970	(631)	NM
Other income		1,254	1,967	(36.2)	2,452	4,353	(43.7)
		132,091	156,406	(15.5)	255,305	294,471	(13.3)
<u>Other items of expense</u>							
Employee benefits expense		(6,732)	(6,838)	(1.6)	(14,743)	(14,290)	3.2
Depreciation expense		(1,798)	(1,560)	15.3	(3,287)	(3,094)	6.2
Amortisation expense		(138)	(161)	(14.3)	(313)	(322)	(2.8)
Costs of tin mining and smelting		(83,750)	(98,834)	(15.3)	(173,547)	(207,603)	(16.4)
Finance costs		(7,170)	(6,822)	5.1	(14,102)	(13,272)	6.3
Other expenses		(7,666)	(5,989)	28.0	(14,388)	(11,568)	24.4
Exchange losses		(214)	(1,351)	(84.2)	(1,643)	(2,203)	(25.4)
Total expenses		(107,468)	(121,555)	(11.6)	(222,023)	(252,352)	(12.0)
Share of results of associates and joint ventures	D	10,008	7,913	26.5	23,605	13,777	71.3
Profit before tax		34,631	42,764	(19.0)	56,887	55,896	1.8
Income tax expense		(5,682)	(6,236)	(8.9)	(9,328)	(8,345)	11.8
Profit after tax		28,949	36,528	(20.7)	47,559	47,551	NM
Profit attributable to:							
Owners of the Company		25,266	33,898	(25.5)	42,526	43,590	(2.4)
Non-controlling interests		3,683	2,630	40.0	5,033	3,961	27.1
		28,949	36,528	(20.7)	47,559	47,551	NM

NM – Not meaningful

Notes to the Income Statement:

- (A) The decrease in 2019 was due to lower sales quantity of refined tin.
- (B) Higher property revenue in 2019 was due to the increase in rental from the additions to the overseas portfolio.
- (C) Net fair value gain in investment properties for 2019 arose mainly from properties in Australia and Japan.
- (D) The better results in 2019 were largely due to improved contribution from ARA Asset Management Limited.

1(a)(ii) Statement of comprehensive income for the 2nd quarter and half year ended 30 June 2019.

GROUP	2nd Quarter (2Q) Ended 30 June		Half Year (1H) Ended 30 June	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Profit after tax	28,949	36,528	47,559	47,551
Items that will not be reclassified to profit or loss:				
Share of revaluation (deficit)/surplus on property, plant and equipment of associates	(358)	1,774	(358)	1,774
Net fair value changes in equity securities carried at fair value through other comprehensive income ("FVOCI")	1,173	(17,016)	17,926	(46,461)
Share of net fair value changes in equity securities carried at FVOCI of associates	1,110	(8,796)	4,842	(16,008)
	1,925	(24,038)	22,410	(60,695)
Items that may be reclassified subsequently to profit or loss:				
Net fair value changes in cash flow hedges	(2,142)	239	(1,203)	609
Currency translation reserve	(4,974)	2,982	(3,668)	11,069
Share of reserves of associates and joint ventures	(3,113)	(227)	(5,277)	887
Realisation of foreign currency translation reserve to profit or loss	(7)	70	(79)	36
	(10,236)	3,064	(10,227)	12,601
Other comprehensive income after tax for the period	(8,311)	(20,974)	12,183	(48,094)
Total comprehensive income for the period	20,638	15,554	59,742	(543)
Total comprehensive income attributable to:				
Owners of the Company	18,049	13,633	54,460	(3,673)
Non-controlling interests	2,589	1,921	5,282	3,130
Total comprehensive income for the period	20,638	15,554	59,742	(543)

