

The Straits Trading Company Limited (Company Registration No. : 188700008D)
Second Quarter and Half Year Financial Statements Announcement for the Period Ended 30 June 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 2nd quarter and half year ended 30 June 2018 are as follow:

GROUP

<u>GROUP</u>	<u>Note</u>	2 nd Quarter (2Q) Ended 30 June			Half Year (1H) Ended 30 June		
		2018 \$'000	2017 \$'000	+ / (-) %	2018 \$'000	2017 \$'000 (restated)	+ / (-) %
<u>Revenue</u>							
Tin mining and smelting revenue		110,240	98,369	12.1	229,672	228,387	0.6
Property revenue		6,022	3,191	88.7	10,493	6,647	57.9
Total revenue		116,262	101,560	14.5	240,165	235,034	2.2
<u>Other items of income/(loss)</u>							
Dividend income		3,529	3,483	1.3	7,092	7,924	(10.5)
Interest income	A	19,966	3,438	480.7	24,276	6,880	252.8
Fair value changes in investment properties	B	14,608	(592)	NM	19,216	(592)	NM
Fair value changes in financial assets		74	3,701	(98.0)	(631)	8,141	NM
Other income/(loss)		1,967	1,660	18.5	4,353	(624)	NM
		156,406	113,250	38.1	294,471	256,763	14.7
<u>Other items of expense</u>							
Employee benefits expense		(6,838)	(7,528)	(9.2)	(14,290)	(14,838)	(3.7)
Depreciation expense		(1,560)	(1,178)	32.4	(3,094)	(2,307)	34.1
Amortisation expense		(161)	(157)	2.5	(322)	(310)	3.9
Costs of tin mining and smelting		(98,834)	(89,816)	10.0	(207,603)	(205,649)	1.0
Finance costs		(6,822)	(4,824)	41.4	(13,272)	(10,302)	28.8
Other expenses		(5,989)	(6,219)	(3.7)	(11,568)	(11,999)	(3.6)
Exchange (losses)/gains		(1,351)	1,030	NM	(2,203)	1,065	NM
Total expenses		(121,555)	(108,692)	11.8	(252,352)	(244,340)	3.3
Share of results of associates and joint ventures	C	7,913	5,752	37.6	13,777	25,600	(46.2)
Profit before tax		42,764	10,310	314.8	55,896	38,023	47.0
Income tax expense		(6,236)	(517)	1,106.2	(8,345)	(3,282)	154.3
Profit after tax		36,528	9,793	273.0	47,551	34,741	36.9
Profit attributable to:							
Owners of the Company		33,898	8,499	298.8	43,590	29,375	48.4
Non-controlling interests		2,630	1,294	103.2	3,961	5,366	(26.2)
		36,528	9,793	273.0	47,551	34,741	36.9

NM – Not meaningful

The results for the half year ended 30 June 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 increase was mainly due to higher interest income from the notes issued by the joint venture.
- (B) Net fair value gain in investment properties for 2018 arose mainly from residential properties in Singapore and Japan.
- (C) The share of results included marking existing and newly acquired investment properties by associates to their valuations.

1(a)(ii) Statement of comprehensive income for the 2nd quarter and half year ended 30 June 2018.

<u>GROUP</u>	2nd Quarter (2Q) Ended 30 June		Half Year (1H) Ended 30 June	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
				(restated)
Profit after tax	36,528	9,793	47,551	34,741
Items that will not be reclassified to profit or loss:				
Share of revaluation surplus on property, plant and equipment of associates	1,774	1,106	1,774	1,106
Net fair value changes in equity securities carried at fair value through other comprehensive income ("FVOCI")	(17,016)	10,505	(46,461)	25,256
Share of net fair value changes in equity securities carried at FVOCI of associates	(8,796)	4,329	(16,008)	10,991
	(24,038)	15,940	(60,695)	37,353
Items that may be reclassified subsequently to profit or loss:				
Net fair value changes in cash flow hedges	239	(1,021)	609	(1,241)
Currency translation reserve	2,982	2,672	11,069	(1,481)
Shares of reserves of associates and joint ventures	(227)	(2,335)	887	(2,353)
Realisation of foreign currency translation reserve to profit or loss	70	–	36	(1,953)
	3,064	(684)	12,601	(7,028)
Other comprehensive income after tax for the period	(20,974)	15,256	(48,094)	30,325
Total comprehensive income for the period	15,554	25,049	(543)	65,066
Total comprehensive income attributable to:				
Owners of the Company	13,633	22,096	(3,673)	58,170
Non-controlling interests	1,921	2,953	3,130	6,896
Total comprehensive income for the period	15,554	25,049	(543)	65,066

