

**MATERIAL VARIANCES BETWEEN AUDITED FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 AND THE UNAUDITED FULL YEAR RESULTS AS ANNOUNCED ON 28 FEBRUARY 2013**

The Board of Directors (the "Board") of The Straits Trading Company Limited (the "Company" and together with its subsidiaries, the "Group") refers to the unaudited financial results for the financial year ended 31 December 2012 ("FY2012") announced on 28 February 2013 (the "Unaudited Financial Results").

On 26 February 2013, the Board of Directors of Malaysia Smelting Corporation Berhad ("MSC") had advised that the results of MSC, the Company's subsidiary might be adversely affected if the PT Koba Tin's Contract of Work ("CoW") was not renewed after 31 March 2013.

On 2 April 2013, the Board of Directors of MSC announced that PT Koba Tin had received notification from the Government of Republic of Indonesia ("GOI") that it was still continuing with its evaluation for the extension of PT Koba Tin's CoW which expired after 31 March 2013. In the meantime, the GOI had given permission to PT Koba Tin to continue production operations until the completion of its evaluation for a period of up to three months with effect from 1 April 2013.

In view of the material uncertainty over the extension of the CoW, MSC has made a provision of \$57.9 million in respect of PT Koba Tin in the accounts for the financial year ended 31 December 2012. The Company's share of this provision is \$24.2 million.

The financial impact is summarised below:

	<b>4th Quarter Ended 31 December 2012</b>		<b>Full Year Ended 31 December 2012</b>		<b>Difference \$'000</b>
	<b>Adjusted \$'000</b>	<b>As previously announced \$'000</b>	<b>Audited \$'000</b>	<b>As previously announced \$'000</b>	
<b>Profit/(Loss) before tax</b>	(63,626)	(12,359)	(95,031)	(43,764)	(51,267)
Income tax expense	(15,867)	(9,190)	(17,973)	(11,296)	(6,677)
<b>Profit/(Loss) after tax</b>	<b>(79,493)</b>	<b>(21,549)</b>	<b>(113,004)</b>	<b>(55,060)</b>	<b>(57,944)</b>
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company	(39,520)	(15,309)	(55,236)	(31,025)	(24,211)
Non-controlling interests	(39,973)	(6,240)	(57,768)	(24,035)	(33,733)
	<b>(79,493)</b>	<b>(21,549)</b>	<b>(113,004)</b>	<b>(55,060)</b>	<b>(57,944)</b>

The adjustments are related to impairment losses and provisions on PT Koba Tin.

The detailed results of the adjustment are as provided in **Annex A**.

**BY ORDER OF THE BOARD**

**Sng Kiat Huang (Ms)**  
**Secretary**

29 April 2013  
Singapore

- (1) Reconciliation for the increase/decrease in loss attributable to owners of the Company for FY2012 between the Audited and Unaudited Financial Results.

## Consolidated income statement

	4 <sup>th</sup> Quarter Ended 31 December 2012		Full Year Ended 31 December 2012		Difference \$'000	Note
	Adjusted \$'000	As previously announced \$'000	Audited \$'000	As previously announced \$'000		
<b>Revenue</b>						
Tin mining and smelting revenue	228,465	228,465	942,875	942,875	–	
Hotel revenue	41,737	41,737	156,957	156,957	–	
Property revenue	29,496	29,496	59,305	59,305	–	
Proceeds from sale of trading securities	–	–	14	14	–	
	299,698	299,698	1,159,151	1,159,151	–	
<b>Other items of income</b>						
Dividend income	–	–	4,611	4,611	–	
Interest income	1,204	1,204	6,518	6,518	–	
Fair value changes in investment properties	15,053	15,053	27,098	27,098	–	
Fair value changes in financial assets	(10)	(10)	485	485	–	
Other income	1,096	1,096	5,244	5,244	–	
	317,041	317,041	1,203,107	1,203,107	–	
<b>Other items of expense</b>						
Employee benefits expense	(23,123)	(23,123)	(96,959)	(96,959)	–	
Depreciation expense	(7,596)	(7,596)	(26,160)	(26,160)	–	
Amortisation expense	(947)	(947)	(7,344)	(7,344)	–	
Impairment losses	(67,419)	(16,152)	(68,254)	(16,987)	(51,267)	A
Costs of tin mining and smelting	(214,082)	(214,082)	(910,730)	(910,730)	–	
Cost of trading securities sold	–	–	(14)	(14)	–	
Finance costs	(8,312)	(8,312)	(27,443)	(27,443)	–	
Other expenses	(61,609)	(61,609)	(164,752)	(164,752)	–	
Exchange gains	592	592	1,045	1,045	–	
Total expenses	(382,496)	(331,229)	(1,300,611)	(1,249,344)	(51,267)	
Share of results of equity-accounted associates and joint ventures	1,829	1,829	2,473	2,473	–	
<b>Loss before tax</b>	(63,626)	(12,359)	(95,031)	(43,764)	(51,267)	
Income tax expense	(15,867)	(9,190)	(17,973)	(11,296)	(6,677)	A
<b>Loss after tax</b>	(79,493)	(21,549)	(113,004)	(55,060)	(57,944)	
<b>Loss attributable to:</b>						
<b>Owners of the Company</b>	(39,520)	(15,309)	(55,236)	(31,025)	(24,211)	
<b>Non-controlling interests</b>	(39,973)	(6,240)	(57,768)	(24,035)	(33,733)	B
	(79,493)	(21,549)	(113,004)	(55,060)	(57,944)	