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 30 June 2019

	Note	GROUP		Note	COMPANY	
		30 June 2019 \$'000	31 Dec 2018 \$'000		30 June 2019 \$'000	31 Dec 2018 \$'000
Assets						
Non-current assets						
Property, plant and equipment		43,395	38,317		594	602
Land under development		63,727	62,958		30,203	30,445
Investment properties	1	898,282	910,356		5,525	5,569
Goodwill		17,477	17,611		–	–
Other intangible assets		6,077	6,272		–	–
Subsidiaries		–	–		124,237	124,237
Associates and joint ventures		763,471	773,742		144	144
Deferred tax assets		9,931	10,665		–	–
Other non-current receivables		–	–	1a	80,512	56,525
Derivative financial instruments		182	779		–	–
Investment securities	2	213,735	200,301		–	–
Total non-current assets		2,016,277	2,021,001		241,215	217,522
Current assets						
Inventories		150,112	162,723		–	–
Income tax receivables		5,818	6,000		170	171
Prepayments and accrued income		2,197	2,051		62	17
Trade related prepayments		4,186	6,243		–	–
Trade receivables		14,056	8,795		21	10
Other receivables		77,410	74,158	1a	1,071,553	1,117,029
Investment securities	3	64,694	48,781		–	–
Derivative financial instruments		349	185		–	–
Cash and short-term deposits		289,555	244,862	1b	121,670	71,610
		608,377	553,798		1,193,476	1,188,837
Assets classified as held for sale	1	7,310	1,535		–	–
Total current assets		615,687	555,333		1,193,476	1,188,837
Total assets		2,631,964	2,576,334		1,434,691	1,406,359
Equity and liabilities						
Equity						
Share capital		568,968	568,968		568,968	568,968
Treasury shares		(1,078)	(598)		(1,078)	(598)
Retained earnings		890,312	876,119		44,576	45,240
Other reserves		33,756	22,444		462	1,445
Reserve of assets classified as held for sales		–	360		–	–
Equity attributable to owners of the Company		1,491,958	1,467,293		612,928	615,055
Non-controlling interests		135,675	131,310		–	–
Total equity		1,627,633	1,598,603		612,928	615,055

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 30 June 2019 (cont'd)

	Note	GROUP		Note	COMPANY	
		30 June 2019 \$'000	31 Dec 2018 \$'000		30 June 2019 \$'000	31 Dec 2018 \$'000
<u>Non-current liabilities</u>						
Provisions		9,117	7,789		–	–
Deferred tax liabilities		16,367	13,094		700	705
Borrowings	4	648,804	617,311	1b	199,674	149,598
Derivative financial instruments		1,667	549		283	–
Other non-current liabilities		8,307	8,337		–	–
Lease liabilities		3,588	–		–	–
Total non-current liabilities		687,850	647,080		200,657	150,303
<u>Current liabilities</u>						
Provisions		700	1,726		–	–
Income tax payable		6,911	6,486		1,511	1,562
Trade and other payables		61,073	75,266	1c	619,595	639,439
Borrowings		245,645	247,152		–	–
Lease liabilities		2,152	–		–	–
		316,481	330,630		621,106	641,001
Liabilities directly associated with assets classified as held for sale		–	21		–	–
Total current liabilities		316,481	330,651		621,106	641,001
Total liabilities		1,004,331	977,731		821,763	791,304
Total equity and liabilities		2,631,964	2,576,334		1,434,691	1,406,359

Notes to Balance Sheets:

Group

- (1) The decrease in investment properties was due to reclassification of assets to held for sale.
- (2) The increase in value of long-term investment securities was due to higher share prices.
- (3) The increase in value of short-term investment securities was due to share purchases and higher share prices.
- (4) Loan was drawn for impending investments.

Company

- (1a) The increase in non-current receivables was due to amounts due from a subsidiary.
- (1b) The increase in cash and short-term deposits was due to drawdown of loan facility for impending investments.
- (1c) The decrease in trade and other payables was due to settlement of intercompany advances from 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 30/06/2019		As at 31/12/2018	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
163,794	81,851	166,894	80,258

Amount repayable after one year:

As at 30/06/2019		As at 31/12/2018	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
432,938	215,866	451,528	165,783

Details of any collaterals:

Secured borrowings are generally secured by mortgages on certain subsidiaries' properties, other assets and shares held in certain 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 2nd quarter and half year ended 30 June 2019

