STRAITS TRADING
ESTABLISHED 1887
A MEMBER OF THE TECITY GROUP

Executing Upon

PLATFORMS OF GROWTH

ANNUAL REPORT 2014

CORPORATE PROFILE

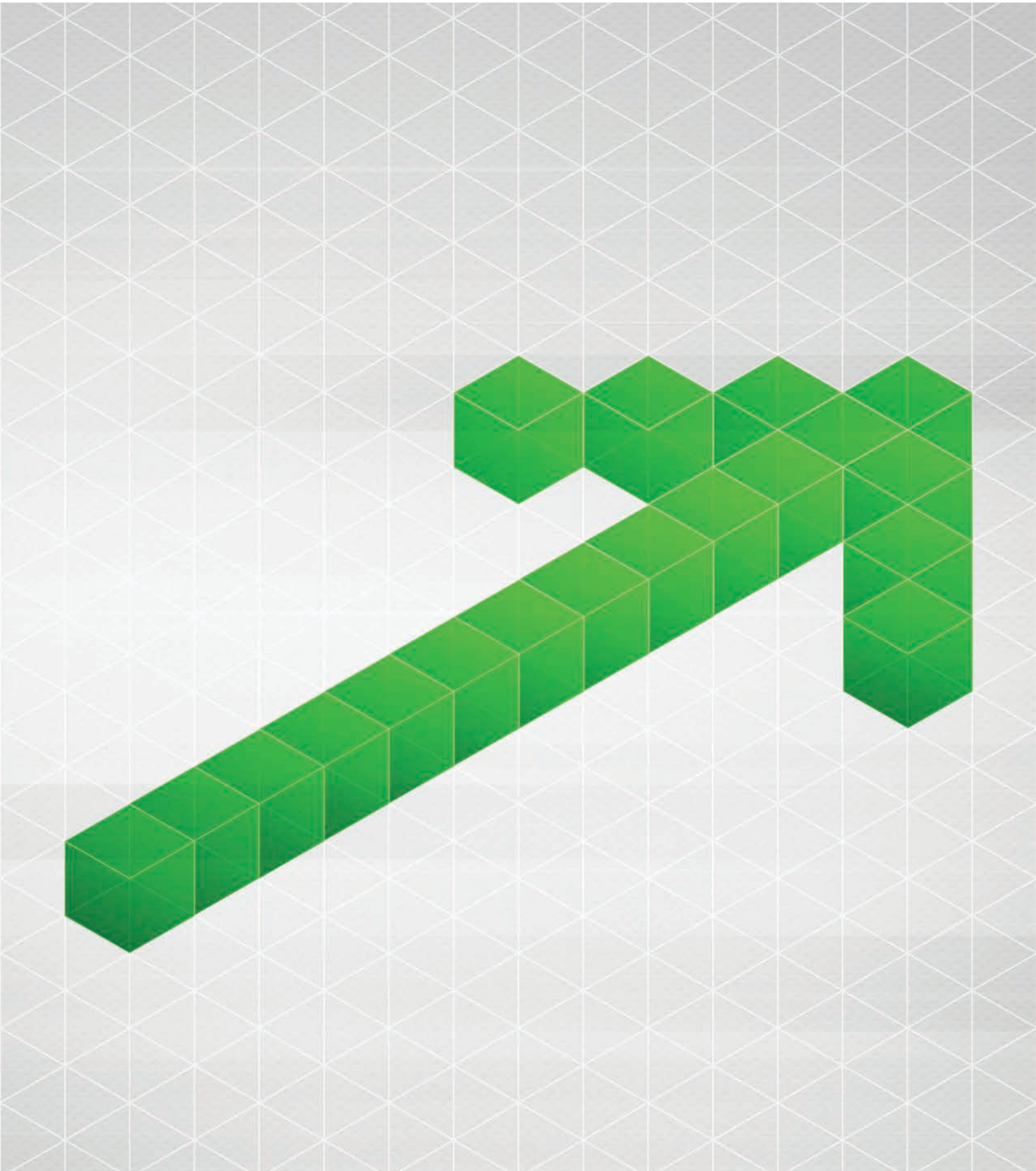
Incorporated in 1887, The Straits Trading Company Limited ("Straits Trading" or "Company") is an investment company with stakes in real estate, hospitality, resources and investments that span the Asia Pacific region. It owns an 89.5% stake in Straits Real Estate Pte. Ltd., a co-investment vehicle that seeks out real estate related investments & opportunities. It also owns a 20.1% stake in SGX-listed ARA Asset Management Limited, one of the largest real estate fund managers in the region and has a 30% interest in Far East Hospitality Holdings Pte. Ltd., one of the largest hospitality operators in Asia Pacific. Straits Trading also engages in tin mining and smelting through its 54.8% owned subsidiary, Malaysia Smelting Corporation Berhad, that is dual listed on Bursa Malaysia and SGX-ST.

CONTENTS

Enhancing VALUE STRATEGICALLY

Developing Returns through Effective Capital Allocation

Our foray into new segments of real estate enables us to grow our existing business in dynamic ways. These new opportunities also enable us to diversify our risk, which should generate long-term stability.



CHAIRMAN'S STATEMENT

"Straits Trading aims to create sustainable growth by enhancing the value of our stakes in these various platforms through the allocation of capital."

CHEW GEK KHIM
Executive Chairman
The Straits Trading Company Limited

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report of The Straits Trading Company Limited ("Straits Trading" or "the Company") for the year ended 31 December 2014.

Over the past few years, Straits Trading has undergone a remarkable transformation from a company with diverse assets into an investment company, with platforms of growth in its various businesses.

A NEW BUSINESS MODEL

Straits Trading aims to create sustainable growth by enhancing the value of our stakes in these various platforms through the allocation of capital. Through the transformation of our various businesses, our stakes may have become smaller but the platforms are certainly stronger, and scalable with greater growth potential. We maintain a disciplined approach to identifying and acquiring, at attractive prices, good assets that can deliver sustainable cash earnings over the long-term. Coupled with skilful management, this will enable us to deliver superior and sustainable shareholder returns over the long run.

Today, Straits Trading has stakes in different operating platforms including:

1. an 89.5% stake in Straits Real Estate Pte. Ltd. ("Straits Real Estate"); a co-investment vehicle that seeks out real estate related investments & opportunities globally;

2. a 20.1% stake in SGX-listed ARA Asset Management Limited ("ARA"), one of the largest real estate fund managers in the region;

3. a 6.1% aggregate interest in Suntec REIT, one of the largest SGX-listed real estate investment trusts that owns prime office and retail space in the Central Business District of Singapore;

4. a 30% interest in Far East Hospitality Holdings Pte. Ltd. ("Far East Hospitality"), one of the largest hospitality operators in the Asia Pacific and;

5. a 54.8% stake in Malaysia Smelting Corporation Berhad ("MSC"), one of the world's largest integrated producers of tin metal.

Integral to our strategy is our real estate ecosystem; anchored by our investments in the various real estate related businesses. Through this ecosystem, Straits Trading can access a wide spectrum of real estate related opportunities from seeding and sponsoring real estate funds, investing in real estate securities and directly investing in real estate.

Realising the full potential of our platforms will take time to stabilise and gain traction, but I am pleased to report good progress over the last year. We see early signs of improvement in our underlying operations and the development of our businesses.

LEADERSHIP AND ORGANISATIONAL CHANGES

With the creation of various platforms of growth, the executive management of our businesses has been devolved to the operating entities. Each of our portfolio companies is led by an experienced management team headed by a chief executive. Our board representation on the boards of these portfolio companies allows us to participate in crucial decisions.

Leadership of Straits Trading now resides with the Executive Chairman and the Board of Directors ("Board"). With this greater reliance on the Board, we aim to tap not just their collective expertise but also the specific skills and expertise of individual Board members, who may, from time to time, be called upon to sit in special sub-committees or to assist in special projects in relation to the portfolio companies.

With the executive management of our businesses now concentrated within the operating entities, the leadership and organisational structure of Straits Trading has become much leaner.

CHAIRMAN'S STATEMENT

STRAITS TRADING GROUP

The Straits Trading Company Limited is one of the oldest publicly listed companies in Singapore, with stakes in real estate, hospitality, resources and investments that span the Asia Pacific region. Incorporated in 1887 and listed on the SGX-ST, Straits Trading has a market capitalisation of approximately S$1.2 billion.*

* As at 31 March 2015

STRAITS TRADING
ESTABLISHED 1887
A MEMBER OF THE TECITY GROUP

89.5%	20.1%	30.0%	54.8%	
SRE	**ARA**	**FEHH**	**MSC**	**FUTURE INVESTMENTS**
REAL ESTATE	**ASSET / FUND MANAGEMENT**	**HOSPITALITY**	**RESOURCES**	
89.5% owned co-investment vehicle that seeks out real estate related investments and opportunities globally	One of the largest real estate fund managers in the region	One of the largest hotel operators in the region with over 13,000 rooms under management across 80 properties	One of the largest producers of refined tin metal in the world	Seize new business opportunities for growth

Straits Trading's real estate ecosystem

We have a portfolio management team overseeing the various businesses in which we have stakes, who also serve as an interface between Straits Trading and the various companies in our portfolio. Our portfolio management team consists of experienced professionals with deep understanding of their respective portfolio companies and the industries in which they operate.

WORKING WITH OUR PORTFOLIO COMPANIES

As an investment company, we do not intend to be just passive investors. Rather, we view ourselves as a strategic investor and a "thought partner" when engaging with our portfolio companies. What makes such partnerships valuable is the shared purpose at the heart of the working relationship that serves to align the thinking of different organisations around common goals and objectives. Our engagements with our portfolio companies are an intentional, deliberate and defined process to achieve optimal and mutually beneficial outcomes through the execution of ideas, plans and strategies. We take a keen interest in their strategies, results and challenges and confer regularly with their senior executives. In this manner, we see ourselves as a key repository and conduit of intellectual capital and professional expertise that our portfolio companies can tap on. For example, we can add value through contributing our expertise in capital raising, strategic development and various other corporate actions.

In working with Straits Real Estate, Straits Trading goes a step further to provide value-adding "shared services" such as finance, information technology, human resources and corporate communications that Straits Trading can leverage upon.

FINANCIAL TRANSPARENCY

With Straits Trading's transformation from an operating company into an investment company, its business activities now reflect contributions from subsidiaries and associates like Straits Real Estate, ARA and Far East Hospitality. As we progress, comparisons will become easier and there will be greater clarity for investors. Over the next few years, we anticipate that our results may fluctuate and be uneven as we invest in our businesses and buttress their capabilities to grow and expand. As our platforms grow, earnings should be more stable and sustainable.

KEY DEVELOPMENTS DURING THE YEAR

Acquisition of units in Suntec REIT

In 2014, Straits Trading acquired Suntec REIT units as they represented good value. As at December 2014, Straits Trading owned approximately 4% of Suntec REIT. This investment also strengthens Straits Trading's real estate ecosystem by giving it an interest in Suntec REIT which is managed by ARA Trust Management (Suntec) Limited, a wholly-owned subsidiary of ARA.

Redemption of Medium Term Notes

In July 2014, we successfully redeemed $225 million of Medium Term Notes and refinanced it with lower cost financing facilities. The refinancing further provides the Company with greater financial flexibility.

Monetisation of Straits Trading Building

In December 2014, Straits Trading completed the sale of Straits Trading Building to the Sun Venture Group for $450 million. The monetisation of STB is in line with the Group's strategy of redeploying its capital into potentially higher returning real estate opportunities, through Straits Real Estate.

BUILDING UP OUR PLATFORMS OF GROWTH

During the course of the year, our various platforms continued to build up their competencies and expand their businesses. I will touch on some of the key developments but I would like to add that the public-listed corporations in our portfolio such as ARA and MSC provide their own financial disclosures and reports, and it may be useful to refer to those for further information on the respective companies.

Straits Real Estate Pte. Ltd. ("Straits Real Estate")

In May 2014, Straits Real Estate committed US$80 million of capital towards the ARA Summit Development Fund I L.P. as the lead and anchor investor. The fund is mandated to invest in real estate development projects with value enhancement potential in Australia and South East Asia.

In December 2014, Straits Real Estate made its maiden acquisition of a retail development in Chongqing, China, for approximately RMB 668.4 million (approximately SGD141.6 million). Straits Real Estate will spend approximately RMB 100

CHAIRMAN'S STATEMENT

million (approximately SGD 21.2 million) to fit out the mall which is expected to be operational by 3rd quarter 2016.

For more information on Straits Real Estate, please visit www.straitsrealestate.com

ARA Asset Management Limited ("ARA")
Established in 2002 and listed on SGX in 2007, ARA is one of the largest real estate fund managers in the region with total assets under management of S$26.3 billion (as at 31 December 2014). It manages listed REITs in the Asia Pacific region and also provides real estate management services.

ARA has a successful track record in growing its assets under management and its expertise in property fund management can also be leveraged within Straits Trading's real estate ecosystem.

Separately, as you may be aware, the Monetary Authority of Singapore is proposing a new Corporate Governance framework to regulate the Singapore REIT sector in which ARA is a key player. As the new framework is currently in its preliminary form as a consultation paper, its specific impact is not evident at the time of publication. We are however confident that whatever measures are implemented will be beneficial to Singapore's REIT market and will serve to enhance its prospects for growth.

For more information on ARA Asset Management Limited, please visit www.ara-asia.com

Far East Hospitality Holdings Pte. Ltd. ("Far East Hospitality")
Far East Hospitality has a large scalable platform of hospitality assets and a hotel management business. In August 2014, Far East Hospitality made its maiden entry into Europe with the acquisition of a 50% interest in four hotel properties in Denmark and Germany. It also expanded its reach into Australia with the acquisition of two buildings in the central business districts of Sydney and Brisbane that are slated for hotel conversion. These acquisitions will provide further scale and enable Far East Hospitality to expand its growth platform.

For more information on Far East Hospitality, please visit www.stayfareast.com.sg

Malaysia Smelting Corporation Berhad ("MSC")
After exiting its Indonesian operations, MSC will concentrate on its profitable tin mining and smelting operations in Malaysia. In this regard, MSC acquired an 80% stake in SL Tin Sdn. Bhd in March 2014, which has a 15-year mining lease in the state of Pahang.

For more information on MSC, please visit www.msmelt.com

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2014 ("FY2014"), Straits Trading posted a net profit of $18.6 million largely from the gain on the disposal of STB and contribution from ARA. Revenue for FY2014 was lower as the hospitality business was divested in the second half of 2013.

DIVIDENDS

We are declaring an interim dividend payout of 4 cents per share for FY2014. We will continue to work towards a fair and sustainable dividend policy.

BOARD CHANGES

Mr Gautam Banerjee, Lead Independent Director and Chairman of the Audit Committee stepped down from the Board at the end of last year due to his increased workload from a change in his role in the Blackstone Group. On behalf of the Board and Management, I would like to thank him for his valuable counsel to the Group.

We are pleased to welcome Dr Gary Weiss and Mr Timothy Chia, who were appointed to the Board on 1 June 2014 and 27 February 2015, respectively. Dr Weiss was appointed to the Board as an Independent and Non-Executive Director and is currently the Executive Director of Ariadne Australia Limited, an investment company listed on the Australian Securities Exchange with operations in Australia and New Zealand. Mr Chia was appointed to the Board as Lead Independent Director and is the Chairman of Hup Soon Global Corporation Limited ("Hup Soon Global") and

Gracefield Holdings Limited. Mr Chia founded Hup Soon Global, which is principally engaged in the marketing and distribution of automotive aftermarket products, industrial equipment and supplies as well as battery manufacturing.

CHANGES TO THE EXECUTIVE TEAM

Mr Yap Chee Keong stepped down as Executive Director at the end of August 2014. Mr. Yap assumed the executive role with the Company in January 2013 to assist with some significant projects that were being undertaken at that time including the WBL transactions and the formation of the Far East Hospitality platform. We wish to record our deep appreciation for his leadership and valuable insights during his executive tenure with the Company. He remains on the Board as a Non-Executive Director.

We would also like to welcome Mr Desmond Tang as Chief Executive of Straits Real Estate. Mr Tang is a veteran in the real estate and asset management industry and was the former co-head and managing director of Alpha Investment Partners, the real estate fund management arm of Keppel Land.

LOOKING AHEAD

As we look ahead to 2015, we are cautiously optimistic on the prospects for the global economy. We are confident that the Company’s disciplined approach to managing and investing, as well as its strong platforms of growth, should equip Straits Trading to deal with any potential challenges and seize any opportunities that lie ahead.

Last but not least, we would like to thank you, our shareholders, for your support and trust. We also want to thank our fellow directors and employees at Straits Trading and its subsidiaries for their dedication, guidance and commitment.

CHEW GEK KHIM
Executive Chairman

23 March 2015

Leveraging on

CAPABILITIES

Capitalising on the
Strength of Strategic Partnerships

Straits Trading's presence in the Asia-Pacific and Europe has placed us on a sound platform to invest in global opportunities in these regions.

BOARD OF DIRECTORS

MS CHEW GEK KHIM

LLB (Hons)

Executive Chairman
Last re-elected in 2013

Ms Chew Gek Khim is a lawyer by training. She has been Chairman of The Straits Trading Company Limited since 24 April 2008, first as Non-Executive and Non-Independent Chairman and then as Executive Chairman since 1 November 2009.

Ms Chew is also Executive Chairman of Tecity Group, which she joined in 1987. She is Deputy Chairman of ARA Asset Management Limited, Chairman of ARA Trust Management (Suntec) Limited, and sits on the board of Singapore Exchange Limited.

Ms Chew is also Deputy Chairman of The Tan Chin Tuan Foundation in Singapore and Chairman of The Tan Sri Tan Foundation in Malaysia. She is a Member of the Securities Industry Council of Singapore, the SSO Council and Board of Governors of S. Rajaratnam School of International Studies. She was chairman of the National Environment Agency Board of Singapore from 2008 to 2015. Ms Chew was also previously a director of CapitaRetail China Trust Management Limited and board member of the Singapore Totalisator Board.

Ms Chew graduated from the National University of Singapore in 1984 and was awarded the *Chevalier de l'Ordre National du Mérite* in 2010.

MR RAZMAN BIN ARIFFIN

B Sc (Eng), ARSM, MIME (M)

Independent and Non-Executive Director
Last re-elected in 2014

Mr Razman bin Ariffin was appointed to our Board in December 2006. Mr Ariffin's rich involvement in the mining, metallurgical and energy industries spans over 40 years, starting as production and planning engineer with Osborne & Chappel Sdn Bhd, then as petroleum engineer with Sarawak Shell Berhad. He was then attached to the Malaysia Mining Corporation Berhad Group (now known as MMC Corporation Berhad Group) serving in various capacities over the years. In 1985, Mr Ariffin joined Malaysia Smelting Corporation Berhad ("MSC") as general manager and was its chief executive officer and executive director when he left in 1994. Currently an independent strategic and corporate consultant, Mr Ariffin is also Chairman of MSC. He was the former managing director of Trenergy (M) Berhad and Crest Petroleum Bhd, both companies then listed on Bursa Malaysia.

Mr Ariffin graduated from the Imperial College of Science and Technology at the University of London, England with first class honours in mining engineering in 1972.