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 2018

	Note	GROUP			Note	COMPANY		
		30 June 2018 \$'000	31 Dec 2017 \$'000 (restated)	1 Jan 2017 \$'000 (restated)		30 June 2018 \$'000	31 Dec 2017 \$'000 (restated)	1 Jan 2017 \$'000 (restated)
Assets								
Non-current assets								
Property, plant and equipment		56,491	55,777	52,737		109	112	143
Investment properties	1	815,670	586,694	554,337		34,484	33,110	32,314
Goodwill		18,165	17,629	17,298		—	—	—
Other intangible assets		6,634	6,718	7,100		—	—	—
Subsidiaries		—	—	—		124,237	124,237	125,237
Associates and joint ventures		809,904	789,409	639,379		144	1,997	2,708
Deferred tax assets		9,824	7,750	3,731		—	—	—
Derivative financial instruments		—	—	551		—	—	—
Investment securities	2	218,191	264,395	256,179		—	—	—
Other non-current assets		—	2,985	970		—	—	—
Total non-current assets		1,934,879	1,731,357	1,532,282		158,974	159,456	160,402
Current assets								
Assets classified as held for sale		—	5,000	17,464		—	—	17,464
Development properties for sale		—	—	66		—	—	—
Inventories		168,583	154,880	119,554		—	—	—
Income tax receivables		7,529	6,734	3,611		468	297	—
Prepayments and accrued income		2,048	1,132	2,409		72	14	15
Trade related prepayments		13,145	16,377	13,685		—	—	—
Trade receivables		11,519	5,282	37,565		4	23	50
Other receivables		75,467	73,315	74,027	1a	1,153,852	979,031	837,184
Investment securities	3	104,620	76,879	112,548		—	—	—
Derivative financial instruments		208	255	313		—	—	—
Cash and short-term deposits		215,710	362,438	291,091	1b	92,189	258,760	99,374
Total current assets		598,829	702,292	672,333		1,246,585	1,238,125	954,087
Total assets		2,533,708	2,433,649	2,204,615		1,405,559	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		841,587	822,467	782,346		44,227	44,958	53,765
Other reserves		38,868	86,147	13,194		3,588	1,639	203
Equity attributable to owners of the Company		1,449,423	1,477,582	1,364,508		616,783	615,565	622,936
Non-controlling interests		97,706	93,312	94,240		—	—	—
Total equity		1,547,129	1,570,894	1,458,748		616,783	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 30 June 2018 (cont'd)

	Note	GROUP			Note	COMPANY		
		30 June 2018 \$'000	31 Dec 2017 \$'000 (restated)	1 Jan 2017 \$'000 (restated)		30 June 2018 \$'000	31 Dec 2017 \$'000 (restated)	1 Jan 2017 \$'000 (restated)
<u>Non-current liabilities</u>								
Provisions		9,643	9,196	8,644		—	—	—
Deferred tax liabilities		10,260	5,421	5,672		1,761	1,692	2,751
Borrowings	4	655,068	552,904	185,770		149,737	149,694	—
Derivative financial instruments		219	899	374		—	—	—
Other non-current liabilities		1,441	461	1,265		—	—	—
Total non-current liabilities		676,631	568,881	201,725		151,498	151,386	2,751
<u>Current liabilities</u>								
Provisions		4,181	4,058	3,116		—	—	—
Income tax payable		3,464	3,166	13,426		179	197	75
Trade and other payables		82,335	70,083	92,445		637,099	630,433	488,727
Borrowings		218,101	215,757	434,041		—	—	—
Derivative financial		1,867	810	1,114		—	—	—
Total current liabilities		309,948	293,874	544,142		637,278	630,630	488,802
Total liabilities		986,579	862,755	745,867		788,776	782,016	491,553
Total equity and liabilities		2,533,708	2,433,649	2,204,615		1,405,559	1,397,581	1,114,489