	2 nd Quarter (2Q) Ended 30 June		Half Year (1H) Ended 30 June	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<u>Cash flows from operating activities</u>				
Profit before tax	34,631	42,764	56,887	55,896
<u>Adjustments</u>				
Depreciation of property, plant and equipment	1,798	1,560	3,287	3,094
Amortisation of other intangible assets	138	161	313	322
Dividend income	(3,556)	(3,529)	(6,510)	(7,092)
Interest income	(16,174)	(19,966)	(19,372)	(24,276)
Finance costs	7,170	6,822	14,102	13,272
Currency realignment	1,898	218	3,858	1,376
Fair value changes in investment properties and financial assets	(5,747)	(14,682)	(10,621)	(18,585)
Net (gain)/loss on disposal of property, plant and equipment, investment properties and other investments	(695)	63	(622)	(1,496)
Property, plant and equipment written off	12	–	29	–
Share of results of associates and joint ventures	(10,008)	(7,913)	(23,605)	(13,777)
Operating cash flows before changes in working capital	9,467	5,498	17,746	8,734
Decrease/(increase) in inventories	6,192	(2,098)	11,316	(9,022)
(Increase)/decrease in short-term investment securities	(770)	13,403	(11,771)	(26,828)
Decrease/(increase) in trade and other receivables	2,670	(3,472)	791	(2,221)
(Decrease)/increase in trade and other payables	(10,609)	(1,607)	(8,535)	171
Cash flows from/(used in) operations	6,950	11,724	9,547	(29,166)
Income taxes paid	(2,127)	(2,461)	(4,357)	(5,238)
Finance costs paid	(3,508)	(3,852)	(7,432)	(7,423)
Interest received	3,218	3,284	5,417	4,035
Dividend income from short-term investment securities	575	644	996	1,187
Net cash flows from/(used in) operating activities	5,108	9,339	4,171	(36,605)

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 2nd quarter and half year ended 30 June 2019 (cont'd)

	2 nd Quarter (2Q) Ended 30 June		Half Year (1H) Ended 30 June	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<u>Cash flows from investing activities</u>				
Proceeds from disposal of property, plant and equipment and investment properties	17,232	16	17,232	16,443
Proceeds from redemption of debt instrument	1,280	–	1,280	–
Proceeds from disposal of investment securities	5,323	–	5,323	–
Cost incurred on property, plant and equipment	(1,000)	(1,444)	(1,790)	(2,232)
Cost incurred on investment properties	(3,445)	(77,398)	(5,565)	(204,696)
Cost incurred on land under development	(2,045)	–	(2,080)	–
Investment in an associate and a joint venture	(13,631)	(16,899)	(13,631)	(16,899)
Proceeds from loan to a third party	–	30,072	–	–
Return of capital from associates	–	3,709	19,192	5,562
Payment for deferred mine exploration and evaluation expenditure and mine properties and other intangible assets	(112)	(25)	(167)	(38)
Dividend income from investment securities and associates	7,644	12,262	29,538	16,166
Income taxes paid	(604)	(538)	(604)	(565)
Net cash flows from/(used in) investing activities	10,642	(50,245)	48,728	(186,259)
<u>Cash flows from financing activities</u>				
Dividend paid to shareholders	(24,463)	(24,486)	(24,463)	(24,486)
Dividend paid to non-controlling shareholders of subsidiaries	(3,090)	(593)	(3,091)	(863)
Purchase of treasury shares	(370)	–	(480)	–
Net proceeds from issuance of shares by subsidiaries to non-controlling shareholders	2,294	207	2,537	2,744
(Repayment to)/loan from non-controlling shareholders of subsidiaries	(2,210)	1,692	(4,060)	10,658
Return of capital to non-controlling shareholders	(43)	–	(374)	–
Drawdown/(repayment) of short-term borrowings	5,769	(25,612)	(4,154)	(14,777)
Drawdown of long-term borrowings	3,798	50,789	54,000	130,153
Repayment of long-term borrowings	(15,433)	(209)	(20,433)	(21,954)
Finance costs paid	(2,006)	(2,317)	(6,605)	(6,908)
Payment of lease liabilities	(814)	–	(1,448)	–
Net cash flows (used in)/from financing activities	(36,568)	(529)	(8,571)	74,567
Net (decrease)/increase in cash and cash equivalents	(20,818)	(41,435)	44,328	(148,297)
Effect of exchange rate changes on cash and cash equivalents	1,107	562	365	1,569
Cash and cash equivalents, beginning balance	309,266	256,583	244,862	362,438
Cash and cash equivalents, ending balance	289,555	215,710	289,555	215,710

