

The Straits Trading Company Limited (Company Registration No. : 188700008D)**Third Quarter and Nine Months Financial Statements Announcement for the Period Ended 30 September 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 3rd quarter and nine months ended 30 September 2019 are as follow:

GROUP	<u>Note</u>	3rd Quarter (3Q)			Nine Months (9M)		
		Ended		+ / (-)	Ended		+ / (-)
		30 September	2018		%	30 September	
		2019	2018		2019	2018	
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue							
Tin mining and smelting revenue	A	67,319	104,073	(35.3)	264,296	333,745	(20.8)
Property revenue	B	9,951	7,054	41.1	29,324	17,547	67.1
Total revenue		77,270	111,127	(30.5)	293,620	351,292	(16.4)
Other items of income/(loss)							
Dividend income		2,056	2,827	(27.3)	8,566	9,919	(13.6)
Interest income	C	3,323	16,044	(79.3)	22,695	40,320	(43.7)
Fair value changes in investment properties	D	3,689	2,038	81.0	9,340	21,254	(56.1)
Fair value changes in financial assets		928	(1,235)	NM	5,898	(1,866)	NM
Other income		3,446	2,671	29.0	5,898	7,024	(16.0)
		90,712	133,472	(32.0)	346,017	427,943	(19.1)
Other items of expense							
Employee benefits expense		(8,142)	(7,557)	7.7	(22,885)	(21,847)	4.8
Depreciation expense		(2,030)	(1,576)	28.8	(5,317)	(4,670)	13.9
Amortisation expense		(165)	(169)	(2.4)	(478)	(491)	(2.6)
Impairment losses		-	(602)	NM	-	(602)	NM
Costs of tin mining and smelting	E	(48,063)	(91,707)	(47.6)	(221,610)	(299,310)	(26.0)
Finance costs		(6,785)	(6,847)	(0.9)	(20,887)	(20,119)	3.8
Other expenses		(6,767)	(5,736)	18.0	(21,155)	(17,304)	22.3
Exchange gains/(losses)	F	23	(5,220)	NM	(1,620)	(7,423)	(78.2)
Total expenses		(71,929)	(119,414)	(39.8)	(293,952)	(371,766)	(20.9)
Share of results of associates and joint ventures	G	3,774	7,734	(51.2)	27,379	21,511	27.3
Profit before tax		22,557	21,792	3.5	79,444	77,688	2.3
Income tax expense		(4,880)	(5,467)	(10.7)	(14,208)	(13,812)	2.9
Profit after tax		17,677	16,325	8.3	65,236	63,876	2.1
Profit attributable to:							
Owners of the Company		12,163	14,010	(13.2)	54,689	57,600	(5.1)
Non-controlling interests		5,514	2,315	138.2	10,547	6,276	68.1
		17,677	16,325	8.3	65,236	63,876	2.1

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) The decrease was due to lower interest income from the notes issued by a joint venture.
- (D) Net fair value gain in investment properties for 9M2019 arose mainly from properties in Australia and Japan.
- (E) The decrease in costs of tin mining and smelting in 2019 was due to reversal of tribute provisions.
- (F) The exchange losses in 2018 were mainly due to a weaker Australian Dollar arising from our investments in debt instruments.
- (G) The lower results in 3Q2019 were due to one-off adjustments for certain associates. The better results in 9M2019 were largely due to improved contribution from ARA Asset Management Limited, from \$14.3 million for 9M2018 to \$26.5 million for 9M2019.

1(a)(ii) Statement of comprehensive income for the 3rd quarter and nine months ended 30 September 2019.

GROUP	3rd Quarter (3Q) Ended 30 September		Nine Months (9M) Ended 30 September	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Profit after tax	17,677	16,325	65,236	63,876
Items that will not be reclassified to profit or loss:				
Net revaluation surplus on property, plant and equipment	–	9,882	–	9,882
Share of net revaluation (deficit)/surplus on property, plant and equipment of associates	–	(52)	(358)	1,722
Net fair value changes in equity securities carried at fair value through other comprehensive income ("FVOCI")	(4,391)	19,171	13,535	(27,290)
Share of net fair value changes in equity securities carried at FVOCI of associates	(5,493)	5,447	(651)	(10,561)
	(9,884)	34,448	12,526	(26,247)
Items that may be reclassified subsequently to profit or loss:				
Net fair value changes in cash flow hedges	(1,743)	1,072	(2,946)	1,681
Currency translation reserve	(760)	(13,133)	(4,428)	(2,064)
Share of reserves of associates and joint ventures	1,169	(5,410)	(4,108)	(4,523)
Realisation of foreign currency translation reserve to profit or loss	43	1,150	(36)	1,186
	(1,291)	(16,321)	(11,518)	(3,720)
Other comprehensive income after tax for the period	(11,175)	18,127	1,008	(29,967)
Total comprehensive income for the period	6,502	34,452	66,244	33,909
Total comprehensive income attributable to:				
Owners of the Company	1,593	29,272	56,053	25,599
Non-controlling interests	4,909	5,180	10,191	8,310
Total comprehensive income for the period	6,502	34,452	66,244	33,909