Notes:

- (A) The adjustments to the consolidated income statement for the year and quarter ended 31 December 2012 arising from the material uncertainty over the extension of the CoW are as follows:

	\$'000	\$'000
Impairment of receivables		5,960
Impairment of property, plant and equipment		3,936
Impairment of deferred mine development expenditure		21,545
Write down of inventories		10,692
Provision for employee benefits		889
Provision for mining cessation liabilities		<u>8,245</u>
<b>Impact on loss before tax</b>		<b>51,267</b>
<u>Taxation</u>		
- Impairment of tax recoverable	405	
- Reversal of deferred tax assets	<u>6,272</u>	<u>6,677</u>
<b>Impact on loss after tax</b>		<b>57,944</b>
(B) Non-controlling interests		<u>(33,733)</u>
<b>The Company's share of the impairment losses and provisions</b>		<b><u>24,211</u></b>

- (2) Reconciliation for the increase/decrease in total comprehensive expenses attributable to owners of the Company for FY2012 between the Audited and Unaudited Financial Results.

## Consolidated statement of comprehensive income

	4 <sup>th</sup> Quarter Ended 31 December 2012		Full Year Ended 31 December 2012		Difference \$'000	Note
	Adjusted \$'000	As previously announced \$'000	Audited \$'000	As previously announced \$'000		
<b>Loss after tax</b>	(79,493)	(21,549)	(113,004)	(55,060)	(57,944)	A
Other comprehensive income/(expenses):						
Net fair value changes in available-for- sale investment securities	10,402	10,402	53,750	53,750	-	
Net fair value changes in cash flow hedges	(152)	(152)	14	14	-	
Currency translation reserve	(2,255)	(2,255)	(9,794)	(9,794)	-	
Net revaluation deficit on property, plant and equipment	(10,587)	(10,587)	(10,587)	(10,587)	-	
<b>Other comprehensive income/(expenses) after tax for the period</b>	(2,592)	(2,592)	33,383	33,383	-	
<b>Total comprehensive income/(expenses) for the period</b>	(82,085)	(24,141)	(79,621)	(21,677)	(57,944)	
<b>Total comprehensive income/(expenses) attributable to:</b>						
<b>Owners of the Company</b>	(42,389)	(18,178)	(19,398)	4,813	(24,211)	
<b>Non-controlling interests</b>	(39,696)	(5,963)	(60,223)	(26,490)	(33,733)	
	(82,085)	(24,141)	(79,621)	(21,677)	(57,944)	

## (3) Reconciliation for the movement in the consolidated balance sheet at 31 December 2012 between the Audited and Unaudited Results.