Notes to the Cash Flow Statement:

(i) Second Quarter

Net cash inflow from operating activities for 2Q2019 was due to receipt of interest income.

Net cash inflow from investing activities for 2Q2019 was due to the disposal of properties in Singapore.

Net cash outflow from financing activities for 2Q2019 was due to dividends paid to shareholders.

(ii) Half Year

Net cash inflow from operating activities for 1H2019 was due to receipt of interest income.

Net cash inflow from investing activities for 1H2019 was due to the disposal of properties, return of capital and distributions from associates.

Net cash outflow from financing activities for 1H2019 was due to the dividends paid to shareholders.

(iii) 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 30 June 2019

GROUP

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares	Retained earnings	FVOCI reserve	Hedging reserve	Revaluation reserve	Translation reserve	Other reserve	Reserve of assets classified as held for sale	Non-controlling interests
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 January 2019												
(As previously stated)	1,598,603	1,467,293	568,968	(598)	876,119	8,358	(947)	27,525	(16,331)	3,839	360	131,310
Effects of adoption of SFRS(I) 16	(4,944)	(4,944)	–	–	(4,944)	–	–	–	–	–	–	–
Opening balance at 1 January 2019 (As restated)	1,593,659	1,462,349	568,968	(598)	871,175	8,358	(947)	27,525	(16,331)	3,839	360	131,310
Total comprehensive income for the period	59,742	54,460	–	–	42,526	21,544	(2,061)	(358)	(7,191)	–	–	5,282
Contributions by and distributions to owners												
Dividend on ordinary shares	(24,463)	(24,463)	–	–	(24,463)	–	–	–	–	–	–	–
Dividend to non-controlling interests	(3,091)	–	–	–	–	–	–	–	–	–	–	(3,091)
Contribution of capital by non-controlling interests	2,537	–	–	–	–	–	–	–	–	–	–	2,537
Shares buy back	(480)	(480)	–	(480)	–	–	–	–	–	–	–	–
Return of capital to non-controlling interests	(374)	–	–	–	–	–	–	–	–	–	–	(374)
Total contributions by and distributions to owners	(25,871)	(24,943)	–	(480)	(24,463)	–	–	–	–	–	–	(928)
Others												
Share of associate's realisation of FVOCI reserve	–	–	–	–	(92)	92	–	–	–	–	–	–
Transfer of reserves of assets classified as held for sale	–	–	–	–	360	–	–	–	–	–	(360)	–
Realisation of FVOCI reserve	–	–	–	–	714	(714)	–	–	–	–	–	–
Share of other changes in equity of an associate	103	92	–	–	92	–	–	–	–	–	–	11
Total others	103	92	–	–	1,074	(622)	–	–	–	–	(360)	11
Closing balance at 30 June 2019	1,627,633	1,491,958	568,968	(1,078)	890,312	29,280	(3,008)	27,167	(23,522)	3,839	–	135,675