MRS ELIZABETH SAM
BA (Hons) Economics

Non-Independent and Non-Executive Director
Last re-appointed in 2014

Mrs Elizabeth Sam brings with her more than 40 years of experience in the financial sector, having held senior positions in the Ministry of Finance, the Monetary Authority of Singapore, Mercantile House Holdings PLC (a company listed on the London Stock Exchange) and Oversea-Chinese Banking Corporation Limited. Currently an Adviser to the Tecity Group, Mrs Sam is also a Director of SC Global Developments Ltd, Banyan Tree Holdings Limited and AV Jennings Limited.

Formerly a director of Boardroom Limited, Mrs Sam was also the chairman of the Singapore International Monetary Exchange of Singapore, from 1987 to 1990 and from 1990 to 1993 and Investment Management Association of Singapore, from 1997 to 1999. She was a member of the Trade Development Board from 1989 to 1994.

In 1996, Mrs Sam was awarded the Public Service Star (BBM), Republic of Singapore, for her contributions to financial centre developments.

Mrs Sam graduated from the University of Singapore with a BA (Hons) Economics.

MS CHEW GEK HIANG
B Acc (Hons), CPA

Non-Independent and Non-Executive Director
Last re-elected in 2014

Ms Chew Gek Hiang, an accountant by training, has been with the Tecity Group, the parent company of The Straits Trading Company Limited, since 1991. As Executive Director and Head of Finance, she is actively involved in the investment activities of the Tecity Group and is responsible for its securities trading portfolio. She also oversees the human resource and administrative functions in the Tecity Group. Currently serving on the advisory panel of the GST Review Board, Ms Chew is also a Council Member of The Tan Chin Tuan Foundation in Singapore and The Tan Sri Tan Foundation in Malaysia. She is also President of Noah's Ark CARES (Companion Animal Rescue and Education Society), a non-profit animal welfare society which champions responsible pet ownership and active sterilisation and micro-chipping of stray dogs and cats in Singapore and Johor.

After her graduation from the National University of Singapore in 1986, Ms Chew worked with Ernst & Whinney in Singapore for a year. She then joined Ernst & Young (London) in 1987 to pursue chartered accountancy, and was admitted to the Institute of Chartered Accountants in England and Wales in October 1990.

BOARD OF DIRECTORS

MR GOH KAY YONG DAVID

BA (Hons), SM (MIT), CFA

Non-Independent and Non-Executive Director
Last re-elected in 2014

Mr Goh Kay Yong David is the Chief Investment Officer and Chief Strategist of the Tecity Group, our parent company. Mr Goh started his investment career as an Investment Analyst with Great Eastern Life in 1986, and taught at the Nanyang Technological University (NTU), Singapore in the Bachelor of Business Financial Analyst programme in 1991. After joining Tecity Group in 1997, he remained from 1997 to 2003, as Adjunct Associate Professor of Finance at NTU. Mr Goh also serves as Director of Pastamatrix International Pte Ltd, Stewardship Equity Pte Ltd and NPE Print Communications Pte Ltd.

Mr Goh holds a Bachelor of Arts (Hons) degree in Economics from York University, Canada; a Master of Science in Management (System Dynamics, Finance and Strategy) from Massachusetts Institute of Technology's Sloan School of Management, and is a CFA Charter holder.

MR THAM KUI SENG

BA (Hons) Engineering Science

Independent and Non-Executive Director
Last re-elected in 2013

Mr Tham Kui Seng is a Non-Executive Director of Global Logistic Properties Limited, Sembcorp Industries Ltd and Banyan Tree Holdings Limited. He is also a Board Member of The Housing and Development Board and Singapore Land Authority.

Mr Tham was the former chief corporate officer of CapitaLand Limited overseeing the corporate services functions of the real estate group from 2002 to 2008. He was previously a director of Raffles Medical Group Ltd.

Mr Tham graduated from the University of Oxford with a Bachelor of Arts (First Class Honours) in Engineering Science.

MR YAP CHEE KEONG
B Acc, CPA

Non-Independent and Non-Executive Director
Last re-elected in 2012

Mr Yap Chee Keong is a Non-Independent and Non-Executive Director of The Straits Trading Company Limited. He is the Chairman and Non-Executive Independent Director of CityNet Infrastructure Management Pte Ltd, the Trustee Manager of NetLink Trust. He is the Lead Independent Director of Tiger Airways Holdings Limited, a Non-Executive Independent Director of Citibank Singapore Limited and Certis CISCO Security Pte Ltd, and a Non-Executive Director of ARA Asset Management Limited. He also serves as a Board Member of the Accounting and Corporate Regulatory Authority and as a member of the Resource Panel of the Government Parliamentary Committee for Finance and Trade & Industry.

Mr Yap has worked in various senior management roles in multinational and listed companies. He holds a Bachelor of Accountancy from the National University of Singapore and is a Fellow of the Institute of Singapore Chartered Accountants, CPA Australia and the Singapore Institute of Directors.

MR TAN TIONG CHENG
Diploma in Urban Valuation, FSISV, FAPFM, ANZIV, SPINZ

Independent and Non-Executive Director
Last re-elected in 2014

Mr Tan Tiong Cheng was appointed as an Independent Director of The Straits Trading Company Limited on 1 July 2013.

Mr Tan is currently the Executive Chairman of Knight Frank Pte Ltd's Group of Companies. He has an extensive and in-depth knowledge of real estate for more than 40 years. He is an Independent and Non-Executive Director of UOL Group Limited and a Member of its Audit Committee. Mr Tan is also an Independent Director, Chairman of the Remuneration Committee and a Member of the Audit Committee of Heeton Holdings Limited.

A Colombo Plan Scholar, Mr Tan graduated top of his class with a Diploma in Urban Valuation from the University of Auckland, New Zealand. A Licensed Appraiser, he is also a Fellow Member of the Singapore Institute of Valuers and Surveyors, and the Association of Property and Facilities Management, an Associate Member of the New Zealand Institute of Valuers and a Senior Member of The Property Institute of New Zealand and a member of the Valuation Review Board.

BOARD OF DIRECTORS

DR GARY HILTON WEISS

LLB (Hons), LLM, JSD

Independent and Non-Executive Director

Dr Gary Hilton Weiss was appointed as an Independent and Non-Executive Director of The Straits Trading Company Limited on 1 June 2014.

Dr Weiss is currently the Executive Director of Ariadne Australia Limited, a diversified investment company with investments in a variety of sectors, including car parking, insurance and financial services.

He was on the board of Westfield Holdings Limited, one of the largest mall operators in Australia and the United States of America. As the former chairman of Coats Plc, Dr Weiss has also been involved in managing large businesses with operations in many regions including Europe, China and India. Having worked with Industrial Equity Limited and subsequently as executive director of Whitlam, Turnbull & Co and Guinness Peat Group plc, Dr Weiss is familiar with investments across a wide range of industries, corporate finance and private equity type deals.

Dr Weiss holds an LLB (Hons) and LLM from Victoria University of Wellington and the degree of Doctor of the Science of Law (JSD) from Cornell University. He was admitted as a Barrister and Solicitor of the Supreme Court of New Zealand in December 1975 and as a Barrister and Solicitor of the Supreme Court of Victoria in August 1981. Dr Weiss was also admitted as a Solicitor of the Supreme Court of New South Wales in September 1983.

MR CHIA CHEE MING TIMOTHY

B Sc (Cum Laude) Management

Independent and Non-Executive Director
Lead Independent Director

Mr Chia Chee Ming Timothy is the Chairman of Hup Soon Global Corporation Limited and Gracefield Holdings Limited. He was appointed as an Independent and Non-Executive Director and Lead Independent Director of the Company on 27 February 2015.

Currently a Senior Adviser to EQT Funds Management Ltd, Mr Chia was appointed Chairman, Asia of Coutts & Co Ltd in January 2012. Mr Chia is also an Independent and Non-Executive Director of Banyan Tree Holdings Limited and Fraser and Neave Limited.

He was the president of PAMA Group Inc. when he retired from the PAMA Group of Companies on 31 December 2004. In 2007, he founded Hup Soon Global Corporation Limited and became its founding Chairman. He was chairman of UBS AG – Asia from October 2009 to September 2011.

Mr Chia graduated with a cum laude in Management from Farleigh Dickinson University in the United States of America.

PERSONNEL

In line with its transformation into an investment company, Straits Trading has adopted a more streamlined corporate structure with executive staff manning only key corporate functions. The operational management of its individual portfolio companies now rests with the chief executives of the respective businesses, supported by their individual management teams.

Maintaining a leaner executive headcount at Straits Trading while concentrating management of the businesses within the operating entities will, not only facilitate faster decision-making and better responsiveness to market developments, but also leverage off the repertoire of operational expertise of the executive teams at the different portfolio businesses.

Key Management Personnel

MS CHEW GEK KHIM
LLB (Hons)
Executive Chairman

Please refer to page 12 for profile.

MS MAGGIE YEO SOCK KOON
B Acc
Finance Director

Ms Maggie Yeo joined the Company as Finance Director on 8 September 2014. As Finance Director, she has overall responsibility of the Company's finance functions, including financial reporting, corporate finance, treasury, tax, budget management, risk management and capital management of Straits Trading and its group of companies. She plays a key role in working with senior management to develop, monitor and evaluate overall corporate strategy.

Ms Yeo has more than 20 years of working experience in the finance and accounting sectors. Prior to joining The Straits Trading Company Limited, she was the senior vice president for Reporting and Analytics Centre of Excellence in Sembcorp Industries Limited, the chief financial officer in UMS Holdings Ltd and director for Group Accounting Services in NOL. She was actively involved in mergers and acquisitions, financial and management reporting, budgeting and forecasting, shared services setup, tax, treasury as well as corporate governance and risk-management matters.

Ms Yeo graduated from the National University of Singapore with a Bachelor of Accountancy degree. She is a graduate of Institute of Chartered Secretaries and Administrators.

PERSONNEL

Senior Executive Teams in Straits Trading and its Subsidiaries

THE STRAITS TRADING COMPANY LIMITED

Left to Right

Mr Anand Joseph
Manager, Investor Relations

Mr James Kwie
Vice President, Portfolio Management

Ms Toh Chee Leng
Vice President, Human Resource & Adminstration

Mr Steven Ang
Vice President, Information Technology

Mr Eric Teng
Adviser

Mr Aldric Tan
Company Secretary

Ms Wong Wai Yee
Vice President, Corporate Communications & Investor Relations

Mr Low Yew Joo
Vice President, Portfolio Management

Mr Allen Tan
Vice President, Portfolio Management

STRAITS REAL ESTATE PTE. LTD.

Left to Right

Mr Lai Jing Dong
Director Investments

Ms Goh Yah Huay
Director, Finance

Mr Desmond Tang
Chief Executive Officer

Mr Stephen Finch
Chief Executive Officer, SRE Capital

Mr Andy Lim
Director, Business Development

Ms Adeline Fong
Director, Asset Management

MALAYSIA SMELTING CORPORATION BERHAD

Front Row, Left to Right

Mr Chua Cheong Yong
Chief Executive Officer

Ms Sharifah Faridah Abdul Rasheed
Group Company Secretary & Head of Legal and Human Resource

Mr Raveentiran Krishnan
Group Chief Operating Officer, Smelting

Back Row, Left to Right

Mr Madzlan Zam
Head, Geology & Exploration

Mr Yap Kean Pang
General Manager, Marketing & Trading

Mr Yap Fook Ping
Group Chief Financial Officer

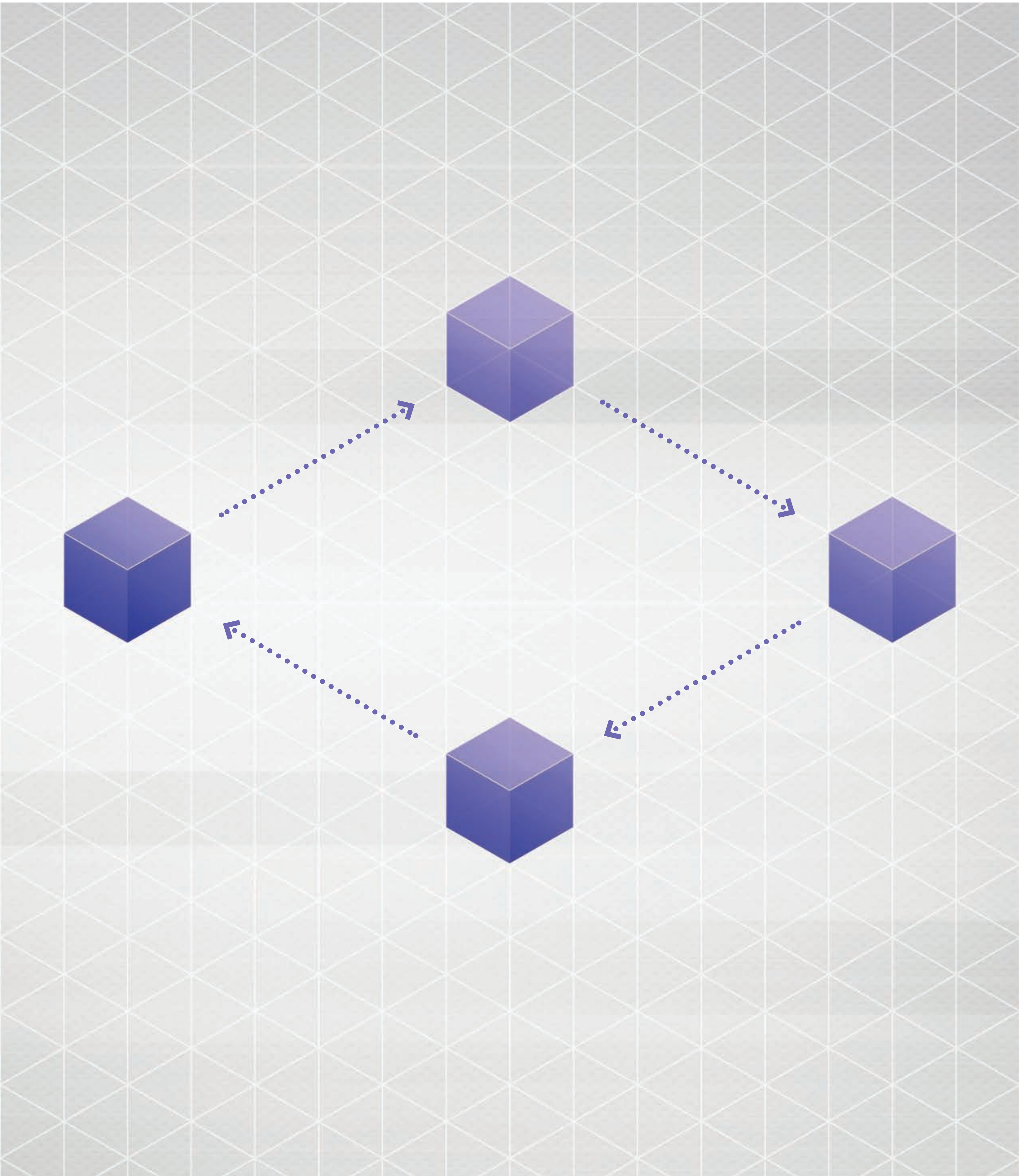
Mr Mohamed Yakub Ismail
Group Chief Operating Officer, Mining
SeniorGeneral Manager,
Rahman Hydraulic Tin Sdn. Bhd

Developing

SUSTAINABLE ENGINES

Delivering Sustainable Yield to Shareholders

We will maintain our focus on building up our growth platforms to generate recurrent earnings. Guided by an exceptional management team and prudent investment strategies, we are confident we will deliver greater value for our shareholders.



YEAR IN REVIEW

Group Financial Highlights

	2014 $'000	2013 $'000	2012 $'000	2011 $'000	2010 $'000
Total revenue	**764,756**	802,757	1,159,137	1,510,663	1,358,721
Earnings/(Loss) before interest and tax	**55,126**	120,458	(67,588)	97,489	47,753
Profit/(Loss) before tax	**25,378**	93,297	(95,031)	79,246	23,872
Profit/(Loss) attributable to owners of the Company	**18,586**	119,495	(55,236)	47,026	28,169
Shareholders' funds	**1,354,997**	1,316,585	1,136,035	1,168,402	1,146,413
PER SHARE					
Earnings/(Loss) per share (cents)	**4.6**	30.4	(16.9)	14.4	8.6
Gross dividend per share (cents)	**4.0**	54.0 [(a)]	4.0	4.0	2.0
Net asset value per share ($)	**3.32**	3.23	3.49	3.59	3.52
FINANCIAL RATIOS					
Return on equity (%)	**1.4**	9.7	(4.8)	4.1	2.5
Net gearing (%)	**Net Cash**	11.5	45.5	33.3	42.4

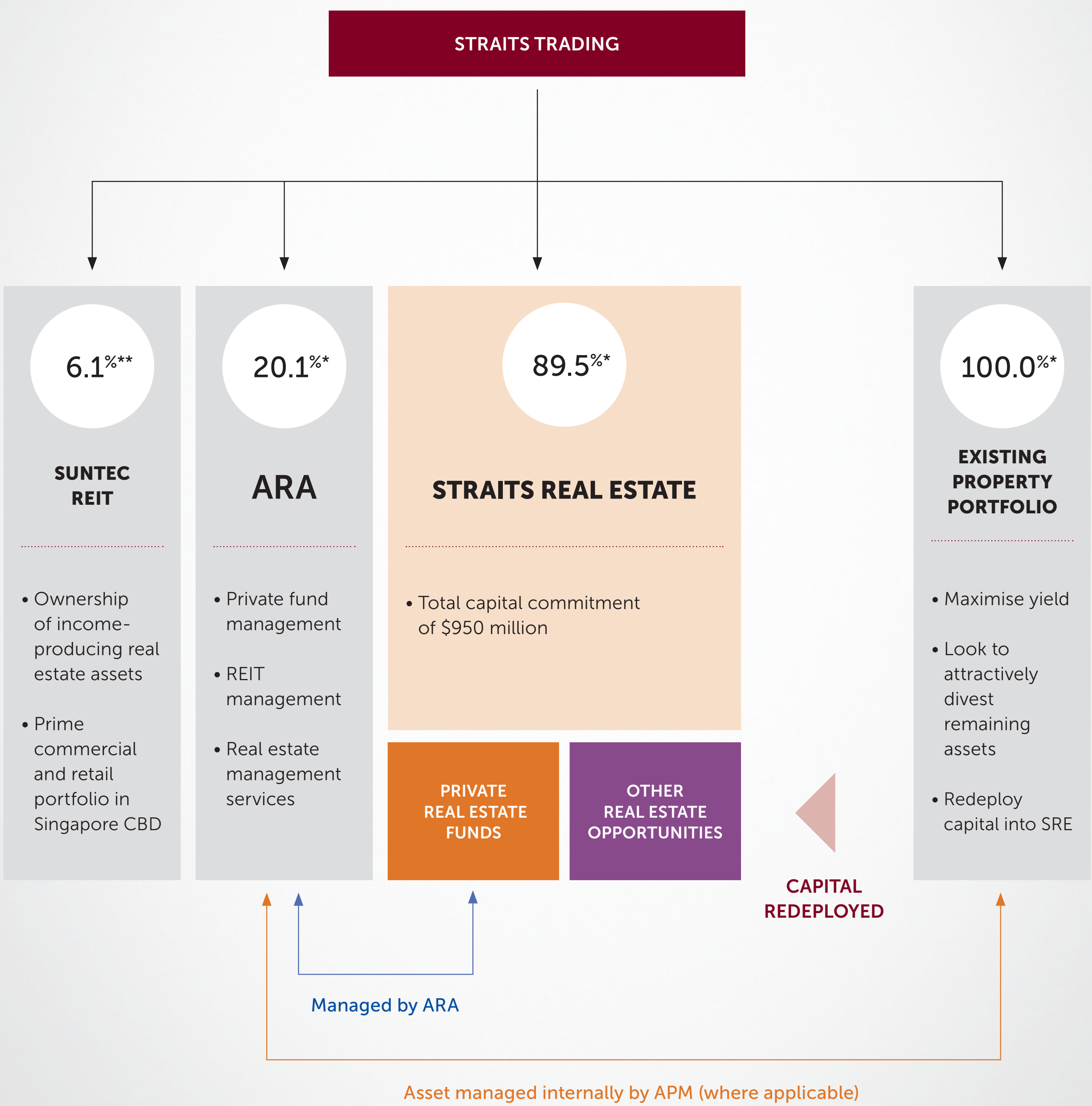
Note:
(a) This includes the special interim dividend of 50 cents per share paid on 20 September 2013.