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 September 2019

	Note	GROUP		Note	COMPANY	
		30 Sep	31 Dec		30 Sep	31 Dec
		2019	2018		2019	2018
		\$'000	\$'000		\$'000	\$'000
Assets						
Non-current assets						
Property, plant and equipment		43,510	38,317		597	602
Land under development		66,767	62,958		30,421	30,445
Investment properties	1	926,827	910,356		5,565	5,569
Goodwill		17,604	17,611		–	–
Other intangible assets		6,005	6,272		–	–
Subsidiaries		–	–		124,237	124,237
Associates and joint ventures		768,955	773,742		144	144
Deferred tax assets		7,743	10,665		–	–
Other non-current receivables		–	–	1a	75,879	56,525
Derivative financial instruments		9	779		–	–
Investment securities		209,263	200,301		–	–
Total non-current assets		2,046,683	2,021,001		236,843	217,522
Current assets						
Inventories		154,346	162,723		–	–
Income tax receivables		6,469	6,000		198	171
Prepayments and accrued income		2,801	2,051		51	17
Trade related prepayments		5,940	6,243		–	–
Trade receivables		8,351	8,795		5	10
Other receivables		72,809	74,158	1b	1,063,048	1,117,029
Investment securities		50,382	48,781		–	–
Derivative financial instruments		244	185		–	–
Cash and short-term deposits		270,017	244,862	1c	142,408	71,610
		571,359	553,798		1,205,710	1,188,837
Assets classified as held for sale		–	1,535		–	–
Total current assets		571,359	555,333		1,205,710	1,188,837
Total assets		2,618,042	2,576,334		1,442,553	1,406,359
Equity and liabilities						
Equity						
Share capital		568,968	568,968		568,968	568,968
Treasury shares		(2,055)	(598)		(2,055)	(598)
Retained earnings		902,475	876,119		43,752	45,240
Other reserves		23,186	22,444		443	1,445
Reserve of assets classified as held for sales		–	360		–	–
Equity attributable to owners of the Company		1,492,574	1,467,293		611,108	615,055
Non-controlling interests		140,535	131,310		–	–
Total equity		1,633,109	1,598,603		611,108	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 September 2019 (cont'd)

	Note	GROUP		Note	COMPANY	
		30 Sep 2019 \$'000	31 Dec 2018 \$'000		30 Sep 2019 \$'000	31 Dec 2018 \$'000
<u>Non-current liabilities</u>						
Provisions		9,282	7,789		–	–
Deferred tax liabilities		17,015	13,094		705	705
Borrowings	2	627,686	617,311	1c	199,442	149,598
Derivative financial instruments		3,952	549		894	–
Other non-current liabilities		7,734	8,337		–	–
Lease liabilities		2,577	–		–	–
Total non-current liabilities		668,246	647,080		201,041	150,303
<u>Current liabilities</u>						
Provisions		512	1,726		–	–
Income tax payable		4,545	6,486		172	1,562
Trade and other payables	3	40,159	75,266		630,232	639,439
Borrowings	2	269,155	247,152		–	–
Derivative financial instruments		103	–		–	–
Lease liabilities		2,213	–		–	–
		316,687	330,630		630,404	641,001
Liabilities directly associated with assets classified as held for sale		–	21		–	–
Total current liabilities		316,687	330,651		630,404	641,001
Total liabilities		984,933	977,731		831,445	791,304
Total equity and liabilities		2,618,042	2,576,334		1,442,553	1,406,359

Notes to Balance Sheets:

Group

- (1) The increase in investment properties was due to acquisition of properties in Japan.
- (2) The increase was due to long-term loans drawn to finance the acquisition of investment properties. In addition, certain long-term loans were reclassified to current liabilities.
- (3) The decrease in trade and other payables was due to reversal of tribute provisions and the repayments of amounts due to a non-controlling shareholder.