Statements of changes in equity for the period ended 30 June 2019 (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	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 January 2018	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	(543)	(3,673)	–	43,590	(59,119)	657	1,774	9,425	3,130
<u>Contributions by and distributions to owners</u>									
Dividend on ordinary shares	(24,486)	(24,486)	–	(24,486)	–	–	–	–	–
Dividend to non-controlling interests	(1,480)	–	–	–	–	–	–	–	(1,480)
Contribution of capital by non-controlling interests	2,744	–	–	–	–	–	–	–	2,744
Total contributions by and distributions to owners	(23,222)	(24,486)	–	(24,486)	–	–	–	–	1,264
Total transactions with owners in their capacity as owners	(23,222)	(24,486)	–	(24,486)	–	–	–	–	1,264
<u>Others</u>									
Share of associate's realisation of FVOCI reserve	–	–	–	16	(16)	–	–	–	–
Total others	–	–	–	16	(16)	–	–	–	–
Closing balance at 30 June 2018	1,547,129	1,449,423	568,968	841,587	6,193	(385)	29,840	3,220	97,706

Statements of changes in equity for the period ended 30 June 2019 (cont'd)

COMPANY

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares	Retained earnings	Revaluation reserve	Hedging reserve	Translation reserve
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 January 2019	615,055	615,055	568,968	(598)	45,240	555	–	890
Total comprehensive income for the period	22,816	22,816	–	–	23,799	–	(284)	(699)
<u>Contributions by and distributions to owners</u>								
Dividend on ordinary shares	(24,463)	(24,463)	–	–	(24,463)	–	–	–
Shares buy back	(480)	(480)	–	(480)	–	–	–	–
Total contributions by and distributions to owners	(24,943)	(24,943)	–	(480)	(24,463)	–	–	–
Total transactions with owners in their capacity as owners	(24,943)	(24,943)	–	(480)	(24,463)	–	–	–
Closing balance at 30 June 2019	612,928	612,928	568,968	(1,078)	44,576	555	(284)	191

	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	615,565	615,565	568,968	44,958	213	1,426
Total comprehensive income for the period	25,704	25,704	–	23,755	–	1,949
<u>Contributions by and distributions to owners</u>						
Dividend on ordinary shares	(24,486)	(24,486)	–	(24,486)	–	–
Total transactions with owners in their capacity as owners	(24,486)	(24,486)	–	(24,486)	–	–
Closing balance at 30 June 2018	616,783	616,783	568,968	44,227	213	3,375

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.

During the quarter ended 30 June 2019, the changes in the Company's issued share capital were as follows:

	<u>No. of Shares</u>
As at 1 April 2019	407,752,272
Purchase of treasury shares	<u>(166,500)</u>
As at 30 June 2019	<u>407,585,772</u>

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.

Ordinary share capital

	30 June 2019	31 December 2018
Total number of ordinary shares in issue (excluding treasury shares)	407,585,772	407,804,572

Treasury share

Movements in the Company's treasury shares were as follows:

	<u>No. of Shares</u>
As at 1 April 2019	343,500
Purchase of treasury shares	<u>166,500</u>
As at 30 June 2019	<u>510,000</u>

As at 30 June 2019, the Company held 510,000 treasury shares (31 December 2018: 291,200) which represents 0.125% of the total number of issued shares (excluding treasury shares).

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.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the three months ended 30 June 2019.

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 2018.

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.

During the current financial year, the Group has adopted the following new Singapore Financial Reporting Standards (International) ("SFRS(I)") effective for the financial period beginning 1 January 2019 as follows:

Adoption of SFRS(I) 16 Leases

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. The nature of expenses related to such leases has changed as the principles under SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities. The Group applied the modified retrospective method of adoption in which the cumulative effect of initially applying the standard is recognised at the date of initial application of 1 January 2019 and comparative information is not restated.

The impact arising from the adoption of the principles of SFRS(I) 16 on the Group's financial statements on 1 January 2019 are as follows:

	Higher/(Lower)
	\$'000
Property, plant and equipment	2,232
Investment in associates	(4,890)
Lease liabilities	2,286
Retained earnings	<u>(4,944)</u>

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 2019:

SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*

Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*

Annual Improvements to SFRS(I)s 2015-2017 Cycle

There were no significant impact to the financial statements of the Group arising from the adoption of above standards and interpretation of SFRS(I)s.