	2014 $'000	2013 $'000	2012 $'000	2011 $'000	2010 $'000
BALANCE SHEET					
Total non-current assets	**1,173,516**	1,399,611	1,695,923	1,608,047	1,562,860
Total current assets	**818,587**	541,247	462,455	656,776	450,042
TOTAL ASSETS	**1,992,103**	1,940,858	2,158,378	2,264,823	2,012,902
Equity attributable to owners of the Company	**1,354,997**	1,316,585	1,136,035	1,168,402	1,146,413
Non-controlling interests	**50,901**	35,658	35,043	97,723	47,190
TOTAL EQUITY	**1,405,898**	1,352,243	1,171,078	1,266,125	1,193,603
Total non-current liabilities	**253,744**	309,617	636,812	608,256	393,265
Total current liabilities	**332,461**	278,998	350,488	390,442	426,034
TOTAL LIABILITIES	**586,205**	588,615	987,300	998,698	819,299
TOTAL EQUITY AND LIABILITIES	**1,992,103**	1,940,858	2,158,378	2,264,823	2,012,902

YEAR IN REVIEW

Real Estate

STRAITS TRADING'S REAL ESTATE ECOSYSTEM



* Direct interest
** Aggregate interest

Straits Trading's real estate business comprises its 89.5% stake in Straits Real Estate Pte. Ltd. ("Straits Real Estate") and its 20.1% stake in ARA Asset Management Limited ("ARA"), a 6.1% aggregate interest in Suntec REIT as well as an investment property portfolio overseen by Straits Investment Partners, a managed account under ARA.

REAL ESTATE ECOSYSTEM

Collectively they form Straits Trading's real estate ecosystem, a structure that possesses the capabilities to seed, invest, monetise and recycle capital across a range of asset classes within the real estate space. Through this ecosystem, Straits Trading is able to leverage off the competencies of these various real estate related platforms to access a wide spectrum of real estate related opportunities from seeding and sponsoring real estate funds to investing in real estate securities to direct investment in real estate.

STRAITS REAL ESTATE PTE. LTD.

Straits Real Estate is Straits Trading's new growth engine for its real estate business. It is an investment vehicle that seeks out higher returning real estate related investments and opportunities globally. Straits Real Estate became operational in 2014.

Real Estate Investor with Strong Financial Backing

With a total capital commitment of S$950 million from Straits Trading and the John Lim Family Office, and with the flexibility to invest in direct real estate as well as real estate backed instruments and securities globally, Straits Real Estate is able to capitalise on attractive investment opportunities when they become available. Straits Real Estate's modus operandi is in allocating and deploying its capital into suitable real estate investment opportunities. This is often undertaken through collaborations with real estate developers or operators who have intimate knowledge of local markets and strong operational capabilities.

Management Team with Proven Expertise

The Straits Real Estate team has extensive experience investing in major regional markets, possesses a deep understanding of risk and has access to a strong pipeline of deal flow; all of which are prerequisites to effective implementation of the Straits Real Estate business model. The team will focus on opportunities that they are confident of creating value in and extracting value from, and have attractive risk-return profiles. In so doing, Straits Real Estate is confident of delivering strong returns to the investors. Having the right team in place lays the foundation for development of the business in future.

(Refer to page 19 for more information).

YEAR IN REVIEW

Real Estate (continued)

Artists impression of SRE's retail project in Chongqing, China

Maiden Investment Project in China

Straits Real Estate has committed to acquiring a retail mall in Chongqing, China. Located in Chayuan, a new middle-income district, the mall will be the first organised retail scheme in the area. When completed, the mall will have a total gross floor area of approximately 82,367 square metres, distributed over two basements and five above-ground levels. The property is part of a larger mixed-use development that comprises 29 residential buildings, 4 office towers, a hotel and an open-air street mall. The mall is also directly linked to the subway station through the basement floor, and enjoys excellent access to other parts of Chongqing via a well developed network of ring roads and expressways.

ARA Summit Development Fund 1 L.P. ("SDF 1")

During the year, Straits Real Estate also committed to investing in SDF 1, managed by ARA Asset Management Limited. SDF 1 is a private real estate investment fund with a mandate to invest in green or brown field development projects in Australia and South East Asia.

For more information on Straits Real Estate Pte. Ltd., please visit www.straitsrealestate.com

SRE Capital Pte. Ltd. ("SRE Capital")

Straits Real Estate has also set up SRE Capital. SRE Capital's core business is in the management of both internal and third-party capital for investment in publicly listed REITs, asset-backed trusts and corporate securities in the real estate and infrastructure sectors within the Asia Pacific region.

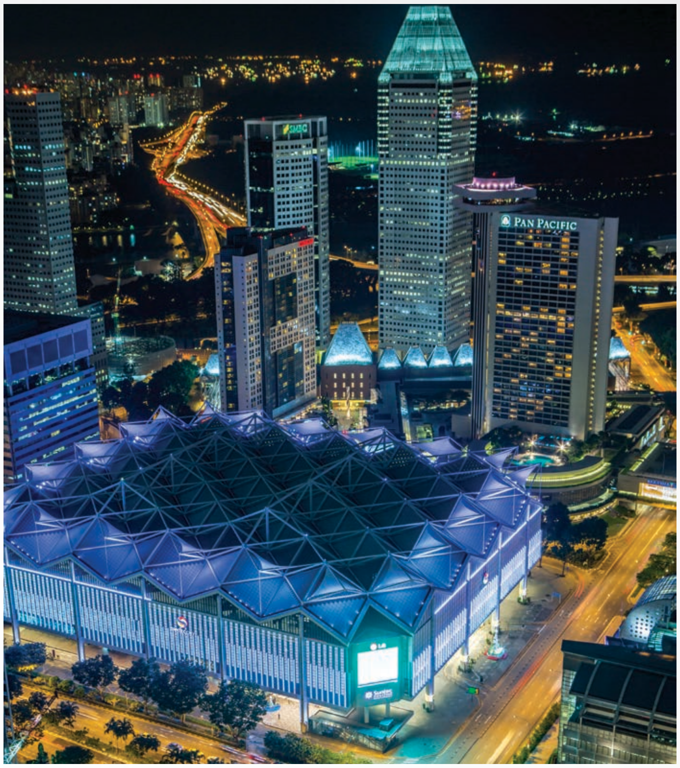
For more information on SRE Capital Pte. Ltd., please visit www.srecapital.com

ARA ASSET MANAGEMENT LIMITED ("ARA")

ARA, a 20.1% owned associate company of Straits Trading, is one of the largest real estate fund managers in the region that manages listed REITs in Singapore, Hong Kong and Malaysia with diversified portfolio across the office, retail and industrial sector. ARA also invests and manages private real estate funds in Asia and provides real estate management services.

In 2014, ARA delivered another year of outstanding performance, with 23% and 18% year-on-year growth in revenue and net profit respectively. Total assets under management ("AUM") grew 1.7% year-on-year from S$25.9 billion to S$26.3 billion despite ongoing divestments by its private funds.

During the year, apart from organic growth driven by its existing REITs and private fund platforms, ARA continued to seek out exciting growth opportunities by penetrating new markets. One such example is the completion of the acquisition of Macquarie Real Estate Korea Limited in April



Suntec City occupies a prime location in the city of Singapore

The entrance to the newly-refurbished Suntec Singapore Convention & Exhibition Centre that is fronted by the largest HD LED Screen in the world

2014 which brought two privately-held funds into its fold. ARA also established an Australian platform to seize potential investment opportunities and access capital markets. The establishment of the Korean and Australian platforms strengthened ARA's presence in the Asia Pacific region, expanding its reach to 15 cities across Singapore, Hong Kong, China, South Korea, Malaysia and Australia. With these new platforms in place, ARA is well-positioned to pursue further growth opportunities in its respective markets.

As the largest shareholder of ARA with a 20.1% stake, Straits Trading will continue to support ARA in delivering its strategies to grow its REIT platforms through yield-accretive acquisitions, while seeking opportunities in private funds to venture into new markets and jurisdictions.

Asset Enhancements to Suntec City

Under ARA's management, Suntec REIT has substantially completed Phases II & III of asset enhancement initiatives for the remaking of the Suntec City retail mall and the Suntec Singapore Convention & Exhibition Centre (collectively known as "Suntec City"). The REIT manager's current priority is to focus on proactive lease management to maintain high occupancy levels of both its office and retail portfolios.

For more information on ARA Asset Management Limited, please visit www.ara-asia.com

STRAITS INVESTMENT PARTNERS

Straits Investment Partners is a managed account under ARA that oversees Straits Trading's investment property portfolio. The Singapore investment properties include condominium units at Gallop Green and Good Class Bungalows ("GCBs") at Cable Road and Nathan Road. The portfolio in Malaysia comprises Wisma Straits Trading as well as land, buildings and shophouses at Butterworth, Penang.

In December 2014, Straits Trading Building was divested to Sun Venture Group for $450 million, as part of Straits Trading's strategy of redeploying its capital into potentially higher returning real estate opportunities, through SRE.

Straits Investment Partners will continue to look to maximise the yield on its remaining real estate portfolio while concurrently looking for attractive opportunities to divest assets.

Straits Trading will continue to focus on creating greater value to its stakeholders through its stakes in these various real estate platforms and by leveraging off their capabilities within the real estate ecosystem.

YEAR IN REVIEW

Resources

Newly smelted tin ingots

Straits Trading's 54.8% owned resources subsidiary, Malaysia Smelting Corporation Berhad ("MSC") has, in the last few years, embarked on a long and difficult journey of strategic restructuring to bring MSC back to its core tin business and de-risk its earlier multi-resource business model. Key elements of this strategy include divestments of non-tin related assets, exiting from Indonesia by disposing of MSC's remaining interests in the Indonesian tin business and further enhancing the profitable core operations. The execution of this strategy led to a series of significant impairment provisions which affected MSC's bottom line. Fortunately, this was mitigated by the strong performance at its core tin operations. However, with the completion of the disposal of its Indonesian subsidiaries and most of its remaining non-tin assets, MSC can now look forward to a more consistent positive performance and improved cash flow from its profitable core operations in the years ahead.

FINANCIAL PERFORMANCE

The core operations of MSC, comprising the Butterworth international smelting business and Rahman Hydraulic Tin mine, continued to be profitable. However combined pretax profit was lower at RM68.43 million in FY2014 compared with RM100.24 million in FY2013. Profit from continuing operations was RM44.99 million before tax and RM22.66 million after tax respectively in FY2014. Earnings were dragged down primarily by higher cost pressures leading to a lower profit margin, provision for financial guarantees relating to MSC's operations in Indonesia amounting to RM9.6 million as well as the negative impact of foreign currency translation.

Revenue increased 21% to RM1.9 billion in FY2014 from RM1.6 billion for FY2013, helped by higher sales quantity of refined tin.

INTERNATIONAL SMELTING BUSINESS

The Butterworth international smelting operations achieved a pre-tax profit of RM38.63 million in 2014. Tin production increased to 34,971 tonnes in FY2014 from 32,668 tonnes in FY2013, helping to maintain MSC's position as the second largest producer of refined tin metal in the world. The higher production was achieved on the back of an increase in smelting throughput and a healthy intake of crude tin metal in 2014. During the course of the year, a new furnace was commissioned increasing the overall smelting capacity by 15%.

However, intake of crude tin, which has been a major intake component for refining at the Butterworth smelter for a number of years, will remain highly volatile and is very much contingent on the quantity imported from Indonesia.

RAHMAN HYDRAULIC TIN SDN BHD ("RHT")

RHT operates a hard rock open pit mine in the State of Perak and is Malaysia's oldest and largest operating tin mine accounting for about 40 to 60% of the country's tin production. The mine maintains a clean safety record and complies with stringent regulatory environmental and mining standards.

Aerial view of the Rahman Hydraulic open pit tin mine

Profit before tax at RM29.8 million in FY2014 was 13% lower than that in FY2013, mainly attributable to higher mining costs. In March 2014, RHT acquired an 80% interest in SL Tin Sdn Bhd ("SL Tin") a company which had secured a mining lease of 267 hectares with prospective tin mineralisation located near Sungei Lembing Town, Hulu Kuantan, in the state of Pahang for a period of 15 years.

DISPOSAL OF INDONESIAN OPERATIONS AND OTHER NON-TIN ASSETS

Following the divestment of Bemban Corporation Limited, the holding company of PT Koba Tin, as well as PT MSC Indonesia in June 2014, MSC has ceased all operations in Indonesia. The de-consolidation of the assets and liabilities after the disposals of its Indonesian subsidiaries has resulted in some non-cash adjustments which have been classified under discontinued operations. During the financial year ended 31 December 2014, the Group carried out a review of the recoverable amount of its investment in KM Resources Inc ("KMR") and recognised an impairment provision of RM4.2 million. Currently, KMR is in the process of being wound up.

ITRI TIN SUPPLY CHAIN INITIATIVE (ITSCI)

Significant efforts were expended by MSC during the year to promote and expand the implementation of the iTSCi due diligence scheme for the responsible sourcing of metals and minerals in the Central African countries, at the upstream end of its supply chain. The iTSCi scheme is backed by all stakeholders and has been very successful in its agenda to ensure traceability of tin and tantalum minerals, sourced from the Democratic Republic of Congo ("DRC") and adjoining countries, to ensure that minerals sourced by the tin smelting industry from Central African countries are conflict free.

MSC continues to actively engage with all stakeholders of the global tin industry to promote the concept of sustainability in its business.

OUTLOOK

As the global commodity industry continued to remain depressed in the current down cycle, the market environment for tin will continue to be challenging. Although the supply side in the global tin industry remains a thorny and unpredictable issue as artisanal production operations still constitute a high proportion of world tin production, MSC will continue to focus on sustainable improvements in its core operations. This is underpinned by MSC's efforts in 2014 to expand capacity at the Butterworth smelting facility as well as in RHT where a comprehensive exploration programme is on-going and designed to expand its tin resource base.

MSC has been through many economic and commodity cycles and this is a strong testament to its operational ability to withstand the down cycle and position itself to reap the benefit from the upswing.

For more information on Malaysia Smelting Corporation Berhad, please visit www.msmelt.com

YEAR IN REVIEW

Hospitality

Adina Copenhagen Apartment Hotel, which Far East Hospitality acquired a 50% interest

Rendezvous Hotel Singapore, managed by Far East Hospitality

Far East Hospitality Holdings Pte. Ltd. ("Far East Hospitality"), Straits Trading's 30% owned joint venture with Far East Orchard Limited (a listed company under Far East Organization) became fully operational in November 2013.

In the same year, Far East Hospitality completed a 50-50 joint venture with Australia's Toga Group, one of the leading accommodation providers in Australia. Far East Hospitality now owns and operates a combined portfolio of more than 13,000 rooms under its management across 80 hotels and serviced residences in eight countries – Australia, China, Denmark, Germany, Hungary, Malaysia, New Zealand and Singapore, with more in its development pipeline.

As a 30% associate of Straits Trading, Far East Hospitality's results are recorded in Straits Trading using the equity method. For FY2014, Straits Trading's share of Far East Hospitality's results amounted to a marginal loss of S$0.3 million. This represents a marked improvement compared to an operating loss of S$7.8 million in 2013 which included one-off acquisition-related costs for the formation of Far East Hospitality as well as the joint venture with Toga Group. With a strong foundation laid after the integration and streamlining of operating systems across hotel platforms during the year, Far East Hospitality is well-positioned to capitalise on growth opportunities in the regional markets.

In 2014, Far East Hospitality continued to build its regional hotel portfolio via acquisitions in Australia and Europe, together with its joint venture partner Toga Group. In June and July 2014, Far East Hospitality acquired two office buildings in Sydney and Brisbane for hotel conversion. Far East Hospitality also made its first hotel acquisition in Europe, through acquiring a 50% interest in four hotel properties in Germany and Denmark – a move to strengthen Far East Hospitality's foothold in the hospitality business in the European market.

Far East Hospitality will continue to selectively expand its hospitality businesses by acquiring strategic assets and increasing management contracts. At the same time, Far East Hospitality will also consider the divestment of properties to recycle capital for re-deployment towards higher yielding growth opportunities as and when appropriate.

Going forward, Straits Trading will continue to support Far East Hospitality, leveraging on the synergies offered by its larger hospitality platform, to actively pursue growth opportunities for the hospitality management and ownership businesses.

For more information on Far East Hospitality Holdings Pte. Ltd., please visit www.stayfareast.com

YEAR IN REVIEW
Corporate Social Responsibility

The Straits Trading Company Limited is committed to being a socially responsible organisation and has been contributing towards educational and social causes as far back as the early 1900s. In tandem with its financial growth and prosperity, the Company had also fostered a culture of giving back to the community in various ways. Today, the Company encourages good citizenship by supporting initiatives that cultivate meaningful opportunities for civic engagement by its employees and which deliver measurable outcomes that leave a lasting impression on our community.

PACKING FOR A GOOD CAUSE

On 26 November 2014, staff volunteers from Straits Trading took part in a sheltered workshop working alongside beneficiaries from SPD Singapore (formerly known as the Society for the Physically Disabled), to pack goodie bags for their clients.

These workshops serve as a place for employment and vocational training for people with disabilities. The projects and small contract work secured by SPD provides a real work environment for the trainees, thus improving their future employment prospects.

The occasion proved to be a valuable learning experience for staff volunteers as they worked hand in hand with the beneficiaries to ensure that the items were packed properly and adequately. It also proved to be an enjoyable, yet enriching experience for our volunteers, as they interacted with the beneficiaries in animated fashion.

In total, about a thousand goodie bags were packed and prepared. It was a memorable experience at the end of the day for our staff volunteers as they went away with the satisfaction of having done a good job and the opportunity to have made a positive impact on the beneficiaries.