Company

- (1a) The increase in other non-current receivables was due to amounts due from subsidiaries.
- (1b) The decrease in other receivables was due to settlement of amounts due from subsidiaries. In addition, certain amounts due from a subsidiary was reclassified to non-current assets.
- (1c) The increase in cash and short-term deposits was due to drawdown of loan facility for investments and net intercompany receipts 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 30/09/2019		As at 31/12/2018	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
187,322	81,833	166,894	80,258

Amount repayable after one year:

As at 30/09/2019		As at 31/12/2018	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
412,093	215,593	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 3rd quarter and nine months ended 30 September 2019

	3 rd Quarter (3Q) Ended 30 September		Nine Months (9M) Ended 30 September	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<u>Cash flows from operating activities</u>				
Profit before tax	22,557	21,792	79,444	77,688
<u>Adjustments</u>				
Depreciation of property, plant and equipment	2,030	1,576	5,317	4,670
Amortisation of other intangible assets	165	169	478	491
Dividend income	(2,056)	(2,827)	(8,566)	(9,919)
Interest income	(3,323)	(16,044)	(22,695)	(40,320)
Finance costs	6,785	6,847	20,887	20,119
Currency realignment	1,120	3,312	4,978	4,688
Fair value changes in investment properties and financial assets	(4,617)	(803)	(15,238)	(19,388)
Net (gain)/loss on disposal of property, plant and equipment, investment properties and other investments	(357)	630	(979)	(866)
Write down of inventories	5,690	–	5,690	–
Property, plant and equipment written off	–	–	29	–
Impairment losses of property, plant and equipment	–	602	–	602
Share of results of associates and joint ventures	(3,774)	(7,734)	(27,379)	(21,511)
Operating cash flows before changes in working capital	24,220	7,520	41,966	16,254
(Increase)/decrease in inventories	(8,757)	1,124	2,559	(7,898)
Decrease/(increase) in short-term investment securities	14,703	8,164	2,932	(18,664)
Decrease/(increase) in trade and other receivables	2,452	1,525	3,243	(696)
(Decrease)/increase in trade and other payables	(19,017)	6,763	(27,552)	6,934
Cash flows from/(used in) operations	13,601	25,096	23,148	(4,070)
Income taxes paid	(2,039)	(2,775)	(6,396)	(8,013)
Finance costs paid	(2,124)	(3,486)	(9,556)	(10,909)
Interest received	1,049	1,887	6,466	5,922
Dividend income from short-term investment securities	478	497	1,474	1,684
Net cash flows from/(used in) operating activities	10,965	21,219	15,136	(15,386)

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 3rd quarter and nine months ended 30 September 2019 (cont'd)

	3 rd Quarter (3Q) Ended 30 September		Nine Months (9M) Ended 30 September	
	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	7,646	–	24,878	16,443
Proceeds from redemption of debt instrument	100	15,121	1,380	15,121
Proceeds from disposal of investment securities	–	40,331	5,323	40,331
Cost incurred on property, plant and equipment	(1,857)	(3,468)	(3,647)	(5,700)
Cost incurred on investment properties	(26,526)	(111,553)	(32,091)	(316,249)
Cost incurred on land under development	(2,116)	–	(4,196)	–
Investment in an associate and a joint venture	(7,322)	–	(20,953)	(16,899)
Return of capital from associates	7,076	2,165	26,268	7,727
Proceeds from disposal of a joint venture	–	656	–	656
Payment for deferred mine exploration and evaluation expenditure and mine properties and other intangible assets	(48)	(23)	(215)	(61)
Dividend income from investment securities and associates	2,454	3,204	31,992	19,370
Interest received	945	5,994	945	5,994
Income taxes paid	(2,736)	(539)	(3,340)	(1,104)
Net cash flows (used in)/from investing activities	(22,384)	(48,112)	26,344	(234,371)
<u>Cash flows from financing activities</u>				
Dividend paid to shareholders	–	–	(24,463)	(24,486)
Dividend paid to non-controlling shareholders of subsidiaries	(1,561)	(1,103)	(4,652)	(1,966)
Purchase of treasury shares	(977)	–	(1,457)	–
Net proceeds from issuance of shares by subsidiaries to non-controlling shareholders	1,565	710	4,102	3,454
(Repayment to)/loan from non-controlling shareholders of subsidiaries	(2,475)	2,686	(6,535)	13,344
Return of capital to non-controlling shareholders	(53)	–	(427)	–
Repayment of short-term borrowings	(1,032)	(14,380)	(5,186)	(29,157)
Drawdown of long-term borrowings	20,265	63,603	74,265	193,756
Repayment of long-term borrowings	(18,070)	(5,000)	(38,503)	(26,954)
Finance costs paid	(5,536)	(6,818)	(12,141)	(13,726)
Payment of lease liabilities	(987)	–	(2,435)	–
Net cash flows (used in)/from financing activities	(8,861)	39,698	(17,432)	114,265
Net (decrease)/increase in cash and cash equivalents	(20,280)	12,805	24,048	(135,492)
Effect of exchange rate changes on cash and cash equivalents	742	(1,547)	1,107	22
Cash and cash equivalents, beginning balance	289,555	215,710	244,862	362,438
Cash and cash equivalents, ending balance	270,017	226,968	270,017	226,968