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.**

	2 nd Quarter (2Q) Ended 30 June		Half Year (1H) Ended 30 June	
	2019	2018	2019	2018
Basic and diluted earnings per share for the period based on Group's profit attributable to owners of the Company	6.2 cents	8.3 cents	10.4 cents	10.7 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 (excluding treasury shares) at the end of:	30 June 2019	31 December 2018
The Group	\$3.66	\$3.60
The Company	\$1.50	\$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 2Q2019 operating results by business segments and comparatives for 2Q2018 and the 1H2019 operating results by business segments and comparatives for 1H2018.

2Q2019 Operating Segment Results

	Resources	Real Estate	Hospitality	Others	Elimination	Consolidated
		Estate	(Note)	(Note)		
	\$'000	(Note)	\$'000	\$'000	\$'000	\$'000
Revenue						
External revenue	95,535	9,825	–	–	–	105,360
Inter-segment revenue	–	3	–	–	(3)	–
Total revenue	95,535	9,828	–	–	(3)	105,360
Segment results						
Operating profit/(loss)	5,057	20,575	(19)	529	–	26,142
Fair value changes in investment properties	–	5,651	–	–	–	5,651
Finance costs	(1,189)	(4,189)	–	(1,792)	–	(7,170)
Share of results of associates and joint ventures	134	10,797	(923)	–	–	10,008
Profit/(Loss) before tax	4,002	32,834	(942)	(1,263)	–	34,631
Income tax expense	(1,366)	(4,084)	(56)	(176)	–	(5,682)
Profit/(Loss) after tax	2,636	28,750	(998)	(1,439)	–	28,949
Profit/(Loss) attributable to:						
Owners of the Company	1,508	26,195	(998)	(1,439)	–	25,266
Non-controlling interests	1,128	2,555	–	–	–	3,683
	2,636	28,750	(998)	(1,439)	–	28,949

2Q2018 Operating Segment Results

	Resources	Real Estate	Hospitality	Others	Elimination	Consolidated
		Estate	(Note)	(Note)		
	\$'000	(Note)	\$'000	\$'000	\$'000	\$'000
Revenue						
External revenue	110,240	6,022	–	–	–	116,262
Inter-segment revenue	–	49	–	–	(49)	–
Total revenue	110,240	6,071	–	–	(49)	116,262
Segment results						
Operating profit/(loss)	3,711	21,120	(352)	2,586	–	27,065
Fair value changes in investment properties	–	14,608	–	–	–	14,608
Finance costs	(1,505)	(3,840)	–	(1,477)	–	(6,822)
Share of results of associates and joint ventures	(27)	8,938	(998)	–	–	7,913
Profit/(Loss) before tax	2,179	40,826	(1,350)	1,109	–	42,764
Income tax expense	(1,326)	(4,428)	(56)	(426)	–	(6,236)
Profit/(Loss) after tax	853	36,398	(1,406)	683	–	36,528
Profit/(Loss) attributable to:						
Owners of the Company	474	34,147	(1,406)	683	–	33,898
Non-controlling interests	379	2,251	–	–	–	2,630
	853	36,398	(1,406)	683	–	36,528

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.

1H2019 Operating Segment Results

	Resources	Real Estate	Hospitality	Others	Elimination	Consolidated
	\$'000	(Note) \$'000	(Note) \$'000	(Note) \$'000	\$'000	\$'000
Revenue						
External revenue	196,977	19,373	–	–	–	216,350
Inter-segment revenue	–	6	–	–	(6)	–
Total revenue	196,977	19,379	–	–	(6)	216,350
Segment results						
Operating profit	10,687	24,762	1,725	4,559	–	41,733
Fair value changes in investment properties	–	5,651	–	–	–	5,651
Finance costs	(2,247)	(8,458)	–	(3,397)	–	(14,102)
Share of results of associates and joint ventures	124	24,164	(683)	–	–	23,605
Profit before tax	8,564	46,119	1,042	1,162	–	56,887
Income tax expense	(3,742)	(4,558)	(112)	(916)	–	(9,328)
Profit after tax	4,822	41,561	930	246	–	47,559
Profit attributable to:						
Owners of the Company	2,805	38,545	930	246	–	42,526
Non-controlling interests	2,017	3,016	–	–	–	5,033
	4,822	41,561	930	246	–	47,559