Staff volunteers eagerly awaits for their duties to be assigned

Staff volunteers assisting beneficiaries to pack items into the goodie bags

CORPORATE INFORMATION

The Straits Trading Company Limited and Its Subsidiaries

BOARD OF DIRECTORS

Ms Chew Gek Khim
Executive Chairman

Mr Razman bin Ariffin
Independent and
Non-Executive Director

Mrs Elizabeth Sam
Non-Independent and
Non-Executive Director

Ms Chew Gek Hiang
Non-Independent and
Non-Executive Director

Mr Goh Kay Yong David
Non-Independent and
Non-Executive Director

Mr Tham Kui Seng
Independent and
Non-Executive Director

Mr Yap Chee Keong
Non-Independent and
Non-Executive Director

Mr Tan Tiong Cheng
Independent and
Non-Executive Director

Dr Gary Hilton Weiss
Independent and
Non-Executive Director

Mr Chia Chee Ming, Timothy
Lead Independent Director

KEY MANAGEMENT PERSONNEL

Ms Chew Gek Khim
Executive Chairman

Ms Maggie Yeo Sock Koon
Finance Director

SECRETARY

Mr Aldric Tan Jee Wei

REGISTERED OFFICE

9 Battery Road #28-01
Straits Trading Building
Singapore 049910

CORPORATE OFFICES

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E-mail: straits@stc.com.sg
Website: www.stc.com.sg

Ground Floor
Wisma Straits Trading
2 Lebuh Pasar Besar
50050 Kuala Lumpur
Tel: (03) 2698 7126
Fax: (03) 2693 7542

SHARE REGISTRARS

Tricor Barbinder
Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge:
Mrs Lim Siew Koon
(Appointed with effect from financial year ended 31 December 2010)

PRINCIPAL BANKERS

CIMB Bank Berhad

DBS Bank Ltd

The Hongkong and Shanghai Banking Corporation Limited

Malayan Banking Berhad

Oversea-Chinese Banking Corporation Limited

Standard Chartered Bank

United Overseas Bank Limited

FINANCIAL Contents

REPORT ON CORPORATE GOVERNANCE

The Straits Trading Company Limited (the "**Company**") is committed to high standards of corporate governance. This report describes the Company's corporate governance policies and practices during the financial year ended 31 December 2014 ("**FY2014**") with specific reference to the Code of Corporate Governance 2012 (the "**Code**").

THE BOARD'S CONDUCT OF AFFAIRS *(Principle 1)*

The Board provides policy direction and entrepreneurial leadership, approves the development and implementation of corporate strategies, and ensures that the necessary financial and human resources are in place for the Company to meet its objectives. In addition, the Board establishes a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets.

The Board also sets the Company's values and standards, and ensures that its obligations to all stakeholders are met and understood. While the Board remains responsible for providing oversight in the preparation and presentation of the financial statements, it has delegated to the Management the task of ensuring that the financial statements are drawn up and presented in compliance with the relevant provisions of the Singapore Companies Act, Cap. 50 and the Singapore Financial Reporting Standards.

The Board has appointed the Executive Chairman to oversee the Management, and the Lead Independent Director to ensure continued good governance. Supported by the Board committees, namely the Audit Committee ("**AC**"), Remuneration Committee ("**RC**") and Nominating Committee ("**NC**"), the Board also approves the appointment of Board members, key business initiatives, major investments and funding decisions, and interested person transactions. Mr Yap Chee Keong stepped down as Executive Director on 31 August 2014 but remained as a Non-Independent Non-Executive Director of the Company.

For the Company's various projects, the Board has from time to time delegated authority to certain ad-hoc committees of the Board comprising two or more Directors, to provide detailed supervision and strategic oversight of such projects. Such ad-hoc Board committees meet on a regular basis to provide strategic direction to the Management in the conduct of the projects.

The Board met five times in FY2014. Meetings by means of a conference telephone or similar communication equipment are permitted in the Company's Articles of Association. The Directors' attendance at the Board and various committee meetings during FY2014 are as follows:

Name of Director	Board	Remuneration Committee	Nominating Committee	Audit Committee
Number of meetings held	5	1	2	5
Attendance				
Ms Chew Gek Khim	5		2	
Tan Sri Dato' Dr Lin See-Yan[1]	1	1	2	2
Mr Razman bin Ariffin	5	1		
Mrs Elizabeth Sam	5			
Ms Chew Gek Hiang	5	1		5
Mr Goh Kay Yong David	5			
Mr Yap Chee Keong[2]	5	1	2	5
Mr Tham Kui Seng	5		2	
Mr Gautam Banerjee[3]	5			5
Mr Tan Tiong Cheng[4]	5			3
Dr Gary Hilton Weiss[5]	2			

Legend:
1 Retired as Director on 30 April 2014.
2 In attendance at the meetings of the RC, NC and AC as Executive Director.
3 Resigned as Director on 31 December 2014.
4 Appointed as member of the AC with effect from 30 April 2014 and attended all AC meetings held thereafter.
5 Appointed as Director on 1 June 2014 and attended all Board meetings held thereafter.

REPORT ON CORPORATE GOVERNANCE

Apart from the five Board meetings of the Directors, the Board also held an off-site retreat with the Management in FY2014 to strategise and plan the Group's longer term strategy and direction.

New Directors appointed to the Board were provided with information packs to familiarise themselves with the Company's business and governance guidelines. In addition, newly appointed Directors were inducted to the Company's business through orientation sessions and/or Board retreats.

BOARD COMPOSITION AND GUIDANCE *(Principle 2)*

For FY2014, the Board comprised 10 Directors, eight of whom were non-executive. From 1 September 2014, there were nine non-executive Directors. The NC assesses the independence of the Directors at least once a year and the Board, having taken into account the views of the NC, considered Mr Razman bin Ariffin, Mr Tham Kui Seng, Mr Gautam Banerjee, Mr Tan Tiong Cheng and Dr Gary Hilton Weiss to be independent under the guidelines provided in the Code.

The Board considers an independent Director to be one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgement with a view to the best interests of the Company.

The Directors provided objective and independent judgement to the decision making of the Board. The non-executive Directors of the Company participated constructively and reviewed the Group's operations, budgets and strategies. They also assessed the effectiveness of the Board's processes and activities in meeting set objectives and corporate governance standards.

The Board as a group has the core competencies, such as accounting or finance, business or management experience, legal and industry knowledge, and strategic planning experience. Key information on the Directors are set out in pages 12 to 16.

EXECUTIVE CHAIRMAN *(Principle 3)*

The Board is led by Ms Chew Gek Khim as the Executive Chairman. Ms Chew assumed the Chair on 24 April 2008 and was appointed Executive Chairman on 1 November 2009.

As Chairman of the Board, Ms Chew's duties include leading the Board, setting the Board agenda and ensuring that all Directors receive sufficient relevant information (both financial and non-financial) to enable them to participate and contribute effectively in Board discussions and decisions. She aims to promote openness and constructive relations between the Board members, and between the Board and the Management, and ensures effective communication with shareholders. Ms Chew also advocates high standards of corporate governance.

As the Executive Chairman, Ms Chew takes on executive oversight of the Management of the business segments. The Management is responsible for the daily management of the businesses and implementation of the Board's policies and decisions as well as ensuring compliance with the corporate governance policies of the Company as these relate to the respective business segments. The Management reports to the Board and is managed through the strategies adopted and monitored through the key performance indicators set for them.

LEAD INDEPENDENT DIRECTOR *(Principle 3)*

In line with the recommendations set out in the Code, the Company has appointed a Lead Independent Director. Mr Gautam Banerjee was appointed as the Lead Independent Director on 2 January 2013. Mr Gautam Banerjee resigned as Director on 31 December 2014.

REPORT ON CORPORATE GOVERNANCE

Mr Chia Chee Ming, Timothy was appointed as an Independent Non-Executive Director and the Lead Independent Director on 27 February 2015.

The Lead Independent Director's role includes being available to shareholders to address any of their concerns and acting as the principal liaison between the independent Directors, and the Executive Chairman on critical issues.

BOARD MEMBERSHIP *(Principle 4)*

The Company has an NC comprising three Directors, the majority of whom, including the NC Chairman, are independent. The NC is chaired by Mr Tham Kui Seng. The other members of the NC are Ms Chew Gek Khim, Tan Sri Dato' Dr Lin See-Yan (until 30 April 2014) and Mr Gautam Banerjee (from 30 April 2014 to 31 December 2014). Mr Tan Tiong Cheng was appointed as a member of the NC on 5 February 2015.

The Company has adopted a formal and transparent process for the appointment of new Directors through the NC which reviews the background of all appointees and makes recommendations accordingly to the Board for approval.

The functions of the NC include the evaluation of the Board's effectiveness, each Director's contributions and independence, as well as making recommendations on the appointment and re-nomination of Directors for the Board. The role and functions of the NC are set out in its Terms of Reference.

With the guidance of the NC, the Company had arranged for continuing education in a number of areas, including legal updates on directors' duties, for the Directors during FY2014 to enhance their performance as Board and Board committee members.

As the Directors have given sufficient time and effort to the Company's matters, notwithstanding their multiple directorships and appointments, the Board was of the view that there was no necessity to regulate the maximum number of listed company board representations that the Directors may hold.

BOARD PERFORMANCE *(Principle 5)*

The Company has in place a process to assess the Board's effectiveness as a whole. The evaluation is carried out annually with each Director making his assessment by providing feedback to the NC through a Board assessment questionnaire.

In evaluating the performance of the individual Directors and the Board, the NC considers, amongst others, the Directors' attendance, contribution and participation at the Board and Board committee meetings, Directors' individual evaluations and the overall effectiveness of the Board.

ACCESS TO INFORMATION *(Principle 6)*

Information is important to the Board's understanding of the Group's businesses and essential to preparing the Board members for effective meetings. Where required, the Management supplements the meeting papers with presentations on active operations and strategic issues to provide Directors with a better understanding of the Group's operations. The Management is invited to attend the meetings to answer enquiries from the Directors.

The Directors have separate and independent access to the Management and the services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with. The Company Secretary also assists the Chairman by ensuring good information flows within the Board and its committees, and between the Management and the non-executive Directors. The Company Secretary attends all Board meetings and his appointment or removal is subject to the Board's approval.

REPORT ON CORPORATE GOVERNANCE

In the furtherance of their duties and if the Management's explanations are not satisfactory, the Directors may seek independent professional advice at the Company's expense.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES *(Principle 7)*
LEVEL AND MIX OF REMUNERATION *(Principle 8)*

The Board has an RC comprising three non-executive Directors, the majority of whom, including the RC Chairman, are independent. Mr Razman bin Ariffin chairs the RC and Ms Chew Gek Hiang and Mr Tham Kui Seng (appointed on 30 April 2014) are the other two members. Tan Sri Dato' Dr Lin See-Yan served as a member of the RC until 30 April 2014.

The functions of the RC include the recommendation of a framework of remuneration for the Board and key management personnel, and the recommendation of specific remuneration packages for the Executive Chairman, Executive Director and key management personnel, for the Board's approval. The role and functions of the RC are set out in the Terms of Reference of the RC.

The Company has adopted a performance-based approach to compensation where employees' remuneration is linked to individual and corporate performances. The RC sees the importance of a market competitive remuneration strategy to attract, retain and motivate employees to high performance that creates value for the shareholders. Remuneration is determined according to the following general components: salary, contractual bonus and performance bonus. Presently, the Company does not have any share option scheme.

Taking into account the performance of the Group and the responsibilities and performance of the Directors, directors' fees (for the Board and the various Board Committees) were set in accordance with a remuneration framework comprising responsibility fees and attendance fees. The Executive Chairman and Executive Director do not receive any director's fees. Non-executive Directors are paid director's fees, subject to approval at the annual general meeting. The non-executive Directors have no service contracts. No individual Director fixes his own remuneration.

DISCLOSURE ON REMUNERATION *(Principle 9)*

The summary compensation table for the Directors of the Company in all capacities for FY2014 is as follows:

Name of Director	Salary	Bonus	Benefits in kind	Directors' fees	Total
S$750,000 – S$999,999					
Ms Chew Gek Khim	100%	–	–	–	100%
S$500,000 – S$749,999					
Mr Yap Chee Keong	96%	–	1%	3%	100%
Below S$250,000					
Tan Sri Dato' Dr Lin See-Yan	–	–	–	100%	100%
Mr Razman bin Ariffin	–	–	–	100%	100%
Mrs Elizabeth Sam	–	–	–	100%	100%
Ms Chew Gek Hiang	–	–	–	100%	100%
Mr Goh Kay Yong David	–	–	–	100%	100%
Mr Tham Kui Seng	–	–	–	100%	100%
Mr Gautam Banerjee	–	–	–	100%	100%
Mr Tan Tiong Cheng	–	–	–	100%	100%
Dr Gary Hilton Weiss	–	–	–	100%	100%

REPORT ON CORPORATE GOVERNANCE

There are no employees of the Group who are immediate family members of a Director, and whose remuneration exceeds S$50,000 a year.

The summary compensation table for the key management personnel (who are not Directors) in bands of S$250,000 for FY2014 is as follows:

Name of Key Management Personnel	Salary	Bonus	Benefits in Kind	Total
S$500,000 – S$749,999				
Ms Thai Kum Foon	93%	–	7%	100%
Below S$250,000				
Ms Chi Ping Huey[1]	98%	–	2%	100%

Legend:
1 Remuneration is for the period from 1 January 2014 to 30 June 2014.

Due to the sensitivity and confidentiality of remuneration matters, the Board is of the view that it is in the best interests of the Company not to fully disclose the remuneration of each individual Director and key management personnel.

The total remuneration paid to the two key management personnel (who are not Directors) in FY2014 amounted to S$727,650.

ACCOUNTABILITY *(Principle 10)*

In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide shareholders with a balanced and detailed analysis, explanations and assessment of the Company's and the Group's performance, financial position and prospects.

The Management currently provides the Board with balanced and understandable accounts of the Company's performance, financial position and business prospects on a regular basis.

The Board has received assurance from the Management that the financial statements have been properly drawn up in accordance with the Companies Act and Singapore Financial Reporting Standards and are not false or misleading in any material aspect.

AUDIT COMMITTEE *(Principle 12)*

Up to 31 December 2014, the AC, chaired by Mr Gautam Banerjee, the Lead Independent Director, comprised three non-executive Directors, the majority of whom are independent. The other members of the AC are Tan Sri Dato' Dr Lin See-Yan (until 30 April 2014), Ms Chew Gek Hiang and Mr Tan Tiong Cheng (appointed on 30 April 2014). Mr Razman bin Ariffin, the current AC chairman, Mr Yap Chee Keong and Dr Gary Hilton Weiss were appointed on 31 December 2014.

All members of the AC are financially literate and have accounting or related financial management expertise or experience.

The role of the AC is documented in the Terms of Reference approved by the Board. The Terms of Reference defines the purpose, authority and responsibilities of the AC. The AC has the power to conduct or authorise investigations into any matters within its scope of responsibilities. The Board is updated by the AC Chairman on the significant issues discussed at the AC meetings.

In performing its functions, the AC reviews the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It meets with the Company's internal and external auditors to discuss the results of

REPORT ON CORPORATE GOVERNANCE

their respective examinations and their evaluation of the Company's system of internal accounting and financial controls on a quarterly basis.

To assist the discharging of its functions, the AC is provided with adequate resources, has full access to and co-operation of the Management and the internal auditors, and has full discretion to invite any Director or executive officer to attend its meetings. All major findings and recommendations are brought to the attention of the Board of Directors.

The AC reviews interested person transactions to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The AC also reviews the consolidated financial statements and the auditors' report, as well as related announcements to shareholders and the Singapore Exchange Securities Trading Limited ("**SGX**") before submission to the Board.

The AC has reviewed and is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of non-audit services. Accordingly, it has recommended to the Board the nomination of the external auditors, Ernst & Young LLP, for re-appointment at the forthcoming Annual General Meeting to be held on 30 April 2015. In FY2014, the AC met once with the external auditors and internal auditors without the presence of the Management.

The details of the remuneration paid to the external auditors for FY2014 are as follows:

	S$'000
Audit fees paid/payable to:	
– Auditors of the Company	359
– Other auditors	306
Non-audit fees paid/payable to:	
– Auditors of the Company	198
– Other auditors	452

The non-audit fees for FY2014 were mainly due to service fees for internal audit and enterprise risk management that were outsourced, and tax advisory fees relating to the series of corporate transactions. The AC, having reviewed the nature and quantum of the non-audit fees, was satisfied that the independence of the external auditors had not been compromised by the provision of the non-audit services.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with the Listing Rules 712, 715 and 716.

WHISTLEBLOWER POLICY

In line with Guideline 12.7 of the Code, the Company has a whistle-blowing procedure in place for employees to raise matters of impropriety in confidence. The policy aims to foster a workplace conducive to open communication regarding the Company's business practices and to protect the employees from unlawful retaliation and discrimination for the proper disclosing or reporting of illegal or unethical conduct in good faith.

Complaints may be made to the designated officers by telephone, email or under confidential mail. All cases reported will be investigated objectively and thoroughly and appropriate action will be taken where warranted. A summary of the reports received, investigation results and subsequent actions taken are reported to the AC on a quarterly basis. Under certain circumstances, the AC will be informed of any complaint, as soon as practicable.

REPORT ON CORPORATE GOVERNANCE

RISK MANAGEMENT AND INTERNAL CONTROLS *(Principle 11)*

The Board recognises that it is responsible for risk governance and ensuring that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets. The Board appreciates that risk management is an on-going process in which the Management continuously participate to evaluate, monitor and report to the Board and AC on significant risks.

The AC under its Terms of Reference as delegated by the Board, has the responsibility to oversee the Group's risk management framework and policies.

The Group has engaged KPMG Services Pte. Ltd. to develop and implement a Board Assurance Framework which includes an enterprise risk management framework to identify the significant risks facing each major business segment, the potential impact and likelihood of those risks occurring, the control effectiveness and action plans taken to mitigate those risks. The Group has also developed a risk governance structure, which provides details on the roles and responsibilities for the Board and Management in risk monitoring, escalation, mitigation and reporting.

The Group has established key risks indicators with tolerance limits to monitor movements in its significant risks and to proactively manage them within acceptable levels. These key risk indicators have been reviewed and approved by the Board and they are also monitored on a quarterly basis.

The internal auditors regularly review all significant controls, policies and procedures and highlight all significant matters to the Management and the AC.

During FY2014, the Board and AC reviewed the adequacy and effectiveness of the Group's internal controls in relation to the significant risks, including financial, operational, compliance and information technology controls, and risk management systems. Based on the work performed by the external and internal auditors, Management's representations and Board enquiries and discussions, the Board is assured that the Group's risk management and internal controls systems are adequate and effective. In addition, the Board has received assurance from the Management that the financial records have been properly maintained, that the financial statements give a true and fair view of the Group's operations and finances and that the Group's risk management and internal control systems are effective.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by and assurance from the Management, the internal auditors, various Board Committees and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's system of risk management and internal controls, addressing financial, operational, compliance and information technology risks, were adequate and effective as at 31 December 2014.

However, the Board is also aware that such a system can only provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls and risk management can provide a complete assurance against human error, poor judgement in decision making, losses, fraud or other irregularities.