Notes to the Cash Flow Statement:

(i) Third Quarter

Net cash inflow from operating activities for 3Q2019 was from the disposal of short-term investment securities.

Net cash outflow from investing activities for 3Q2019 was due to the purchase of investment properties in Japan.

Net cash outflow from financing activities for 3Q2019 was due to the repayments of loans to non-controlling shareholder of subsidiaries and finance costs paid.

(ii) Nine Months

Net cash inflow from investing activities for 9M2019 was due to the disposal of properties, return of capital and distributions from associates.

Net cash outflow from financing activities for 9M2019 was due to the repayments of loans to non-controlling shareholder of subsidiaries and finance costs paid.

(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 September 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	66,244	56,053	–	–	54,689	12,251	(4,242)	(358)	(6,287)	–	–	10,191
Contributions by and distributions to owners												
Dividend on ordinary shares	(24,463)	(24,463)	–	–	(24,463)	–	–	–	–	–	–	–
Dividend to non-controlling interests	(4,652)	–	–	–	–	–	–	–	–	–	–	(4,652)
Contribution of capital by non-controlling interests	4,102	–	–	–	–	–	–	–	–	–	–	4,102
Shares buy back	(1,457)	(1,457)	–	(1,457)	–	–	–	–	–	–	–	–
Return of capital to non-controlling interests	(427)	–	–	–	–	–	–	–	–	–	–	(427)
Total contributions by and distributions to owners	(26,897)	(25,920)	–	(1,457)	(24,463)	–	–	–	–	–	–	(977)
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 September 2019	1,633,109	1,492,574	568,968	(2,055)	902,475	19,987	(5,189)	27,167	(22,618)	3,839	–	140,535

Statements of changes in equity for the period ended 30 September 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	Other reserve	Non-controlling interests
	\$'000	\$'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	33,909	25,599	–	57,600	(35,567)	1,741	7,137	(5,312)	–	8,310
Contributions by and distributions to owners										
Dividend on ordinary shares	(24,486)	(24,486)	–	(24,486)	–	–	–	–	–	–
Dividend to non-controlling interests	(1,966)	–	–	–	–	–	–	–	–	(1,966)
Contribution of capital by non-controlling interests	13,456	–	–	–	–	–	–	–	–	13,456
Total contributions by and distributions to owners	(12,996)	(24,486)	–	(24,486)	–	–	–	–	–	11,490
Total transactions with owners in their capacity as owners	(12,996)	(24,486)	–	(24,486)	–	–	–	–	–	11,490
Others										
Realisation of FVOCI reserve	–	–	–	1,039	(1,039)	–	–	–	–	–
Realisation of revaluation reserve	–	–	–	10,384	–	–	(10,384)	–	–	–
Share of associate's realisation of FVOCI reserve	–	–	–	(53)	53	–	–	–	–	–
Issuance of ordinary shares pursuant to bonus issue by a subsidiary	–	–	–	(4,645)	–	–	–	–	4,645	–
Share of other changes in equity of an associate	(807)	(807)	–	–	–	–	–	–	(807)	–
Total others	(807)	(807)	–	6,725	(986)	–	(10,384)	–	3,838	–
Closing balance at 30 September 2018	1,591,000	1,477,888	568,968	862,306	28,775	699	24,819	(11,517)	3,838	113,112