Notes to Balance Sheets:

Group

- (1) The increase in investment properties was due to acquisition of five residential buildings in Japan and an office building in Australia. In addition, there were fair value gains from the residential properties in Singapore and Japan.
- (2) The decrease in investment securities was due to a decrease in the fair value of strategic holdings.
- (3) The increase in investment securities was mainly due to the purchase of quoted equities.
- (4) Long-term loans were drawn down to finance the acquisition 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 30/06/2018		As at 31/12/2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
77,646	140,455	60,409	155,348

Amount repayable after one year:

As at 30/06/2018		As at 31/12/2017	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
505,331	149,737	403,210	149,694

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 2018

	2 nd Quarter (2Q) Ended 30 June		Half Year (1H) Ended 30 June	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
		(restated)		(restated)
<u>Cash flows from operating activities</u>				
Profit before tax	42,764	10,310	55,896	38,023
<u>Adjustments</u>				
Depreciation of property, plant and equipment	1,560	1,178	3,094	2,307
Amortisation of other intangible assets	161	157	322	310
Dividend income	(3,529)	(3,483)	(7,092)	(7,924)
Interest income	(19,966)	(3,438)	(24,276)	(6,880)
Finance costs	6,822	4,824	13,272	10,302
Currency realignment	218	(367)	1,376	(1,499)
Fair value changes in investment properties and financial assets	(14,682)	(3,109)	(18,585)	(7,549)
Net loss/(gain) on disposal of property, plant and equipment, investment properties and other investments	63	(1)	(1,496)	2,134
Negative goodwill from acquisition of subsidiaries	–	–	–	(198)
Unfavourable valuation adjustment on tin inventory	–	125	–	125
Share of results of associates and joint ventures	(7,913)	(5,752)	(13,777)	(25,600)
Operating cash flows before changes in working capital	5,498	444	8,734	3,551
Decrease in development properties for sale	–	–	–	66
Increase in inventories	(2,098)	(19,239)	(9,022)	(4,396)
Decrease/(Increase) in short-term investment securities	13,403	64,784	(26,828)	74,952
Increase in trade and other receivables	(3,472)	(57,884)	(2,221)	(59,532)
(Decrease)/Increase in trade and other payables	(1,607)	19,675	171	2,464
Cash flows from/(used in) operations	11,724	7,780	(29,166)	17,105
Income taxes paid ¹	(2,461)	(2,685)	(5,238)	(4,120)
Finance costs paid ²	(3,852)	(3,104)	(7,423)	(5,492)
Interest received	3,284	506	4,035	1,279
Dividend income from short-term investment securities	644	1,184	1,187	2,813
Net cash flows from/(used in) operating activities	9,339	3,681	(36,605)	11,585

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 2018 (cont'd)

	2 nd Quarter (2Q) Ended 30 June		Half Year (1H) Ended 30 June	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
		(restated)		(restated)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment and investment properties	16	2	16,443	60
Cost incurred on property, plant and equipment	(1,444)	(1,282)	(2,232)	(1,861)
Cost incurred on investment properties	(77,398)	(2,974)	(204,696)	(3,117)
Initial payment on a joint venture	–	(11,543)	–	(11,543)
Investment in an associate	(16,899)	–	(16,899)	–
Purchase of investment securities	–	(5,378)	–	(33,778)
Proceeds from loan to a third party	30,072	–	–	–
Return of capital from associates	3,709	59,610	5,562	59,696
Payment for deferred mine exploration and evaluation expenditure and mine properties and other intangible assets	(25)	(47)	(38)	(110)
Net cash outflow on acquisition of subsidiaries	–	–	–	(2,212)
Net cash inflow from sale of a subsidiary	–	75,689	–	75,689
Dividend income from investment securities and associates	12,262	4,710	16,166	8,312
Income taxes paid ¹	(538)	(9,001)	(565)	(9,232)
Net cash flows (used in)/from investing activities	(50,245)	109,786	(186,259)	81,904
Cash flows from financing activities				
Dividend paid to shareholders	(24,486)	(24,486)	(24,486)	(24,486)
Dividend paid to non-controlling shareholders of subsidiaries	(593)	–	(863)	(2,503)
Net proceeds from issuance of shares by subsidiaries to non-controlling shareholders	207	1,720	2,744	1,720
Loan from/(repayment to) non-controlling shareholders of subsidiaries	1,692	(400)	10,658	(400)
Return of capital to non-controlling shareholders of a subsidiary	–	–	–	(1,161)
Repayment of short-term borrowings	(25,612)	(32,380)	(14,777)	(9,962)
Drawdown of long-term borrowings	50,789	104,497	130,153	233,660
Repayment of long-term borrowings	(209)	–	(21,954)	(220,000)
Finance costs paid ²	(2,317)	(1,698)	(6,908)	(5,004)
Net cash flows (used in)/from financing activities	(529)	47,253	74,567	(28,136)
Net (decrease)/increase in cash and cash equivalents	(41,435)	160,720	(148,297)	65,353
Effect of exchange rate changes on cash and cash equivalents	562	(205)	1,569	(339)
Cash and cash equivalents, beginning balance	256,583	195,590	362,438	291,091
Cash and cash equivalents, ending balance	215,710	356,105	215,710	356,105
¹ Total income taxes paid	(2,999)	(11,686)	(5,803)	(13,352)
² Total finance costs paid	(6,169)	(4,802)	(14,331)	(10,496)