INTERNAL AUDIT *(Principle 13)*

The Company's internal audit function has been outsourced to KPMG Services Pte. Ltd. The internal auditors reported directly to the Chairman of the AC on audit matters.

In carrying out its duties, the internal auditors have adopted the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

REPORT ON CORPORATE GOVERNANCE

The AC reviews and approves the annual internal audit plans and ensures that the internal audit functions are adequately resourced with competence, and has appropriate standing within the Group to carry out its duties effectively.

COMMUNICATION WITH SHAREHOLDERS *(Principle 15)*

The Company takes a serious view of maintaining full and adequate disclosure, in a timely manner, of material events and matters concerning its businesses through SGXNET, public announcements, press releases, circulars to shareholders and Annual Reports.

In addition, shareholders and the public can access information pertaining to the Company's businesses, media releases and other corporate information via its website. The Company's Corporate Communications and Investor Relations department also facilitates effective and unbiased communications with shareholders, analysts, fund managers and the media.

The Company endeavours to provide as much and as prompt information as is possible to its shareholders, taking into account the legal and regulatory framework governing the release of material and price-sensitive information. The Company releases all price-sensitive information through SGXNET.

At the Company's general meetings, presentations on the Company's business are made to the shareholders. These presentation slides were also uploaded on SGX through SGXNET and the Company's website. Shareholders are encouraged to ask questions both about the resolutions being proposed and about the Group's operations in general. The Articles of Association of the Company permit a member of the Company to appoint not more than two proxies to attend and vote instead of the member. As there is still a major concern on the security of information transmitted over the Internet, the Board has decided that it is not appropriate, for the time being, to amend its Articles of Association to allow for in absentia voting methods.

The Company ensures that separate resolutions are proposed at general meetings on each distinct issue. The external auditors, the chairpersons of the various Board committees and where necessary, the legal advisers are present to assist the Directors in addressing any relevant queries by shareholders.

To enhance shareholder participation, the Company puts all resolutions at general meetings to vote by poll and announces the detailed results showing the number of votes cast for and against each resolution and the respective percentages. The polling results are also announced on the SGX and the Company's website.

DEALINGS IN SECURITIES

The Group has issued internal guidelines on dealings in the securities of the Company to the Directors and employees of the Company and its subsidiaries, advising them, among others, not to deal in the securities of the Company on short-term considerations. On a quarterly basis, the Directors and employees are advised of the prohibitions in dealings in the securities of the Company during the period commencing two weeks before the announcement of the Group's quarterly financial statements, and one month before the Group's full year financial statements, and ending on the respective announcement dates, and while they are in possession of material price-sensitive information which is generally not available.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of The Straits Trading Company Limited (the Company) and consolidated financial statements of the Group for the year ended 31 December 2014.

DIRECTORATE

The Directors in office at the date of this report are:

Ms Chew Gek Khim (Executive Chairman)
Mr Razman bin Ariffin
Mrs Elizabeth Sam
Ms Chew Gek Hiang
Mr Goh Kay Yong David
Mr Yap Chee Keong
Mr Tham Kui Seng
Mr Tan Tiong Cheng
Dr Gary Hilton Weiss (appointed on 1 June 2014)
Mr Chia Chee Ming, Timothy (appointed on 27 February 2015)

Mrs Elizabeth Sam retires pursuant to Section 153(2) of the Companies Act, Cap. 50. A resolution will be proposed for the re-appointment of Mrs Elizabeth Sam as Director under Section 153(6) of the said Act to hold office until the next Annual General Meeting of the Company.

Dr Gary Hilton Weiss and Mr Chia Chee Ming, Timothy retire pursuant to Article 103 of the Articles of Association and being eligible, offer themselves for re-election.

Ms Chew Gek Khim, Mr Yap Chee Keong and Mr Tham Kui Seng retire pursuant to Article 99 of the Articles of Association and being eligible, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' REPORT

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

According to the register kept under Section 164 of the Companies Act, Cap. 50, the Directors who held office at the end of the financial year had an interest in the shares of the Company and its related corporation as stated below:

Company

(Issued ordinary shares)	Shareholdings in the names of Directors		Shareholdings in which Directors are deemed to have an interest	
	1.1.2014	31.12.2014	1.1.2014	31.12.2014
Ms Chew Gek Khim	41,200	41,200	–	–
Ms Chew Gek Hiang	23,000	23,000	–	–

Subsidiary

Malaysia Smelting Corporation Berhad

(ordinary shares of RM1 each)	Shareholdings in the names of Directors		Shareholdings in which Directors are deemed to have an interest	
	1.1.2014	31.12.2014	1.1.2014	31.12.2014
Mr Razman bin Ariffin	67,000	67,000	–	–
Ms Chew Gek Khim	400,000	400,000	–	–

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2015.

Except as disclosed above, no Director who held office at the end of the financial year had an interest in any shares or debentures of the Company, or of related corporations, either at the beginning of the financial year or date of their appointment, or at the end of the financial year.

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no Director has received or become entitled to receive benefits by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

OPTIONS

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group was granted.

No shares have been issued during the financial year by virtue of the exercise of an option to take up unissued shares of the Company or any corporation in the Group.

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

DIRECTORS' REPORT

AUDIT COMMITTEE

The Audit Committee performs the functions specified in Section 201B(5) of the Companies Act, Cap. 50. The Audit Committee reviews the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It meets with the Company's internal and external auditors to discuss the results of their respective examinations and the internal auditors' evaluation of the Company's system of internal accounting and financial controls. The Audit Committee reviews interested person transactions to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The Audit Committee also reviews the consolidated financial statements and the auditor's report, as well as announcements to shareholders and the SGX before submission to the Board. During the financial year, the Audit Committee met once with the external and internal auditors, without the presence of Management. The Audit Committee annually reviews the independence of the external auditor and recommends to the Board, the external auditor to be appointed. Further details on the Audit Committee are disclosed in the Report on Corporate Governance.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board

Chew Gek Khim
Director

Razman bin Ariffin
Director

Singapore
23 March 2015

STATEMENT BY DIRECTORS

We, Chew Gek Khim and Razman bin Ariffin, being two of the Directors of The Straits Trading Company Limited, do hereby state that, in the opinion of the Directors:

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results of the business, changes in equity and cash flows of the Group, for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

Chew Gek Khim
Director

Razman bin Ariffin
Director

Singapore
23 March 2015

INDEPENDENT AUDITOR'S REPORT

For the Financial Year Ended 31 December 2014
To the Members of The Straits Trading Company Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of The Straits Trading Company Limited (the Company) and its subsidiaries (collectively, the Group) set out on pages 48 to 171, which comprise the balance sheets of the Group and the Company as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

For the Financial Year Ended 31 December 2014
To the Members of The Straits Trading Company Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG LLP

Public Accountants and
Chartered Accountants
Singapore
23 March 2015

CONSOLIDATED INCOME STATEMENT

For the Financial Year Ended 31 December 2014

	Note	2014	2013 (restated)
		$'000	$'000
Continuing operations			
Revenue			
Tin mining and smelting revenue		**743,364**	628,875
Property revenue	3	**21,392**	31,650
Total revenue		**764,756**	660,525
Other items of income/(loss)			
Dividend income	4	**8,193**	1,806
Interest income	5	**5,395**	5,636
Fair value changes in investment properties	15	**(4,021)**	20,107
Other income	6	**35,093**	93,948
		809,416	782,022
Other items of expense			
Employee benefits expense	7	**(29,513)**	(31,267)
Depreciation expense	14	**(2,925)**	(2,617)
Amortisation expense	16	**(683)**	(498)
Impairment losses	8	**(1,267)**	(2,699)
Costs of tin mining and smelting		**(686,533)**	(564,100)
Finance costs	9	**(29,748)**	(23,976)
Other expenses	10	**(40,531)**	(31,564)
Total expenses		**(791,200)**	(656,721)
Share of results of equity-accounted associates and joint ventures		**14,866**	(16,835)
Profit before tax from continuing operations	11	**33,082**	108,466
Income tax (expense)/credit	12	**(9,184)**	40,879
Profit after tax from continuing operations		**23,898**	149,345
Discontinued operations			
Loss after tax from discontinued operations	24	**(7,704)**	(22,741)
Profit after tax		**16,194**	126,604
Attributable to:			
Owners of the Company			
Profit after tax from continuing operations		**20,548**	141,018
Loss after tax from discontinued operations		**(1,962)**	(21,523)
Profit attributable to owners of the Company		**18,586**	119,495
Non-controlling interests			
Profit after tax from continuing operations		**3,350**	8,327
Loss after tax from discontinued operations		**(5,742)**	(1,218)
(Loss)/Profit after tax attributable to non-controlling interests		**(2,392)**	7,109
Earnings per share from continuing operations attributable to owners of the Company (cents per share)	13(a)		
Basic		**5.0**	35.9
Diluted		**5.0**	35.9
Earnings per share (cents per share)	13(b)		
Basic		**4.6**	30.4
Diluted		**4.6**	30.4

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2014

	2014 $'000	2013 (restated) $'000
Profit after tax	**16,194**	126,604
Other comprehensive income/(expenses):		
Items that will not be reclassified to profit or loss		
Reversal of fair value changes on investment securities which became an associate	**–**	(23,338)
Net revaluation surplus on property, plant and equipment	**1,326**	516
Share of revaluation surplus on property, plant and equipment of associates	**5,437**	221
Items that may be reclassified subsequently to profit or loss		
Net fair value changes in available-for-sale investment securities	**24,422**	(5,810)
Net fair value changes in cash flow hedges	**(1,273)**	(508)
Currency translation reserve	**8,766**	(29,598)
Share of reserves of associates and joint ventures	**1,100**	(474)
Share of reserves of an associate that transfer to profit or loss on disposal	**–**	(2,410)
Reversal of fair value changes on investment securities re-designated as marketable securities	**1,050**	–
Other comprehensive income/(expenses) after tax for the year	**40,828**	(61,401)
Total comprehensive income for the year	**57,022**	65,203
Attributable to:		
Owners of the Company	**54,736**	64,688
Non-controlling interests	**2,286**	515
Total comprehensive income for the year	**57,022**	65,203
Attributable to:		
Owners of the Company		
Total comprehensive income after tax from continuing operations	**50,895**	86,797
Total comprehensive income/(expenses) after tax from discontinued operations	**3,841**	(22,109)
Total comprehensive income for the year attributable to owners of the Company	**54,736**	64,688

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2014

		Group		Company	
	Note	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	**35,737**	34,403	**244**	305
Investment properties	15	**399,763**	849,910	**53,135**	122,346
Goodwill	16(a)	**20,247**	20,603	**–**	–
Other intangible assets	16(b)	**7,650**	5,869	**–**	–
Subsidiaries	17	**–**	–	**209,737**	209,737
Associates and joint ventures	18	**428,192**	418,741	**2,708**	3,585
Deferred tax assets	19	**1,550**	1,828	**–**	–
Other non-current receivables	20	**2,263**	2,963	**–**	–
Investment securities	21(a)	**202,488**	64,139	**–**	–
Other non-current assets	23	**75,626**	1,155	**–**	–
Total non-current assets		**1,173,516**	1,399,611	**265,824**	335,973
Current assets					
Assets/Disposal group classified as held for sale	24	**46,836**	48,391	**–**	–
Development properties for sale	25	**237**	334	**–**	–
Inventories	26	**96,085**	106,107	**–**	–
Income tax receivables	27	**1,368**	685	**26**	71
Prepayments and accrued income		**1,365**	3,137	**1**	67
Trade and other receivables	20	**113,827**	108,260	**558,079**	585,720
Marketable securities	21(b)	**78,699**	–	**–**	–
Cash and cash equivalents	28	**480,170**	274,333	**387,410**	144,133
Total current assets		**818,587**	541,247	**945,516**	729,991
Total assets		**1,992,103**	1,940,858	**1,211,340**	1,065,964
EQUITY AND LIABILITIES					
Equity					
Share capital	29	**568,968**	568,968	**568,968**	568,968
Retained earnings	30	**787,375**	784,145	**89,069**	16,579
Other reserves	30	**(1,596)**	(31,295)	**(8,174)**	(7,121)
Reserve of disposal group classified as held for sale	24	**250**	(5,233)	**–**	–
Equity attributable to owners of the Company		**1,354,997**	1,316,585	**649,863**	578,426
Non-controlling interests		**50,901**	35,658	**–**	–
Total equity		**1,405,898**	1,352,243	**649,863**	578,426
Non-current liabilities					
Provisions	31	**3,916**	3,891	**–**	–
Deferred tax liabilities	19	**6,051**	6,857	**3,291**	3,270
Borrowings	32	**243,276**	297,490	**–**	224,357
Derivative financial instruments	22	**181**	44	**–**	–
Other non-current liabilities	33	**320**	1,335	**–**	–
Total non-current liabilities		**253,744**	309,617	**3,291**	227,627

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2014

		Group		Company	
	Note	**2014**	2013	**2014**	2013
		$'000	$'000	**$'000**	$'000
Current liabilities					
Liabilities directly associated with disposal group classified as held for sale	24	**27**	55,078	**–**	–
Provisions	31	**28,134**	15,543	**23,477**	15,543
Income tax payable		**1,682**	7,036	**199**	280
Trade and other payables	34	**77,480**	67,970	**534,510**	244,088
Borrowings	32	**222,996**	132,474	**–**	–
Derivative financial instruments	22	**2,142**	897	**–**	–
Total current liabilities		**332,461**	278,998	**558,186**	259,911
Total liabilities		**586,205**	588,615	**561,477**	487,538
Total equity and liabilities		**1,992,103**	1,940,858	**1,211,340**	1,065,964

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2014

	Total equity $'000	Equity attributable to owners of the Company $'000	Share capital $'000	Retained earnings $'000	AFS reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Translation reserve $'000	Reserve of disposal group classified as held for sale $'000	Non-controlling interests $'000
Opening balance at 1 January 2014	1,352,243	1,316,585	568,968	784,145	(6,924)	(363)	1,893	(25,901)	(5,233)	35,658
Total comprehensive income/ (expenses) for the year	57,022	54,736	–	18,586	26,026	(1,004)	6,182	(703)	5,649	2,286
Contributions by and distributions to owners										
Dividends on ordinary shares (note 35)	(16,324)	(16,324)	–	(16,324)	–	–	–	–	–	–
Contribution of capital by non-controlling interests	4,900	–	–	–	–	–	–	–	–	4,900
Total contributions by and distributions to owners	(11,424)	(16,324)	–	(16,324)	–	–	–	–	–	4,900
Total transactions with owners in their capacity as owners	(11,424)	(16,324)	–	(16,324)	–	–	–	–	–	4,900
Others										
Sale of disposal group classified as held for sale	7,940	–	–	927	–	–	–	–	(927)	7,940
Reserve attributable to disposal group classified as held for sale	–	–	–	–	–	–	–	(761)	761	–
Sale of a subsidiary	–	–	–	41	–	–	(41)	–	–	–
Acquisition of a subsidiary	117	–	–	–	–	–	–	–	–	117
Total others	8,057	–	–	968	–	–	(41)	(761)	(166)	8,057
Closing balance at 31 December 2014	**1,405,898**	**1,354,997**	**568,968**	**787,375**	**19,102**	**(1,367)**	**8,034**	**(27,365)**	**250**	**50,901**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2014

	Total equity $'000	Equity attributable to owners of the Company $'000	Share capital $'000	Retained earnings $'000	AFS reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Translation reserve $'000	Reserve of disposal group classified as held for sale $'000	Non-controlling interests $'000
Opening balance at 1 January 2013	1,171,078	1,136,035	265,928	721,821	23,262	(18)	132,319	(7,277)	–	35,043
Total comprehensive income/ (expenses) for the year	65,203	64,688	–	119,495	(30,186)	(345)	508	(24,784)	–	515
Contributions by and distributions to owners										
Dividends on ordinary shares (note 35)	(212,975)	(212,975)	–	(212,975)	–	–	–	–	–	–
Share issuance	303,040	303,040	303,040	–	–	–	–	–	–	–
Contribution of capital by non-controlling interests	100	–	–	–	–	–	–	–	–	100
Unclaimed dividends written back	13	13	–	13	–	–	–	–	–	–
Total contributions by and distributions to owners	90,178	90,078	303,040	(212,962)	–	–	–	–	–	100
Total transactions with owners in their capacity as owners	90,178	90,078	303,040	(212,962)	–	–	–	–	–	100
Others										
Reclassification arising from disposal group classified as held for sale	25,784	25,784	–	155,791	–	–	(130,007)	–	–	–
Reserve attributable to disposal group classified as held for sale	–	–	–	–	–	–	(927)	6,160	(5,233)	–
Total others	25,784	25,784	–	155,791	–	–	(130,934)	6,160	(5,233)	–
Closing balance at 31 December 2013	1,352,243	1,316,585	568,968	784,145	(6,924)	(363)	1,893	(25,901)	(5,233)	35,658

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the Financial Year Ended 31 December 2014

	2014 $'000	2013 (restated) $'000
Cash flows from operating activities		
Profit before tax from continuing operations	**33,082**	108,466
Loss before tax from discontinued operations	**(7,704)**	(15,169)
Profit before tax	**25,378**	93,297
Adjustments		
Depreciation of property, plant and equipment	**2,957**	13,525
Amortisation of intangible assets	**683**	498
Dividend income	**(8,193)**	(1,806)
Interest income	**(5,395)**	(5,669)
Finance costs	**29,748**	27,161
Currency realignment	**114**	(7,090)
Fair value changes in investment properties and financial assets	**5,388**	(18,805)
Net gain on disposal of investments, property, plant and equipment and investment properties	**(28,291)**	(102,640)
Impairment losses of investments, property, plant and equipment	**1,267**	2,699
Write off/Provisions for liabilities, exploration costs and other assets	**12,087**	6,062
Provision for employee benefits and receivables	**2,325**	8,374
Share of results of equity-accounted associates and joint ventures	**(14,866)**	16,835
Operating cash flows before changes in working capital	**23,202**	32,441
Decrease in development properties for sale	**97**	5,709
Decrease/(Increase) in inventories	**9,839**	(37,376)
(Increase)/Decrease in marketable securities	**(64,033)**	13,678
(Increase)/Decrease in trade and other receivables	**(10,339)**	67,558
Decrease in trade and other payables	**(13,690)**	(15,297)
Cash flows (used in)/from operations	**(54,924)**	66,713
Income taxes paid	**(15,562)**	(12,829)
Payment of finance costs	**(28,310)**	(25,784)
Interest received	**3,860**	5,044
Dividend income	**1,385**	1,118
Net cash flows (used in)/from operating activities	**(93,551)**	34,262

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the Financial Year Ended 31 December 2014

	2014 $'000	2013 (restated) $'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and investment properties	**459,362**	70,803
Cost incurred on property, plant and equipment	**(6,507)**	(38,834)
Cost incurred on investment properties	**(4,171)**	(6,271)
Initial payment on a property	**(74,285)**	–
Proceeds from disposal of investment securities	**47,287**	1
Purchase of investment securities	**(180,887)**	(1,573)
Payment for deferred mine development and exploration expenditure and other intangible assets	**(2,024)**	(601)
Proceeds from sale of hospitality assets and operations (note 24)	**–**	380,240
Net cash outflow on acquisition of a subsidiary (note 17)	**(186)**	–
Net cash inflow from sale of a subsidiary and disposal group classified as held for sale	**208**	–
Proceeds from disposal of shares in an associate (note 21)	**–**	508,779
Additional shares in associates and joint ventures	**–**	(286,937)
Shareholder's loan to an associate	**(11,910)**	(60,000)
Payment for mine closure deposit	**–**	(12,071)
Proceeds from partial return of capital from associates	**1,287**	–
Dividend income from investment securities, associates and joint ventures	**27,834**	13,096
Net cash flows from investing activities	**256,008**	566,632
Cash flows from financing activities		
Dividends paid to shareholders (note 35)	**(16,324)**	(212,975)
Loan from a non-controlling shareholder of a subsidiary	**20,950**	–
Loan to an associate	**–**	(66,348)
Net proceeds from issuance of shares by a subsidiary to a non-controlling shareholder	**4,900**	100
Drawdown/(Repayment) of short-term borrowings	**51,990**	(38,585)
Drawdown of long-term borrowings	**220,000**	22,298
Repayment of long-term borrowings	**(232,707)**	(227,602)
Net cash flows from/(used in) financing activities	**48,809**	(523,112)
Net increase in cash and cash equivalents	**211,266**	77,782
Effect of exchange rate changes on cash and cash equivalents	**(948)**	(1,595)
Cash and cash equivalents, beginning balance	**274,354**	198,167
Cash and cash equivalents, ending balance (note 28)	**484,672**	274,354

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

1 CORPORATE INFORMATION

The financial statements of The Straits Trading Company Limited (the Company) for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Directors on 23 March 2015.