Statements of changes in equity for the period ended 30 September 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	21,973	21,973	–	–	22,975	–	(894)	(108)
<u>Contributions by and distributions to owners</u>								
Dividend on ordinary shares	(24,463)	(24,463)	–	–	(24,463)	–	–	–
Shares buy back	(1,457)	(1,457)	–	(1,457)	–	–	–	–
Total contributions by and distributions to owners	(25,920)	(25,920)	–	(1,457)	(24,463)	–	–	–
Total transactions with owners in their capacity as owners	(25,920)	(25,920)	–	(1,457)	(24,463)	–	–	–
Closing balance at 30 September 2019	611,108	611,108	568,968	(2,055)	43,752	555	(894)	782

	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	23,751	23,751	–	24,028	–	(277)
<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 September 2018	614,830	614,830	568,968	44,500	213	1,149

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 September 2019, the changes in the Company's issued share capital were as follows:

	<u>No. of Shares</u>
As at 1 July 2019	407,585,772
Purchase of treasury shares	<u>(420,000)</u>
As at 30 September 2019	<u>407,165,772</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 September 2019	31 December 2018
Total number of ordinary shares in issue (excluding treasury shares)	407,165,772	407,804,572

Treasury share

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

	<u>No. of Shares</u>
As at 1 July 2019	510,000
Purchase of treasury shares	<u>420,000</u>
As at 30 September 2019	<u>930,000</u>

As at 30 September 2019, the Company held 930,000 treasury shares (31 December 2018: 291,200) which represents 0.228% 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 September 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.**

	3 rd Quarter (3Q) Ended 30 September		Nine Months (9M) Ended 30 September	
	2019	2018	2019	2018
Basic and diluted earnings per share for the period based on Group's profit attributable to owners of the Company	3.0 cents	3.4 cents	13.4 cents	14.1 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 (excluding treasury shares) at the end of:

	30 September 2019	31 December 2018
The Group	\$3.67	\$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 3Q2019 operating results by business segments and comparatives for 3Q2018 and the 9M2019 operating results by business segments and comparatives for 9M2018.

3Q2019 Operating Segment Results

	Resources	Real Estate	Hospitality	Others	Elimination	Consolidated
		(Note)	(Note)	(Note)		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
External revenue	67,319	9,951	–	–	–	77,270
Inter-segment revenue	–	3	–	–	(3)	–
Total revenue	67,319	9,954	–	–	(3)	77,270
Segment results						
Operating profit	14,165	5,105	403	2,206	–	21,879
Fair value changes in investment properties	–	3,689	–	–	–	3,689
Finance costs	(1,137)	(3,896)	–	(1,752)	–	(6,785)
Share of results of associates and joint ventures	(128)	4,713	(811)	–	–	3,774
Profit/(Loss) before tax	12,900	9,611	(408)	454	–	22,557
Income tax expense	(2,528)	(1,797)	(57)	(498)	–	(4,880)
Profit/(Loss) after tax	10,372	7,814	(465)	(44)	–	17,677
Profit/(Loss) attributable to:						
Owners of the Company	5,778	6,894	(465)	(44)	–	12,163
Non-controlling interests	4,594	920	–	–	–	5,514
	10,372	7,814	(465)	(44)	–	17,677

3Q2018 Operating Segment Results

	Resources	Real Estate	Hospitality	Others	Elimination	Consolidated
		(Note)	(Note)	(Note)		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
External revenue	104,073	7,054	–	–	–	111,127
Inter-segment revenue	–	48	–	–	(48)	–
Total revenue	104,073	7,102	–	–	(48)	111,127
Segment results						
Operating profit/(loss)	7,810	11,743	470	(554)	–	19,469
Fair value changes in investment properties	–	2,038	–	–	–	2,038
Impairment loss	(602)	–	–	–	–	(602)
Finance costs	(1,482)	(3,904)	–	(1,461)	–	(6,847)
Share of results of associates and joint ventures	(58)	8,073	(281)	–	–	7,734
Profit/(Loss) before tax	5,668	17,950	189	(2,015)	–	21,792
Income tax expense	(1,814)	(3,465)	(57)	(131)	–	(5,467)
Profit/(Loss) after tax	3,854	14,485	132	(2,146)	–	16,325
Profit/(Loss) attributable to:						
Owners of the Company	2,072	13,952	132	(2,146)	–	14,010
Non-controlling interests	1,782	533	–	–	–	2,315
	3,854	14,485	132	(2,146)	–	16,325

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”). The entire investment in FEHT was disposed of in 3Q2019.
- Others – This comprises Group-level corporate and treasury services.