Notes to the Cash Flow Statement:

(i) Second Quarter and Half Year

Net cash inflow from operating activities for 2Q2018 was due to the disposal of short-term quoted securities. For 1H2018, the net cash outflow was due to tin smelting working capital and the purchase of short-term quoted securities.

Net cash outflow from investing activities for 2018 was due to the purchase of investment properties in Japan and Australia.

Net cash outflow from financing activities for 2Q2018 was due to dividends paid to shareholders. For 1H2018, the net cash inflow was due to the drawdown of borrowings.

(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 30 June 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(I)	–	–	–	(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	(543)	(3,673)	–	43,590	(59,119)	657	1,774	9,425	3,130
Contributions by and distributions to owners									
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
Others									
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 2018 (cont'd)**GROUP** (cont'd)

	Total equity \$'000	Equity attributable to owners of the Company \$'000	Share capital \$'000	Retained earnings \$'000	FVOCI reserve \$'000	Hedging reserve \$'000	Revaluation reserve \$'000	Translation reserve \$'000	Non- controlling interests \$'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(I)	–	–	–	(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	65,066	58,170	–	29,375	34,333	(1,307)	1,106	(5,337)	6,896
Contributions by and distributions to owners									
Dividend on ordinary shares	(24,486)	(24,486)	–	(24,486)	–	–	–	–	–
Dividend to non- controlling interests	(3,417)	–	–	–	–	–	–	–	(3,417)
Contribution of capital by non-controlling interests	1,720	–	–	–	–	–	–	–	1,720
Return of capital to non-controlling interests	(1,161)	–	–	–	–	–	–	–	(1,161)
Total contributions by and distributions to owners	(27,344)	(24,486)	–	(24,486)	–	–	–	–	(2,858)
Changes in ownership interests in subsidiaries									
Disposal of a subsidiary	(6,977)	–	–	–	–	–	–	–	(6,977)
Increase in ownership in a subsidiary	–	35	–	35	–	–	–	–	(35)
Total changes in ownership interests in subsidiaries	(6,977)	35	–	35	–	–	–	–	(7,012)
Total transactions with owners in their capacity as owners	(34,321)	(24,451)	–	(24,451)	–	–	–	–	(9,870)
Closing balance at 30 June 2017	1,489,493	1,398,227	568,968	787,270	24,155	(1,979)	25,150	(5,337)	91,266

Statements of changes in equity for the period ended 30 June 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	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

	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	16,469	16,469	–	16,497	–	(28)
<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 2017	614,919	614,919	568,968	45,776	203	(28)

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.

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

There were no treasury shares as at 30 June 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 1H2017 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.**

	2 nd Quarter (2Q) Ended 30 June		Half Year (1H) Ended 30 June	
	2018	2017	2018	2017 (restated)
Basic and diluted earnings per share for the period based on Group's profit attributable to owners of the Company	8.3 cents	2.1 cents	10.7 cents	7.2 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:	30 June 2018	31 December 2017
The Group	\$3.55	\$3.62
The Company	\$1.51	\$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 2Q2018 operating results by business segments and comparatives for 2Q2017 and the 1H2018 operating results by business segments and comparatives for 1H2017.