The Straits Trading Company Limited is a limited liability company incorporated and domiciled in Singapore. The registered office of the Company is located at 9 Battery Road #28-01, Straits Trading Building, Singapore 049910. The Company is listed on the Singapore Exchange Securities Trading Limited.

The immediate and ultimate holding company is The Cairns Private Limited, a company incorporated in Singapore.

The principal activity of the Company is that of an investment company. The subsidiaries, associates and joint ventures of the Group are primarily engaged in real estate investment, tin mining and smelting, provision of real estate fund management services, real estate management services and corporate finance advisory services and management of hospitality and other properties as well as operation of hotels.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the Group) and the Group's interests in associates and joint ventures.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (SGD or $) and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 CHANGES IN FINANCIAL REPORTING STANDARDS AND ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual financial periods beginning on or after 1 January 2014.

Certain new FRS and INT FRS have been published that are mandatory for accounting periods beginning on or after 1 January 2014:

Revised FRS 27 Separate Financial Statements
Revised FRS 28 Investments in Associates and Joint Ventures
FRS 110 Consolidated Financial Statements
FRS 111 Joint Arrangements
FRS 112 Disclosure of Interests in Other Entities
Amendments to FRS 32 Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 36 Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 39 Novation of Derivatives and Continuation of Hedge Accounting
Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities
Amendments to FRS 110, FRS 111 and FRS 112 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
INT FRS 121 Levies

The adoption of these standards did not have any significant financial impact on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 FUTURE CHANGES IN FINANCIAL REPORTING STANDARDS

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

	Effective for annual periods beginning on or after
Amendments to FRS 19 Defined Benefit Plans: Employee Contributions	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 Share Based Payment	1 July 2014
(b) Amendments to FRS 103 Business Combinations	1 July 2014
(c) Amendments to FRS 108 Operating Segments	1 July 2014
(d) Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets	1 July 2014
(e) Amendments to FRS 24 Related Party Disclosures	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 Business Combinations	1 July 2014
(b) Amendments to FRS 113 Fair Value Measurement	1 July 2014
(c) Amendments to FRS 40 Investment Property	1 July 2014
FRS 114 Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 27 Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 16 and FRS 41 Agriculture: Bearer Plants	1 January 2016
Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
(b) Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
(c) Amendments to FRS 19 Employee Benefits	1 January 2016
(d) Amendments to FRS 34 Interim Financial Reporting	1 January 2016
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 1 Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 115 Revenue from Contracts with Customers	1 January 2017
FRS 109 Financial Instruments	1 January 2018

The directors expect that the adoption of the standards and amendments above will have no material impact on the financial statements in the period of initial application, except as discussed below:

Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:
- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution of assets to an associate or a joint venture that constitute a business are recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. The Group is in the process of reviewing the implications of this standard.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 FUTURE CHANGES IN FINANCIAL REPORTING STANDARDS (CONT'D)

Amendments to FRS 111 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to FRS 111 require that a joint operator which acquires an interest in a joint operation which constitute a business to apply the relevant FRS 103 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to FRS 111 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments are to be applied prospectively for annual periods beginning on or after 1 January 2016. The Group is in the process of reviewing the implications of this standard.

Amendments to FRS 1: Disclosure Initiatives

The amendments to FRS 1 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Group is in the process of reviewing the implications of this standard.

Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016.

These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to FRS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The Group is in the process of reviewing the implications of this standard.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 FUTURE CHANGES IN FINANCIAL REPORTING STANDARDS (CONT'D)

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a new five-step models that will apply to revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017. The Group is in the process of reviewing the implications of this standard.

FRS 109 Financial Instruments

The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018. Retrospective application is required, but comparative information is not compulsory. The Group is in the process of reviewing the implications of this standard.

The improvements to FRSs issued in January 2014, February 2014 and November 2014 include a number of amendments to various FRSs. The Group is in the process of reviewing the implications of these improvements.

2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgements made by management in the application of FRS that have a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the following year are discussed in note 42.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS

A) Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, was accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired was recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between the non-controlling interest and the owners of the Company.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investment as at 1 January 2010 has not been restated.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS (CONT'D)

B) Business combinations and goodwill

Business combination from 1 January 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

The Group elects for each individual business combination, whether the non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amounts exceed the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations prior to 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

Where the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS (CONT'D)

B) Business combinations and goodwill (cont'd)

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whether there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.6 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 FOREIGN CURRENCY

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) TRANSACTIONS AND BALANCES
Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 FOREIGN CURRENCY (CONT'D)

(b) CONSOLIDATED FINANCIAL STATEMENTS
For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.8 SUBSIDIARIES

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.9 JOINT VENTURES AND ASSOCIATES

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 JOINT VENTURES AND ASSOCIATES (CONT'D)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

Net assets of the associates and joint ventures are included in the consolidated financial statements under the equity method based on their latest audited financial statements. Where their financial periods do not end on 31 December, management accounts to 31 December are used. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.10 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in note 2.23. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment other than land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the profit or loss in the year the asset is de-recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 DEPRECIATION AND RESIDUAL VALUES

In the tin mining subsidiary, plant and equipment used in mining are depreciated using the unit-of-production method based on economically recoverable ore reserves and resources over the estimated useful lives of the assets. Changes in estimated economically recoverable ore reserves and resources and useful lives of plant and equipment are accounted for on a prospective basis from the beginning of the year in which the change arises.

Depreciation for the remaining assets of the Group is provided on the straight-line method to write off the cost or valuation of relevant assets to their residual values, if any, over their estimated useful lives or life of the mine where appropriate, whichever is shorter. Freehold or equivalent land has an unlimited useful life and therefore is not depreciated. The estimated useful lives for these remaining assets are as follows:

Leasehold land	– remaining lease term
Buildings	– 8 to 40 years or the unexpired lease period or life of the mine, whichever is shorter
Plant, equipment and vehicles	– 3 to 40 years
Furniture	– 3 to 10 years
Mine restoration	– Life of mine

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

2.12 INVESTMENT PROPERTIES

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of investment properties is met.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are de-recognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in note 2.10 up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 INVESTMENT PROPERTIES (CONT'D)

For properties that are being redeveloped for continued future use as investment property, they are stated at fair values and the associated redevelopment expenditures are stated at cost until redevelopment is completed.

In note 15 to the financial statements, land held under 999 years' leasehold is regarded as equivalent to freehold.

2.13 INTANGIBLE ASSETS

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

(a) MINING RIGHTS
Mining rights acquired are stated at their fair values as at the date of acquisition. Following initial recognition, mining rights are carried at cost less accumulated amortisation and impairment losses, if any. Mining rights are amortised based on the unit-of-production method so as to write off the mining rights in proportion to the depletion of the estimated economically recoverable ore reserves and resources. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

(b) MANAGEMENT RIGHTS
Payments made to acquire management rights of hotels and properties of similar nature are capitalised and amortised on a straight-line basis over their finite useful lives. The amortisation period and amortisation method are reviewed at least at each financial year-end.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 INTANGIBLE ASSETS (CONT'D)

(c) DEFERRED MINE EXPLORATION AND EVALUATION EXPENDITURE

Deferred mine exploration and evaluation expenditure is stated at cost less accumulated amortisation and impairment losses, if any.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised.

Accumulated costs in relation to an abandoned area are written off in full to profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated cost is amortised based on the unit-of-production method so as to write off the expenditure in proportion to the depletion of the estimated economically recoverable ore reserves and resources.

A review is carried out annually on the carrying amount of deferred mine exploration and evaluation expenditure to determine whether there is any indication of impairment. Any impairment loss is recognised as an expense in profit or loss.

(d) DEFERRED MINE DEVELOPMENT EXPENDITURE

Deferred mine development expenditure is stated at cost less accumulated amortisation and impairment losses, if any.

Mine development expenditure incurred in connection with development activities in respect of each area of interest, which includes all activities conducted in the preparation of economically recoverable ore reserves and resources until commercial production is accumulated in respect of each identifiable area of interest. These costs are only deferred to the extent that they are expected to be recouped through the successful development of the area. Waste removal (stripping) costs incurred during the production phase of a surface mine (production stripping costs) are only capitalised to deferred mine development expenditure when all the following criteria are met:-

a. It is probable that the future economic benefits (improved access to an ore body) associated with the stripping activity will flow to the entity;
b. The entity can identify the component of an ore body for which access has been improved; and
c. The costs relating to the improved access to that component can be measured reliably.

Mine development expenditure which is considered to provide minimal benefit to future periods is recognised as an expense in profit or loss.

When production in an area of interest commences, the accumulated cost for the relevant area of interest is amortised based on the unit-of-production method so as to write off the expenditure in proportion to the depletion of the estimated economically recoverable ore reserves and resources.

A review is carried out annually on the carrying amount of deferred development expenditure to determine whether there is any indication of impairment. Any impairment loss is recognised as an expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 INTANGIBLE ASSETS (CONT'D)

(e) MINE RESTORATION, REHABILITATION AND ENVIRONMENTAL EXPENDITURE
Restoration, rehabilitation and environmental expenditure incurred during the production phase of operations is recognised in profit or loss as part of the cost of production of the mine property concerned.

Significant restoration, rehabilitation and environmental expenditure to be incurred subsequent to the cessation of production of each mine property is provided based on the present value of the estimated expenditure to be incurred.

(f) CLUB MEMBERSHIP
Club memberships acquired separately are measured on initial recognition at cost. Following initial recognition, club memberships are carried at cost less accumulated impairment losses, if any. Club memberships are amortised on a straight-line basis over their finite useful lives. The amortisation period and amortisation method are reviewed at each financial year-end.

2.14 INVESTMENTS IN DEBT AND EQUITY SECURITIES

When investment securities are recognised initially, they are measured at fair value, plus, in the case of investment securities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, investment securities classified as held-for-trading are measured at fair value with any gain or loss arising from changes in fair value recognised in profit or loss. Investment securities are classified as held-for-trading if they are acquired principally for the purpose of selling in the near term.

Where the Group has the positive intent and ability to hold debt securities to maturity, they are subsequently measured at amortised cost. Amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount and minus any reduction for impairment or uncollectibility. For investment securities carried at amortised cost, gains or losses are recognised in profit or loss when the investment securities are de-recognised or impaired, and through the amortisation process.

Other investment securities held by the Group, only if they are non-derivatives, are classified as available-for-sale (AFS). After initial recognition, AFS securities are subsequently measured at fair value with any gain or loss arising from changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on AFS securities that are monetary items which are recognised in profit or loss. When these AFS securities are de-recognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

All regular way purchases and sales of investment securities are recognised or de-recognised on trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 INVESTMENTS IN DEBT AND EQUITY SECURITIES (CONT'D)

The fair value of investment securities that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period. For investment securities where there is no active market, fair value is estimated using a valuation technique based on certain assumptions that are not supported by observable market prices or rates. Management believes the estimated fair values resulting from the valuation technique which are recorded in the balance sheet are reasonable and the most appropriate at the end of the reporting period. These investment securities shall, however, be measured at cost less impairment losses if their fair values cannot be reliably estimated.

2.15 BASE INVENTORY

Base inventory is the base recirculating inventory in the smelting process. The value represents the lower of estimated recoverable amounts and cost of 381 tonnes of metallic tin content.

2.16 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and disposal group classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal group are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.17 DEVELOPMENT PROPERTIES

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 INVENTORIES

Inventories are stated at the lower of cost and net realisable value.

Cost of trading inventory of refined tin metal is determined on a first-in first-out basis. Cost of inventories of tin-in-concentrates and tin-in-process which have matching sales contract for refined tin metal from tin smelting operations, are stated at the value of such contract less allowance for conversion. This value is consistent with cost, as it is the practice of tin smelting operations of the subsidiary to buy tin-in-concentrates and sell refined tin metal on a back to back price basis.

Absorption costing is used in the mining operations to assign costs to tin inventories using the weighted average cost method which includes both variable and fixed overhead cost components. The cost of purchased tin-in-concentrates prior to processing comprises cost of purchase.

Cost of other inventories comprising stores, spares, fuels, coal and saleable by-products is determined on the weighted average cost method. Production cost is not allocated to by-products as it is not material.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.19 TRADE AND OTHER RECEIVABLES

Trade and other receivables, include amounts due from subsidiaries, associates, related companies and loans to related companies. When recognised initially, they are measured at fair value. Subsequent to initial recognition, the receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the receivables are de-recognised or impaired, and through the amortisation process.

Trade and other receivables are recognised and carried at original invoice amounts less allowances for any uncollectible amounts. Allowance is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

2.20 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, short-term deposits that are readily convertible to cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 IMPAIRMENT OF ASSETS

(a) NON-FINANCIAL ASSETS

An assessment is made at each reporting date to determine whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the estimated recoverable amount of that asset is determined.

Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Calculation of recoverable amount

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs to. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Reversal of impairment

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 IMPAIRMENT OF ASSETS (CONT'D)

(b) FINANCIAL ASSETS

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

i) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the assets become uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Reversal of impairment

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

ii) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Reversal of impairment

Such impairment losses are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 IMPAIRMENT OF ASSETS (CONT'D)

(b) FINANCIAL ASSETS (cont'd)

iii) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income.

Reversal of impairment

Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

For debt instruments, if, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.22 INTEREST-BEARING LOANS AND BORROWINGS

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 BORROWING COSTS

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.24 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs.

After initial recognition, trade and other payables are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

2.25 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.26 EMPLOYEE BENEFITS

(a) DEFINED CONTRIBUTION PLAN
The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) EMPLOYEE LEAVE ENTITLEMENT
Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 EMPLOYEE BENEFITS (CONT'D)

(c) SEVERANCE BENEFITS

Certain subsidiaries operate a partly funded or unfunded, Severance Benefits Scheme ("the Scheme") for their eligible employees. The subsidiaries' obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefits that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

Re-measurements of the net defined benefit liability, comprise actuarial gains and losses, any change in the effect of the plan asset ceiling, excluding net interest on the net defined benefit liability and the return on plan assets excluding net interest on the net defined benefit liability, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss when plan amendment or curtailment occurs.

The amount recognised in the balance sheet is the aggregate of the present value of the defined benefit obligation less the fair value of any plan asset at the reporting date. Any asset resulting from this calculation is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

(d) TERMINATION BENEFITS

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to present value.

2.27 LEASES

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) WHERE THE GROUP IS THE LESSEE

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are recognised as an expense in profit or loss on a straight-line basis over the lease term. Contingent rents are recognised as expenses in profit or loss in the periods in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 LEASES (CONT'D)

(b) WHERE THE GROUP IS THE LESSOR
Assets leased out under operating leases are included in property, plant and equipment, investment properties and completed development properties for sale.

Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same bases as the rental income.

Contingent rents are recognised as income in profit or loss in the financial year in which they are earned.

2.28 INCOME RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, and taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent.

Interest income is recognised as interest accrues (using the effective interest method) unless collectibility is in doubt.

Revenue from sale and delivery of refined tin metal and by-products is recognised upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from tin warrant and other service charges are recognised upon performance of services.

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Profits from sale of marketable securities are recognised upon conclusion of the contract for sale.

Profits from sale of completed properties are recognised when the significant risks and rewards of ownership of the properties have been transferred to the buyer.

Dividend income from investments is recognised when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 INCOME RECOGNITION (CONT'D)

Revenue from sale of properties in the course of development
Where property is under development and agreement has been reached to sell such property when construction is complete, the Directors consider whether the contract comprises:

– A contract to construct a property; or
– A contract for sale of a completed property.

(a) Where a contract is judged to be for construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

(b) Where the contract is judged to be for the sale of completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

ii) In Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements ("SPAs") prescribed in the Housing Developers Rules. The accompanying note to INT FRS 115 does not address the accounting treatment for other SPAs, including SPAs with a Deferred Payment Scheme feature in Singapore.

In the above situations (i) and (ii), the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

2.29 TAXES

(a) CURRENT INCOME TAX
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.29 TAXES (CONT'D)

(b) DEFERRED TAX

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.29 TAXES (CONT'D)

(b) DEFERRED TAX (cont'd)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(c) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax except:

- Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.30 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps and forward commodity contracts, to manage their foreign currency risks, interest rate risks and commodity price risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

For the purpose of hedge accounting, hedges are classified as:

– Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment

– Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

– Hedges of a net investment in a foreign operation

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING (CONT'D)

At the inception of a hedge relationship, the Group formally designate and document the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedge accounting will be discontinued in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing within a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree or replace their original counterparty with a new one). Any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measure of hedge effectiveness with retrospective application.

Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

(a) Fair value hedges

The change in the fair value of a hedging derivative is recognised in profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in profit or loss.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is de-recognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

(b) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged interest income or interest expense is recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING (CONT'D)

(b) Cash flow hedges (cont'd)

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

(c) Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as other comprehensive income while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

Current versus non-current classification

Derivative instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows):

- When the Group hold a derivative instrument as an economic hedge (and do not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative instrument is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.
- Embedded derivative that is not closely related to the host contract is classified consistent with the cash flows of the host contract.
- Derivative instrument that is designated as, and are effective hedging instrument, is classified consistently with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and a non-current portion only if a reliable allocation can be made.