9M2019 Operating Segment Results

	Resources	Real Estate	Hospitality	Others	Elimination	Consolidated
		(Note)	(Note)	(Note)		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
External revenue	264,296	29,324	–	–	–	293,620
Inter-segment revenue	–	9	–	–	(9)	–
Total revenue	264,296	29,333	–	–	(9)	293,620
Segment results						
Operating profit	24,852	29,867	2,128	6,765	–	63,612
Fair value changes in investment properties	–	9,340	–	–	–	9,340
Finance costs	(3,384)	(12,354)	–	(5,149)	–	(20,887)
Share of results of associates and joint ventures	(4)	28,877	(1,494)	–	–	27,379
Profit before tax	21,464	55,730	634	1,616	–	79,444
Income tax expense	(6,270)	(6,355)	(169)	(1,414)	–	(14,208)
Profit after tax	15,194	49,375	465	202	–	65,236
Profit attributable to:						
Owners of the Company	8,583	45,439	465	202	–	54,689
Non-controlling interests	6,611	3,936	–	–	–	10,547
	15,194	49,375	465	202	–	65,236

9M2018 Operating Segment Results

	Resources	Real Estate	Hospitality	Others	Elimination	Consolidated
		(Note)	(Note)	(Note)		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
External revenue	333,745	17,547	–	–	–	351,292
Inter-segment revenue	–	130	–	–	(130)	–
Total revenue	333,745	17,677	–	–	(130)	351,292
Segment results						
Operating profit	15,590	37,621	239	2,194	–	55,644
Fair value changes in investment properties	–	21,254	–	–	–	21,254
Impairment losses	(602)	–	–	–	–	(602)
Finance costs	(4,551)	(11,208)	–	(4,360)	–	(20,119)
Share of results of associates and joint ventures	(146)	22,193	(536)	–	–	21,511
Profit/(Loss) before tax	10,291	69,860	(297)	(2,166)	–	77,688
Income tax (expense)/credit	(4,095)	(9,554)	(169)	6	–	(13,812)
Profit/(Loss) after tax	6,196	60,306	(466)	(2,160)	–	63,876
Profit/(Loss) attributable to:						
Owners of the Company	3,317	56,909	(466)	(2,160)	–	57,600
Non-controlling interests	2,879	3,397	–	–	–	6,276
	6,196	60,306	(466)	(2,160)	–	63,876

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”). The entire investment in FEHT was disposed of in 3Q2019.
- Others – This comprises Group-level corporate and treasury services.

Group

The Group reported a profit after tax and non-controlling interests of \$12.2 million and \$54.7 million for 3Q2019 and 9M2019 respectively, contributed by resources and real estate segments.

Resources

The resources segment reported higher profit after tax and non-controlling interests for 3Q2019 and 9M2019 compared with the previous corresponding periods.

This was due to reversal of tribute provisions. It was partially offset by the write-down of tin inventories to net realisable value due to lower tin prices and soft global demand.

Real Estate

The Group's real estate segment reported a lower profit after tax and non-controlling interests for 3Q2019 and 9M2019 compared with the previous corresponding periods.

The lower results for 3Q2019 was mainly due to lower interest income from the notes issued by a joint venture.

For the 9M2019, despite higher contribution from ARA Asset Management Limited, profits were lower due to lower interest income and fair value gains.

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 second quarter 2019 financial results announcement made on 14 August 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.

It 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 opportunities for us to pursue.

Straits Real Estate Pte. Ltd. (“SRE”), the Group’s 89.5%-owned real estate investment vehicle, has acquired three residential buildings in Tokyo to capitalise on rising demand for rental housing.

SRE has also been pursuing development opportunities and expanding its logistics portfolio in Adelaide, 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:

- Listed its first U.S. upscale select-service hospitality trust on the SGX-ST.
- Deepened its presence in Europe through a joint venture with Dunedin Property to invest in and manage real estate in the United Kingdom.
- Established its first RMB fund to invest in the vast Chinese market.
- Made several acquisitions in Australia, China, Korea and Singapore.

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

Straits Investment Management Pte. Ltd. (“SIM”), a subsidiary of the Group has received approval from the Monetary Authority of Singapore (“MAS”) to commence business as a Registered Fund Management Company. SIM obtains mandates from both internal and external parties to manage funds that focus on global real estate, particularly in REITS.

Malaysia Smelting Corporation Berhad (“MSC”), the Group’s 54.8%-owned resources arm, continues to face challenging market conditions in the face of decline in tin prices and soft global demand for tin as a result of the prolonged trade wars. 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 and acquiring strategic assets.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared for the third quarter ended 30 September 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 third 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 November 2019
Singapore

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