2Q2018 Operating Segment Results

	Resources	Real Estate (Note)	Hospitality (Note)	Others (Note)	Elimination	Consolidated
	\$'000	\$'000	\$'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

2Q2017 Operating Segment Results

	Resources	Real Estate (Note)	Hospitality (Note)	Others (Note)	Elimination	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
External revenue	98,369	3,191	—	—	—	101,560
Inter-segment revenue	—	23	—	—	(23)	—
Total revenue	98,369	3,214	—	—	(23)	101,560
Segment results						
Operating profit/(loss)	2,838	6,225	1,401	(490)	—	9,974
Fair value changes in investment properties	—	(592)	—	—	—	(592)
Finance costs	(1,132)	(3,550)	—	(142)	—	(4,824)
Share of results of associates and joint ventures	89	6,413	(750)	—	—	5,752
Profit/(Loss) before tax	1,795	8,496	651	(632)	—	10,310
Income tax (expense)/credit	(431)	446	(57)	(475)	—	(517)
Profit/(Loss) after tax	1,364	8,942	594	(1,107)	—	9,793
Profit/(Loss) attributable to:						
Owners of the Company	768	8,244	594	(1,107)	—	8,499
Non-controlling interests	596	698	—	—	—	1,294
	1,364	8,942	594	(1,107)	—	9,793

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.

1H2018 Operating Segment Results

	Resources	Real Estate (Note)	Hospitality (Note)	Others (Note)	Elimination	Consolidated
	\$'000	\$'000	\$'000	\$'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

1H2017 Operating Segment Results (restated)

	Resources	Real Estate (Note)	Hospitality (Note)	Others (Note)	Elimination	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
External revenue	228,387	6,647	–	–	–	235,034
Inter-segment revenue	–	48	–	–	(48)	–
Total revenue	228,387	6,695	–	–	(48)	235,034
Segment results						
Operating profit/(loss)	10,265	12,241	1,879	(1,068)	–	23,317
Fair value changes in investment properties	–	(592)	–	–	–	(592)
Finance costs	(2,169)	(7,745)	–	(388)	–	(10,302)
Share of results of associates and joint ventures	169	25,194	237	–	–	25,600
Profit/(Loss) before tax	8,265	29,098	2,116	(1,456)	–	38,023
Income tax expense	(2,454)	(57)	(112)	(659)	–	(3,282)
Profit/(Loss) after tax	5,811	29,041	2,004	(2,115)	–	34,741
Profit/(Loss) attributable to:						
Owners of the Company	3,144	26,342	2,004	(2,115)	–	29,375
Non-controlling interests	2,667	2,699	–	–	–	5,366
	5,811	29,041	2,004	(2,115)	–	34,741

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 \$33.9 million and \$43.6 million for 2Q2018 and 1H2018 respectively largely contributed by its real estate segment.

Resources

The resources operations in Malaysia reported a lower profit after tax and non-controlling interests for 2Q2018 and 1H2018 compared with the previous corresponding periods. This was due to lower recovery yield and higher operating expenses due to operating inefficiencies in the Butterworth plant. The higher tin prices in US Dollars terms were offset by the stronger Malaysian Ringgit.

Real Estate

The Group's real estate segment reported a higher profit after tax and non-controlling interests for 2Q2018 and 1H2018 compared with the previous corresponding periods. This was mainly due to fair value gain of residential properties in Singapore and Japan as well as higher interest income from the notes issued by the joint venture.

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 2018 financial results announcement made on 15 May 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.

To continue its presence in the Japanese commercial segment, SRE partnered Savills Investment Management Japan in June 2018 with a commitment of up to JPY8 billion (approximately \$97.4 million) towards the Savills Investment Management Japan Value Fund II, LP (the "Fund"). The Fund is for office assets in the Greater Tokyo area and other cities in Japan.

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.

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 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/recommendeded, a statement to that effect.

No dividend has been declared for the second quarter ended 30 June 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 second 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

14 August 2018
Singapore

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