2.31 FINANCIAL GUARANTEES

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.32 DE-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

(a) FINANCIAL ASSETS

A financial asset is de-recognised where the contractual right to receive cash flows from the assets has expired.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) FINANCIAL LIABILITIES

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.33 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.34 TRANSFERS BETWEEN LEVELS OF THE FAIR VALUE HIERARCHY

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

2.35 CONTINGENCIES

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:
- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.36 SEGMENT REPORTING

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment chief executives responsible for the performance of the respective segments under their charge. All operating segments' operating results are reviewed regularly by the Group Executive Chairman to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

3 PROPERTY REVENUE

	Group	
	2014	2013
	$'000	$'000
Rental and related income	**20,561**	21,433
Sale of development properties	**831**	10,217
	21,392	31,650

4 DIVIDEND INCOME

	Group	
	2014	2013
	$'000	$'000
Dividend income from:		
- Held-for-trading marketable securities	**1,731**	–
- Available-for-sale investment securities	**6,462**	1,806
	8,193	1,806

5 INTEREST INCOME

	Group	
	2014	2013
	$'000	$'000
Interest income from:		
– Deposits	**1,834**	3,454
– Receivables	**1,858**	1,642
– Associates and joint ventures	**1,384**	525
– Others	**319**	15
	5,395	5,636

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

6 OTHER INCOME

	Group	
	2014	2013 (restated)
	$'000	$'000
Net loss on disposal of investment securities	**(4,485)**	(16)
Net gain/(loss) on disposal of marketable securities	**577**	(1,170)
Net gain on disposal of investment properties	**39,172**	3,684
Net gain on disposal of an associate *	**–**	91,823
Fair value changes in financial assets:		
– Held-for-trading marketable securities	**(1,561)**	(1,065)
– Derivatives	**40**	84
– Ineffective portion of derivatives designated as hedging instruments in cash flow hedge	**154**	(322)
Other operating income	**1,196**	930
	35,093	93,948

* This was related to the disposal of the entire stake in WBL Corporation Limited (see also note 21).

7 EMPLOYEE BENEFITS EXPENSE

	Group	
	2014	2013 (restated)
	$'000	$'000
Wages, salaries and other allowances	**27,309**	28,921
Severance benefit (note 34)	**13**	(48)
Defined contribution plans	**2,206**	2,473
	29,528	31,346
Less: Employee benefits expense capitalised in:		
– Investment properties undergoing development (note 15(e))	**(15)**	(79)
	29,513	31,267

8 IMPAIRMENT LOSSES

	Group	
	2014	2013
	$'000	$'000
Impairment/(Reversal) of associates and joint ventures (note 18)	**1,219**	(2,341)
Revaluation deficit of properties	**11**	–
Impairment of available-for-sale investment securities	**37**	5,040
	1,267	2,699

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

9 FINANCE COSTS

	Group	
	2014	2013
	$'000	$'000
Interest on bank loans	**10,219**	12,644
Interest on debt securities (note 32)	**5,281**	9,675
Fees incurred for credit facilities/debt securities *	**13,659**	1,595
Interest on loan from a non-controlling shareholder of a subsidiary	**453**	–
Discount adjustment on provision (note 31)	**136**	62
	29,748	23,976

* The fees incurred for credit facilities/debt securities for 2014 were mainly due to early buy back of debt securities (note 32).

10 OTHER EXPENSES

	Group	
	2014	2013 (restated)
	$'000	$'000
Costs of development properties sold	**82**	5,654
Upkeep and maintenance expenses of properties	**2,885**	2,958
Operating lease expenses	**1,230**	1,412
Property related taxes	**2,171**	1,914
Marketing and distribution expenses	**1,404**	1,516
Administrative expenses	**4,519**	4,478
Professional fees *	**3,449**	10,866
Deferred mine exploration and evaluation expenditure/deferred mine development expenditure written off (note 16(b)(ii))	**–**	756
Impairment of doubtful receivables, net of reversal (note 20)	**2,325**	407
Bad debts recovered	**(1)**	(15)
Project expenses written off	**–**	701
Provision for repairs (note 31)	**8,285**	–
Provision for financial guarantee (note 31)	**3,748**	–
Property management expenses	**2,464**	–
Exchange losses/(gains)	**4,880**	(455)
Other expenses	**3,090**	1,372
	40,531	31,564

* The professional fees for 2013 were mainly fees paid to bankers, lawyers and advisors relating to the series of corporate transactions.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

11 PROFIT BEFORE TAX

Profit before tax is stated after charging the following:

	Group	
	2014	2013 (restated)
	$'000	$'000
Audit fees:		
(a) Auditors of the Company		
– Continuing operations	**359**	408
– Discontinued operations	**–**	72
(b) Other auditors		
– Continuing operations	**273**	191
– Discontinued operations	**33**	418
Non-audit fees: *		
(a) Auditors of the Company		
– Continuing operations	**198**	290
– Discontinued operations	**–**	133
(b) Other auditors		
– Continuing operations	**452**	81
– Discontinued operations	**–**	568
	1,315	2,161
Loss on disposal of property, plant and equipment	**14**	14
Property, plant and equipment written off		
– Continuing operations	**53**	247
– Discontinued operations	**–**	433

* The non-audit fees for 2013 were mainly due to tax advisory fees relating to the series of corporate transactions.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

12 INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

		Group	
		2014	2013
		$'000	$'000
(i) Consolidated income statement:			
Income tax			
– Current income tax		**9,317**	15,069
– Under/(Over) provision in respect of prior years		**351**	(14,374)
– Benefits from previously unrecognised tax losses and unutilised capital allowances		**(194)**	(3,068)
		9,474	(2,373)
Deferred tax			
– Originating and reversal of temporary differences		**(326)**	(1,146)
– Under/(Over) provision in respect of prior years		**36**	(37,360)
	(note 19)	**(290)**	(38,506)
Income tax expense/(credit) attributable to continuing operations		**9,184**	(40,879)
Income tax expense attributable to discontinued operations (note 24)		**–**	7,572
Income tax expense/(credit) recognised in profit or loss *		**9,184**	(33,307)
(ii) Statement of comprehensive income:			
Deferred tax related to other comprehensive income			
– Net change on revaluation of property, plant and equipment		**161**	(25,595)
– Net change in hedging reserve for derivatives designated as hedging instruments in cash flow hedges		**(427)**	(170)
– Net change in available-for-sale investment securities		**72**	204
		(194)	(25,561)
Deferred tax related to other comprehensive income attributable to continuing operations		**(194)**	223
Deferred tax related to other comprehensive income attributable to discontinued operations		**–**	(25,784)
		(194)	(25,561)

* In 2013, income tax credit included reversal of income tax provision and deferred tax liabilities of $14.3 million and $37.3 million respectively, relating to provisions of current and deferred tax liabilities made on certain investment properties that were no longer required.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

12 INCOME TAX EXPENSE (CONT'D)

(b) Relationship between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable statutory tax rate for the years ended 31 December 2014 and 2013 are as follows:

	Group	
	2014	2013 (restated)
	$'000	$'000
Profit before tax from continuing operations	**33,082**	108,466
Loss before tax from discontinued operations (note 24)	**(7,704)**	(15,169)
Less: Share of results of equity-accounted associates and joint ventures *	**(14,866)**	16,835
	10,512	110,132
Tax at statutory rate of 17% (2013: 17%)	**1,787**	18,722
Effect of different tax rates in other countries	**633**	85
Under/(Over) provision in respect of prior years	**351**	(14,309)
Under/(Over) provision of deferred tax in respect of prior years	**36**	(37,360)
Expenses/Losses not claimable	**14,409**	30,334
Income not subject to tax	**(7,545)**	(26,825)
Effect of partial tax exemption	**(354)**	(328)
Deferred tax asset not recognised	**–**	1,060
Utilisation of previously unrecognised tax losses and unutilised capital allowances	**(194)**	(3,068)
Others	**61**	(1,618)
	9,184	(33,307)

* These are presented net of tax in profit or loss.

Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions. During the current financial year, the income tax rate applicable to foreign subsidiaries are as follows:

	2014	2013
Malaysia	**25%**	25%
Indonesia	**25%**	25% and 30%
Australia	**30%**	30%

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

13 EARNINGS PER SHARE (CENTS)

(a) Continuing operations

The calculation of basic and diluted earnings per share from continuing operations is based on profit after tax from continuing operations attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2014	2013 (restated)
	$'000	$'000
Profit for the year attributable to owners of the Company	**18,586**	119,495
Add back: Loss after tax from discontinued operations, attributable to owners of the Company	**1,962**	21,523
Profit after tax from continuing operations attributable to owners of the Company used in the computation of basic and diluted earnings per share	**20,548**	141,018
	Number of shares	Number of shares
Weighted average number of ordinary shares for basic and diluted earnings per share computation *	**408,095,772**	392,445,774

* In 2013, the weighted average number of shares had taken into account the weighted average effect of the allotment and issuance of:

i) 68,500,772 shares (the "Share Swap") as consideration for the stock units of WBL Corporation Limited acquired by the Group from Aberdeen Asset Management Asia Limited, in its capacity as fund manager and agent for its clients, and certain funds and portfolios managed by Third Avenue Management LLC. The Share Swap was completed on 18 January 2013.

ii) 13,698,000 shares as part of the consideration for the shares of ARA Asset Management Limited acquired by the Group from JL Investment Group Limited. The Company's shares were issued and allotted on 29 November 2013.

Consequently, total number of issued shares of the Company increased to 408,095,772 as at 31 December 2013.

(b) Earnings per share

The calculations of basic and diluted earnings per share are based on the profit attributable to owners of the Company of $18,586,000 (2013: $119,495,000) and on 408,095,772 (2013: 392,445,774) weighted average number of ordinary shares in issue during the financial year.

There are no potential dilutive shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

14 PROPERTY, PLANT AND EQUIPMENT

	Freehold Land $'000	Leasehold Land $'000	Buildings $'000	Plant, Equipment, Vehicles and Furniture $'000	Capital Work-In-Progress $'000	Mine Restoration $'000	Total $'000
	At valuation						
GROUP							
At cost or valuation							
At 1 January 2014	8,465	468	7,833	38,764	410	3,595	59,535
Additions	–	77	40	871	3,339	–	4,327
Disposals	–	–	–	(3,448)	–	–	(3,448)
Transfer	–	–	163	1,976	(2,139)	–	–
Revaluation surplus, net	1,071	–	439	–	–	–	1,510
Sale of a subsidiary (note 17)	–	(202)	(436)	(1,313)	–	–	(1,951)
Elimination of accumulated depreciation on revaluation	–	(14)	(258)	–	–	–	(272)
Exchange adjustment	(174)	(11)	(149)	(589)	(43)	(63)	(1,029)
At 31 December 2014	9,362	318	7,632	36,261	1,567	3,532	58,672
Accumulated depreciation and impairment							
At 1 January 2014	–	–	–	24,495	–	637	25,132
Depreciation charge for the year							
– Continuing operations	–	13	266	2,470	–	176	2,925
– Discontinued operations (note 24)	–	3	25	4	–	–	32
Disposals	–	–	–	(3,118)	–	–	(3,118)
Sale of a subsidiary (note 17)	–	–	(25)	(1,310)	–	–	(1,335)
Elimination of accumulated depreciation on revaluation	–	(14)	(258)	–	–	–	(272)
Exchange adjustment	–	(2)	(8)	(403)	–	(16)	(429)
At 31 December 2014	–	–	–	22,138	–	797	22,935
Net Carrying Amount							
At 31 December 2014	**9,362**	**318**	**7,632**	**14,123**	**1,567**	**2,735**	**35,737**

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

14 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold Land $'000	Leasehold Land $'000	Buildings $'000	Plant, Equipment, Vehicles and Furniture $'000	Capital Work-In-Progress $'000	Mine Restoration $'000	Total $'000
	At valuation						
GROUP							
At cost or valuation							
At 1 January 2013	56,673	156,969	208,960	259,222	9,572	1,590	692,986
Additions (c)	–	24	–	4,654	31,693	2,061	38,432
Disposals	–	–	–	(6,025)	(84)	–	(6,109)
Transfer	–	–	355	4,759	(5,114)	–	–
Revaluation surplus, net	422	–	282	–	–	–	704
Attributable to disposal group classified as held for sale (note 24)	(44,784)	(156,500)	(191,861)	(219,895)	(34,063)	–	(647,103)
Elimination of accumulated depreciation on revaluation	–	(29)	(312)	–	–	–	(341)
Exchange adjustment	(3,846)	4	(9,591)	(3,951)	(1,594)	(56)	(19,034)
At 31 December 2013	8,465	468	7,833	38,764	410	3,595	59,535
Accumulated depreciation and impairment							
At 1 January 2013	–	–	–	212,325	396	606	213,327
Depreciation charge for the year							
– Continuing operations	–	23	298	2,242	–	54	2,617
– Discontinued operations (note 24)	–	978	4,442	5,488	–	–	10,908
Disposals	–	–	–	(5,310)	–	–	(5,310)
Transfer	–	–	–	396	(396)	–	–
Attributable to disposal group classified as held for sale (note 24)	–	(978)	(4,264)	(188,027)	–	–	(193,269)
Elimination of accumulated depreciation on revaluation	–	(29)	(312)	–	–	–	(341)
Exchange adjustment	–	6	(164)	(2,619)	–	(23)	(2,800)
At 31 December 2013	–	–	–	24,495	–	637	25,132
Net Carrying Amount							
At 31 December 2013	8,465	468	7,833	14,269	410	2,958	34,403

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

14 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold Land $'000	Building $'000	Plant, Equipment, Vehicles and Furniture $'000	Total $'000
	At valuation			
COMPANY				
At cost or valuation				
At 1 January 2014	30	150	346	526
Additions	–	–	29	29
Disposal	–	–	(117)	(117)
Revaluation surplus	3	4	–	7
Elimination of accumulated depreciation on revaluation	–	(15)	–	(15)
Exchange adjustment	(1)	(3)	(2)	(6)
At 31 December 2014	32	136	256	424
Accumulated depreciation				
At 1 January 2014	–	–	221	221
Depreciation charge for the year	–	15	27	42
Disposal	–	–	(66)	(66)
Elimination of accumulated depreciation on revaluation	–	(15)	–	(15)
Exchange adjustment	–	–	(2)	(2)
At 31 December 2014	–	–	180	180
Net Carrying Amount				
At 31 December 2014	**32**	**136**	**76**	**244**
At cost or valuation				
At 1 January 2013	31	164	403	598
Additions	–	–	2	2
Disposal	–	–	(45)	(45)
Revaluation surplus	–	7	–	7
Elimination of accumulated depreciation on revaluation	–	(15)	–	(15)
Exchange adjustment	(1)	(6)	(14)	(21)
At 31 December 2013	30	150	346	526
Accumulated depreciation				
At 1 January 2013	–	–	238	238
Depreciation charge for the year	–	15	33	48
Disposal	–	–	(41)	(41)
Elimination of accumulated depreciation on revaluation	–	(15)	–	(15)
Exchange adjustment	–	–	(9)	(9)
At 31 December 2013	–	–	221	221
Net Carrying Amount				
At 31 December 2013	30	150	125	305

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

14 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Land and buildings are stated at fair value, which have been determined based on valuations at or approximate the end of the reporting period. Valuations are performed by accredited independent valuers with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in note 43C and 43D.

(b) If the land and buildings stated at valuation are included in the financial statements using the cost model, the net carrying amounts would be:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Freehold land at 31 December				
– Cost	**5,181**	5,273	**1**	1
– Accumulated impairment	**–**	–	**–**	–
– Net carrying amount	**5,181**	5,273	**1**	1
Leasehold land at 31 December				
– Cost	**595**	841	**–**	–
– Accumulated depreciation and impairment	**(277)**	(373)	**–**	–
– Net carrying amount	**318**	468	**–**	–
Buildings at 31 December				
– Cost	**7,782**	8,387	**11**	11
– Accumulated depreciation and impairment	**(2,495)**	(2,680)	**(11)**	(10)
– Net carrying amount	**5,287**	5,707	**–**	1

(c) In 2013, included in the additions to property, plant and equipment was an amount of $2,061,000 related to provision for mine restoration costs.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

14 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) Details of properties included in property, plant and equipment as at 31 December 2014 are as follows:

Description of Properties	Tenure	Unexpired Lease Term (year)	Existing Use	Professional Valuers	Valuation Method
Malaysia					
Wavertree Bungalow at Jalan Lady Maxwell, 49000 Bukit Fraser, Pahang	Leasehold	9	Holiday bungalow	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Lot 448, Mukim of Sabai, District of Bentong, Pahang Darul Makmur	Freehold		Agricultural	Jones Lang Wootton	Comparison method
No. 27 Jalan Pantai, 12000 Butterworth:					
(i) Offices and factory buildings at Lot 142 – 187 and 362	Freehold		Office and factory	Knight Frank Malaysia Sdn Bhd	Depreciated replacement cost method
(ii) Carpark shed at Lot 268	Leasehold	14	Carpark shed	Knight Frank Malaysia Sdn Bhd	Depreciated replacement cost method
(iii) Seabed leases with main wharf at PT 686	Leasehold	55	Main wharf	Knight Frank Malaysia Sdn Bhd	Depreciated replacement cost method
Offices at unit No. B-15-6, B-15-7, B-15-11, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur	Freehold		Office	Knight Frank Malaysia Sdn Bhd	Comparison method
80 units of flats at Taman Desa Palma, Alma, 14000 Bukit Mertajam	Freehold		Residential	Knight Frank Malaysia Sdn Bhd	Comparison method

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

14 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) Details of properties included in property, plant and equipment as at 31 December 2014 are as follows (cont'd):

Description of Properties	Tenure	Unexpired Lease Term (year)	Existing Use	Professional Valuers	Valuation Method
Malaysia (cont'd)					
Mukim Belukar Semang and Mukim Pengkalan Hulu, Daerah Hulu Perak:					
(i) Land and buildings at Lot 344 and 348	Freehold		Dam and residential	Knight Frank Malaysia Sdn Bhd	Depreciated replacement cost method
(ii) Land at Lot 1886	Freehold		Agricultural	Knight Frank Malaysia Sdn Bhd	Depreciated replacement cost method
(iii) Land and buildings at PT 4338, 3934, 725, 726, 727, 4440, 4441, 4442, Lot 2071, 4523 (formerly as lot 4160)	Leasehold	up to 98	Dam, residential and power station	Knight Frank Malaysia Sdn Bhd	Depreciated replacement cost method
(iv) 3 units of terrace houses at PT 1705, 1706 and 1707	Leasehold	94	Residential	Knight Frank Malaysia Sdn Bhd	Comparison method
(v) 2 units of single-storey semi-detached house at PT 5022 and 5026	Freehold		Residential	Knight Frank Malaysia Sdn Bhd	Comparison method

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

15 INVESTMENT PROPERTIES

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Balance sheets:				
At fair value:				
Balance as at 1 January	**849,910**	914,557	**122,346**	119,111
Fair value changes recognised in profit or loss	**(4,021)**	20,107	**1,484**	5,132
Redevelopment expenditure	**2,173**	8,169	**–**	–
Attributable to disposal group classified as held for sale (note 24)	**(42,317)**	(40,500)	**–**	–
Disposal during the year	**(405,000)**	(50,475)	**(69,741)**	–
Exchange adjustment	**(982)**	(1,948)	**(954)**	(1,897)
Balance as at 31 December	**399,763**	849,910	**53,135**	122,346

	Group	
	2014	2013
	$'000	$'000
Income statement:		
Rental income from investment properties:		
– Minimum lease payments	**20,086**	21,131
– Contingent rent based on tenant's turnover	**8**	7
	20,094	21,138
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	**(8,355)**	(7,746)
– Non-rental generating properties	**(8)**	(7)
	(8,363)	(7,753)

(a) Except as disclosed in note 15(d), the Group has no restrictions on the realisability of its investment properties.