	31 December 2012		Difference \$'000	Note
	Audited \$'000	As previously announced \$'000		
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	479,659	477,945	1,714	A,C
Investment properties	914,557	914,557	–	
Goodwill	21,354	21,354	–	
Other intangible assets	4,671	4,671	–	A,C
Investments in associates and joint ventures	67,985	67,985	–	
Deferred tax assets	4,615	4,615	–	A,C
Other non-current receivables	9,019	461	8,558	C
Investment securities	187,536	187,536	–	
Other non-current assets	6,527	6,527	–	
<b>Total non-current assets</b>	<b>1,695,923</b>	<b>1,685,651</b>	<b>10,272</b>	
<b>Current assets</b>				
Assets of disposal group classified as held for sale	–	94,622	(94,622)	C
Development properties for sale	6,043	6,043	–	
Inventories	98,374	64,957	33,417	A,C
Income tax receivables	1,404	1,404	–	A,C
Prepayments and accrued income	5,918	5,908	10	C
Trade and other receivables	137,681	135,985	1,696	A,C
Marketable securities	14,743	14,743	–	
Derivative financial instruments	125	125	–	
Cash and short-term deposits	198,167	197,817	350	C
<b>Total current assets</b>	<b>462,455</b>	<b>521,604</b>	<b>(59,149)</b>	
<b>Total assets</b>	<b>2,158,378</b>	<b>2,207,255</b>	<b>(48,877)</b>	
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	265,928	265,928	–	
Retained earnings	721,821	745,376	(23,555)	A,C
Other reserves	148,286	152,101	(3,815)	C
Reserve of disposal group classified as held for sale	–	(3,159)	3,159	C
<b>Equity attributable to owners of the Company</b>	<b>1,136,035</b>	<b>1,160,246</b>	<b>(24,211)</b>	
Non-controlling interests	35,043	68,776	(33,733)	B
<b>Total equity</b>	<b>1,171,078</b>	<b>1,229,022</b>	<b>(57,944)</b>	
<b>Non-current liabilities</b>				
Provisions	25,822	11,351	14,471	C
Deferred tax liabilities	72,202	72,202	–	A,C
Borrowings	536,714	536,714	–	
Derivative financial instruments	147	147	–	
Other non-current liabilities	1,927	1,922	5	C
<b>Total non-current liabilities</b>	<b>636,812</b>	<b>622,336</b>	<b>14,476</b>	

## (3) Reconciliation for the movement in the balance sheet at 31 December 2012 between the Audited and Unaudited Results. (cont'd)

	31 December 2012		Difference \$'000	Note
	Audited \$'000	As previously announced \$'000		
<b>Current liabilities</b>				
Liabilities directly associated with disposal group classified as held for sale	–	67,207	(67,207)	C
Provisions	17,730	5,943	11,787	A,C
Income tax payable	17,443	17,443	–	
Trade and other payables	121,444	97,718	23,726	C
Borrowings	193,825	167,540	26,285	C
Derivative financial instruments	46	46	–	
<b>Total current liabilities</b>	<b>350,488</b>	<b>355,897</b>	<b>(5,409)</b>	
<b>Total liabilities</b>	<b>987,300</b>	<b>978,233</b>	<b>9,067</b>	
<b>Total equity and liabilities</b>	<b>2,158,378</b>	<b>2,207,255</b>	<b>(48,877)</b>	

Notes:

- (C) The assets and liabilities relating to PT Koba Tin were previously classified as “held for sale” in view of the strategic alliance agreement which MSC has entered into with Optima Synergy Resources Limited (“OSL”) that allowed OSL to subscribe up to 60% equity interest in Bemban Corporation Limited (“BCL”), the penultimate holding company of PT Koba Tin, upon PT Koba Tin obtaining the approval for the CoW extension.

As a result of the expiry of PT Koba Tin’s CoW after 31 March 2013, it is no longer appropriate to classify the BCL Group (including its 75% effective interest in PT Koba Tin) as “held for sale”.

## (4) Reconciliation for the movement in the consolidated cash flow statement for FY2012 between the Audited and Unaudited Results.

	4 <sup>th</sup> Quarter Ended 31 December 2012		Full Year Ended 31 December 2012		Difference \$'000
	Adjusted \$'000	As previously announced \$'000	Audited \$'000	As previously announced \$'000	
Net cash flows from operating activities	30,370	30,370	9,954	9,954	–
Net cash flows used in investing activities	(11,126)	(11,126)	(110,558)	(110,558)	–
Net cash flows used in financing activities	(10,609)	(10,609)	(10,536)	(10,536)	–
Net increase/(decrease) in cash and cash equivalents	8,635	8,635	(111,140)	(111,140)	–
Effect of exchange rate changes on cash and cash equivalents	(462)	(462)	(4,016)	(4,016)	–
Cash and cash equivalents, beginning balance	189,994	189,994	313,323	313,323	–
Cash and cash equivalents, ending balance	198,167	198,167	198,167	198,167	–