1H2018 Operating Segment Results

	Resources	Real Estate	Hospitality	Others	Elimination	Consolidated
	\$'000	(Note) \$'000	(Note) \$'000	(Note) \$'000	\$'000	\$'000
Revenue						
External revenue	229,672	10,493	–	–	–	240,165
Inter-segment revenue	–	82	–	–	(82)	–
Total revenue	229,672	10,575	–	–	(82)	240,165
Segment results						
Operating profit/(loss)	7,780	25,878	(231)	2,748	–	36,175
Fair value changes in investment properties	–	19,216	–	–	–	19,216
Finance costs	(3,069)	(7,304)	–	(2,899)	–	(13,272)
Share of results of associates and joint ventures	(88)	14,120	(255)	–	–	13,777
Profit/(Loss) before tax	4,623	51,910	(486)	(151)	–	55,896
Income tax (expense)/credit	(2,281)	(6,089)	(112)	137	–	(8,345)
Profit /(Loss) after tax	2,342	45,821	(598)	(14)	–	47,551
Profit/(Loss) attributable to:						
Owners of the Company	1,246	42,956	(598)	(14)	–	43,590
Non-controlling interests	1,096	2,865	–	–	–	3,961
	2,342	45,821	(598)	(14)	–	47,551

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 \$25.3 million and \$42.5 million for 2Q2019 and 1H2019 respectively. Its real estate segment continues to be the main driver of profitability.

Resources

The resources segment in Malaysia reported a higher profit after tax and non-controlling interests for 2Q2019 compared with 2Q2018. This was mainly due to better performance from tin mining and smelting activities.

The better results for 1H2019 compared with 1H2018 was due to better yields from tin smelting and higher average tin prices in terms of Malaysian Ringgit.

Real Estate

The Group's real estate segment reported a lower profit after tax and non-controlling interests for 2Q2019 and 1H2019 compared with the previous corresponding periods. This was due to lower fair value gains from properties despite higher contributions from ARA Asset Management Limited in 2019.

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 first quarter 2019 financial results announcement made on 14 May 2019.

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.

The 2nd half of 2019 will continue to be challenging as geopolitical uncertainties and unease over the state of the global economy continue to cast a shadow on the business environment. However, there remains pockets of opportunities for us to capture.

We will be cautious and especially selective with our investment opportunities. We will continue to take a disciplined approach in making investments with a deliberate longer term view by focusing on regions with better fundamentals and themes that offer better risk-adjusted returns.

Straits Real Estate Pte. Ltd. (“SRE”), the Group’s 89.5%-owned real estate investment vehicle, has stepped up its investment in the logistics sector with a new partnership in South Korea and a new development project in South Australia. SRE now has a more geographically diverse portfolio of investments across Australia, China, Japan, Korea and Malaysia spanning different real estate asset classes. It will continue to pursue attractive investment opportunities underpinned by sustainable demand themes in the Asia Pacific region.

ARA Asset Management Limited (“ARA”), the Group’s 21%-owned associate, in 2019:

- Launched its first U.S. upscale select-service hospitality trust on the SGX-ST in May.
- In the same month, ARA Group launched the Xiamen ARA Qihang Equity Investment Fund, which is the first of a series of RMB-denominated funds by ARA to invest in the Chinese real estate market.
- In July, ARA established a joint venture with London-based Dunedin Property to invest and manage real estate assets in the United Kingdom.

The Group can expect to continue to benefit from the growth of ARA’s multi-platform, multi-product global fund management business.

Malaysia Smelting Corporation Berhad (“MSC”), the Group’s 54.8%-owned resource 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.

Far East Hospitality Holdings Pte. Ltd. (“FEHH”), the Group’s 30%-owned hospitality arm will continue to grow its businesses by increasing the number of management contracts, acquiring strategic assets, and opportunities to deliver higher returns on divestments as they arise.

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 second quarter ended 30 June 2019.

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 second quarter 2019 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

14 August 2019
Singapore

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