(b) Investment properties are stated at fair value. Valuations of investment properties have been determined based on valuations at or approximate the end of the reporting period. Valuations are performed by accredited independent valuers with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in note 43C.

(c) In 2013, the land and building at No. 9 Battery Road, Singapore amounting to $400,000,000 were mortgaged to secure bank facilities. The loan was repaid in 2013. The mortgage was discharged and the property was sold during the financial year.

(d) The 14 residential units at The Holland Collection, Singapore amounting to $53,778,000 (2013: $60,150,000) are mortgaged to secure bank facilities.

(e) During the financial year, employee benefits expense capitalised in investment properties while undergoing redevelopment amounted to $15,000 (2013: $79,000) (note 7).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

15 INVESTMENT PROPERTIES (CONT'D)

(f) Details of investment properties as at 31 December 2014 are as follows:

Description of Properties	Tenure	Unexpired Lease Term (year)	Site Area sq.m.	Net Floor Area sq.m.	Existing Use	Professional Valuers	Valuation Method
Singapore							
10 residential units at Gallop Green condominium	Freehold		–	3,711 (strata)	Residential	Knight Frank Pte Ltd	Comparison method
6A/8/8A/10/12 at Cable Road	Freehold		7,432	4,327 (gross)	Residential	Knight Frank Pte Ltd	Comparison method
10/10A/10B at Nathan Road	Freehold		4,548	2,083 (gross)	Residential	Knight Frank Pte Ltd	Comparison method
14 residential units at The Holland Collection	Freehold		–	2,974 (strata)	Residential	#	#
Malaysia							
Straits Trading Building, a 7-storey commercial building at No. 2 Lebuh Pasar Besar, Kuala Lumpur	999 years Leasehold / Freehold	868 to 870	2,224	9,928	Office	YCW Property Consultant	Comparison method
A parcel of residential land Lot No. 11260, Mukim of Hulu Kinta, District of Kinta, Perak	999 years Leasehold	880	11,255	–	Residential	C H Williams Talhar & Wong Sdn Bhd	Comparison method
A parcel of residential land, Lot No. 34612 Jalan Gopeng, Ipoh, Perak	999 years Leasehold	879	12,892	–	Residential	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Parcels of commercial land, Lot Nos. 1105 to 1110, 2122 and 2123 Town of Seremban, District of Seremban, Negeri Sembilan	Freehold		3,826	–	Retail	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Lot Nos. 197 and 199, Section 4 Town of Butterworth, Pulau Pinang	Freehold		7,949	–	Retail	C H Williams Talhar & Wong Sdn Bhd	Comparison method

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

15 INVESTMENT PROPERTIES (CONT'D)

(f) Details of investment properties as at 31 December 2014 are as follows (cont'd):

Description of Properties	Tenure	Unexpired Lease Term (year)	Site Area sq.m.	Net Floor Area sq.m.	Existing Use	Professional Valuers	Valuation Method
Malaysia (cont'd)							
Lot Nos. 2569 and 2626, Section 4 Town of Butterworth, Pulau Pinang	Freehold		6,535	–	Carpark	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Lot Nos. 2499, 189, 190 and 270, Section 4 Town of Butterworth, Pulau Pinang; accommodating 6 residential units, a single-storey bungalow with 2 annex buildings, a single-storey club house and 1½ storey squash court and vacant plots	Freehold with two minor leasehold plots	12 and 16	37,200	3,241 (gross)	Residential/ Retail/ Carpark	C H Williams Talhar & Wong Sdn Bhd	Comparison method
Lot Nos. 195, 2502 and 2570, Section 4 Town of Butterworth, Pulau Pinang; accommodating a 3-storey club house with a guard house, three single-storey bungalows with/ without annex building and vacant plots	Freehold		55,928	3,513 (gross)	Office/ Residential/ Club house/ Storage yard/ Car showroom	C H Williams Talhar & Wong Sdn Bhd	Comparison method
8 units of 3-storey shophouses, No. 4819 to 4826 Jalan Pantai, Taman Selat, Butterworth, Pulau Pinang	Freehold		1,322	2,883	Commercial	C H Williams Talhar & Wong Sdn Bhd	Comparison method

Directors' valuation was based on the indicative selling price available.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

16 GOODWILL/OTHER INTANGIBLE ASSETS

(a) Goodwill arising on consolidation

	Group	
	2014	2013
	$'000	$'000
At cost		
At 1 January	**20,603**	26,408
Amount written off	**–**	(5,054)
Exchange adjustment	**(356)**	(751)
At 31 December	**20,247**	20,603
Accumulated impairment charge		
At 1 January	**–**	5,054
Amount written off	**–**	(5,054)
At 31 December	**–**	–
Net Carrying Amount	**20,247**	20,603

The carrying amount of goodwill is allocated to Resources segment.

(i) The recoverable amount of the resource subsidiary in Malaysia is determined based on value in use using 5-year cash flow projections based on financial forecasts. Management has considered and determined the factors applied in these financial budgets, which included tin prices, exchange rates and fuel costs. The key assumptions made reflect past experience. The pre-tax discount rate applied to the cash flow projections at 8.2% (2013: 8.2%) was based on the estimated weighted average cost of capital. There is no impairment in the carrying amount of goodwill arising from this review.

(ii) Sensitivity to changes in assumptions
With regard to the assessment of value in use for the recoverable amount of the resource subsidiary in Malaysia, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying amount of goodwill to materially exceed its recoverable amount.

(b) Other intangible assets

		Group	
		2014	2013
		$'000	$'000
(i)	Mining rights	**3,058**	2,903
	Corporate club membership	**257**	189
		3,315	3,092
(ii)	Deferred mine exploration and evaluation expenditure	**3,068**	1,830
	Deferred mine development expenditure	**1,267**	947
		4,335	2,777
		7,650	5,869

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

16 GOODWILL/OTHER INTANGIBLE ASSETS (CONT'D)

(b) (i) Mining Rights, Management Rights and Corporate Club Membership

	Mining rights $'000	Management rights $'000	Corporate club membership $'000	Total $'000
GROUP				
At Cost				
At 1 January 2014	4,026	–	258	4,284
Addition	–	–	84	84
Acquisition of a subsidiary (note 17)	559	–	–	559
Exchange adjustment	(86)	–	(6)	(92)
At 31 December 2014	4,499	–	336	4,835
Accumulated amortisation				
At 1 January 2014	1,123	–	69	1,192
Amortisation to profit or loss	348	–	11	359
Exchange adjustment	(30)	–	(1)	(31)
At 31 December 2014	1,441	–	79	1,520
Net Carrying Amount	**3,058**	**–**	**257**	**3,315**
At Cost				
At 1 January 2013	8,822	1,975	268	11,065
Addition	512	–	–	512
Attributable to disposal group classified as held for sale	(5,158)	(1,830)	–	(6,988)
Exchange adjustment	(150)	(145)	(10)	(305)
At 31 December 2013	4,026	–	258	4,284
Accumulated amortisation				
At 1 January 2013	5,939	1,975	62	7,976
Amortisation to profit or loss	380	–	10	390
Attributable to disposal group classified as held for sale	(5,158)	(1,830)	–	(6,988)
Exchange adjustment	(38)	(145)	(3)	(186)
At 31 December 2013	1,123	–	69	1,192
Net Carrying Amount	2,903	–	189	3,092

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

16 GOODWILL/OTHER INTANGIBLE ASSETS (CONT'D)

(b) (ii) Deferred Mine Exploration and Evaluation Expenditure and Deferred Mine Development Expenditure

	Deferred mine exploration and evaluation expenditure $'000	Deferred mine development expenditure $'000	Total $'000
GROUP			
At 1 January 2014	1,830	947	2,777
Additions	1,492	449	1,941
Acquisition of a subsidiary (note 17)	14	-	14
Amortisation to profit or loss	(219)	(105)	(324)
Exchange adjustment	(49)	(24)	(73)
At 31 December 2014	**3,068**	**1,267**	**4,335**
At 1 January 2013	297	1,285	1,582
Additions	1,803	377	2,180
Amortisation to profit or loss	(100)	(8)	(108)
Written off to profit or loss (note 10)	-	(756)	(756)
Exchange adjustment	(170)	49	(121)
At 31 December 2013	1,830	947	2,777

Note 16(b)(ii) represents deferred mine exploration and evaluation as well as deferred mine development expenditures incurred for several areas of interest. The costs are carried forward to the extent that they are expected to be recouped through the successful development of the areas or activities of the areas.

The remaining amortisation periods are as follows:

	Group Number of years **2014**	2013
Mining rights	**8**	9
Corporate club membership	**6 to 72**	7 to 69
Deferred mine exploration and evaluation expenditure	**8**	9
Deferred mine development expenditure	**8**	9

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

17 SUBSIDIARIES

	Company	
	2014	2013
	$'000	$'000
Quoted shares, at cost	**25,402**	25,402
Unquoted shares, at cost	**63,558**	103,558
Redeemable preference shares, at cost	**126,900**	126,900
	215,860	255,860
Impairment losses	**(6,123)**	(46,123)
	209,737	209,737

Details of subsidiaries are included in note 47.

Incorporation of subsidiaries

During the financial year, a wholly-owned subsidiary, Straits Investments Holdings Pte. Ltd., was incorporated with 1 ordinary share at the price of $1 per share.

During the financial year, through the Company's 89.5% indirectly-owned subsidiary, Straits Real Estate Pte. Ltd., the following subsidiaries were incorporated:

(i) Straits Real Estate (Management) Pte. Ltd. with 10 ordinary shares at the price of $1 per share;
(ii) SRE Venture 1 Pte. Ltd. with an initial 1 ordinary share at the price of $1 per share and subsequently enlarged its share capital to $10,100,000. During the financial year, SRE Venture 1 Pte. Ltd. invested in ARA Summit Development Fund I, L.P. ("Fund") and is currently the sole investor of the Fund;
(iii) SRE Venture 2 Pte. Ltd. with 1 ordinary share at the price of $1 per share;
(iv) SRE Venture 3 Pte. Ltd. with 1 ordinary share at the price of $1 per share. SRE Venture 3 Pte. Ltd. had incorporated a subsidiary, SRE China 1 Pte. Ltd. with 1 ordinary share at the price of $1 per share. SRE China 1 Pte. Ltd. incorporated a subsidiary, Chongqing Xinchuang Mall Management Co., Ltd. with a registered capital of $100,200,000;
(v) SRE Venture 4 Pte. Ltd. with 1 ordinary share at the price of $1 per share. SRE Venture 4 Pte. Ltd. had incorporated a subsidiary, SRE Capital Pte. Ltd. with 1 ordinary share at the price of $1 per share; and
(vi) SRE Venture 5 Pte. Ltd. with 1 ordinary share at the price of $1 per share.

In 2013, three wholly-owned subsidiaries, STC Capital Pte. Ltd., Straits Equities Holdings (One) Pte. Ltd. and Straits Equities Holdings (Two) Pte. Ltd., were incorporated with 1 ordinary share each at the price of $1 per share.

In 2013, through the Company's wholly-owned subsidiary, STC Capital Pte. Ltd., incorporated a subsidiary, Straits Real Estate Pte. Ltd. ("SRE"), with an initial 10 ordinary shares each at the price of $1 per share.

Capital injection by a subsidiary

During the financial year, the Group increased its contribution in SRE to $42,500,000 (2013: $850,000) increasing SRE's share capital to $47,500,000 (2013: $950,000).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

17 SUBSIDIARIES (CONT'D)

Voluntary liquidation of a subsidiary

During the financial year, a wholly-owned subsidiary, Merevale Holdings Private Limited was voluntarily liquidated. Accordingly, the impairment loss of $40,000,000 was written off.

Impairment of investment in subsidiary

In 2013, after reviewing the performance of STC Realty (Butterworth) Sendirian Berhad, management has assessed that it is not likely that the cost of investment of the subsidiary will be recoverable. Accordingly, an additional impairment loss of $353,000 was recognised in the financial year ended 31 December 2013.

Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit/(Loss) allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000
31 December 2014:				
Malaysia Smelting Corporation Berhad	Malaysia	45%	(1,964)	44,857
Straits Real Estate Pte. Ltd.	Singapore	11%	(428)	6,044
31 December 2013:				
Malaysia Smelting Corporation Berhad	Malaysia	45%	7,109	35,558
Straits Real Estate Pte. Ltd.	Singapore	11%	–	100

There was no dividend paid to NCI for the financial years ended 31 December 2014 and 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

17 SUBSIDIARIES (CONT'D)

Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	As at 31 December 2014 $'000	As at 31 December 2013 $'000	**As at 31 December 2014 $'000**	As at 31 December 2013 $'000
Current				
Assets	**182,743**	223,245	**109,750**	950
Liabilities	**(163,957)**	(227,801)	**(260,987)**	(11)
Net current assets/(liabilities)	**18,786**	(4,556)	**(151,237)**	939
Non-current				
Assets	**95,365**	107,579	**208,651**	8
Liabilities	**(6,481)**	(13,987)	**–**	–
Net non-current assets	**88,884**	93,592	**208,651**	8
Net assets	**107,670**	89,036	**57,414**	947

Summarised statements of comprehensive income

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Revenue	**743,364**	628,875	**–**	–
Profit/(loss) before income tax	**17,013**	29,314	**(3,933)**	(3)
Income tax expense	**(8,652)**	(10,993)	**(127)**	–
Profit/(loss) after tax – continuing operations	**8,361**	18,321	**(4,060)**	(3)
Profit/(loss) after tax – discontinued operations	**(7,704)**	(16,622)	**–**	–
Other comprehensive income	**10,241**	(13,803)	**13,978**	–
Total comprehensive income	**10,898**	(12,104)	**9,918**	(3)

Other summarised information

	Malaysia Smelting Corporation Berhad		Straits Real Estate Pte. Ltd.	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Net cash flows from/(used in) operations	**8,334**	22,680	**(74,239)**	–
Net cash flows from/(used in) investing activities	**8,502**	(6,837)	**(191,550)**	–
Net cash flows from/(used in) financing activities	**(11,477)**	(28,467)	**300,489**	950

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

17 SUBSIDIARIES (CONT'D)

Analysis of acquisition of a subsidiary:

Acquisition in 2014

On 11 March 2014, Malaysia Smelting Corporation Berhad's wholly-owned subsidiary, Rahman Hydraulic Tin Sdn. Bhd. ("RHT") entered into a Share Sale Agreement and Shareholders' Agreement for acquisition of an 80% equity interest in SL Tin Sdn. Bhd. ("SL Tin") for a purchase consideration of $195,000.

After the acquisition, SL Tin became an 80% owned subsidiary of RHT.

The acquisition of SL Tin has contributed the following results to the Group from the date of acquisition:

	Group 2014 $'000
Revenue	–
Profit before tax from continuing operations	4

If the acquisition had occurred on 1 January 2014, the Group's profit before tax from continuing operations, would have been reduced by $5,000. There was no revenue from SL Tin in 2014.

Transaction costs of $1,000 related to the acquisition were expensed and included in "other expenses" line item in the Group's profit or loss for the year ended 31 December 2014.

The fair values of the net identifiable assets and liabilities of SL Tin as at the acquisition date were:

	Group 2014 $'000
Assets:	
Other intangible assets (note 16)	573
Trade and other receivables	29
Cash and cash equivalents	9
	611
Liabilities:	
Trade and other payables	(29)
Net assets acquired	582
Less: Non-controlling interests	(117)
Total cost of acquisition	465
Less: Portion discharged by advances to SL Tin prior to acquisition	(270)
	195

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

17 SUBSIDIARIES (CONT'D)

Analysis of acquisition of a subsidiary (cont'd):

Acquisition in 2014 (cont'd)

Cash flow effect on acquisition of SL Tin:

	Group 2014 $'000
Total consideration for 80% equity interest acquired	**195**
Less: Cash and cash equivalent of the subsidiary acquired	**(9)**
Net cash outflow on acquisition	**186**

Analysis of sale of a subsidiary:

Sale in 2014

Sale of a subsidiary classified as discontinued operation

On 1 June 2014, Malaysia Smelting Corporation Berhad, the Group's listed subsidiary, entered into a sale and purchase agreement with PT Bangka Timah Utama and Mr Eddy Dayanto to dispose of its entire interest in PT MSC Indonesia ("PT MSCI") for a consideration of USD1. The sale was completed on 2 June 2014. Its results have been reclassified as discontinued operations and the comparatives have been restated (note 24).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

17 SUBSIDIARIES (CONT'D)

Analysis of sale of a subsidiary: (cont'd)

Sale in 2014 (cont'd)

Sale of a subsidiary classified as discontinued operation (cont'd)

The sale had the following effects on the financial position of the Group as at 31 December 2014:

	Group 2014 $'000
Assets:	
Property, plant and equipment (note 14)	616
Inventories	182
Trade and other receivables	1,317
Cash and cash equivalents	9
	2,124
Liabilities:	
Provisions (note 31)	(40)
Deferred tax liabilities	(43)
Trade and other payables	(2,120)
	(2,203)
Net liabilities disposed	(79)
Realisation of translation reserve	(61)
Gain on sale recognised in profit or loss of the Group	(140)
Realisation of revaluation reserve	(41)
Gain on sale directly charged to equity of the Group	(41)
Cash and cash equivalents of the subsidiary disposed	(9)
Net cash outflow	(9)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

18 ASSOCIATES AND JOINT VENTURES

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Associates	**409,622**	385,697	**2,708**	3,585
Joint ventures	**18,570**	33,044	**–**	–
	428,192	418,741	**2,708**	3,585

18.1 ASSOCIATES

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Quoted shares, at cost	**293,273**	293,273	**–**	–
Share of post-acquisition reserves	**11,769**	567	**–**	–
	305,042	293,840	**–**	–
Unquoted shares, at cost	**43,305**	44,592	**2,708**	3,585
Shareholder loans (c)	**71,910**	60,000	**–**	–
Share of post-acquisition reserves	**(4,265)**	(6,114)	**–**	–
Exchange adjustment	**(1,387)**	(1,228)	**–**	–
	109,563	97,250	**2,708**	3,585
Impairment loss	**(4,983)**	(5,393)	**–**	–
	104,580	91,857	**2,708**	3,585
	409,622	385,697	**2,708**	3,585
Market value of quoted shares	**288,830**	316,014	**–**	–

(a) Details of associates are included in note 47.

(b) On 29 November 2013, the Group acquired 20.1% stake in ARA Asset Management Limited ("ARA") for total value of $293.3 million paid in a combination of cash and the Company's shares. The shares in ARA are mortgaged to secure bank facilities (note 32).

(c) On 15 April 2013, the Group entered into a Joint Venture Implementation Agreement with Far East Orchard Limited ("FEOrchard") to establish a 30/70 joint venture, known as Far East Hospitality Holdings Pte. Ltd. ("FEHH") to pursue and conduct hospitality management and hospitality-related businesses, and investments in real estate used primarily for hospitality purposes. The shareholder loans to FEHH are unsecured and non-interest bearing.

(d) WBL Corporation Limited ("WBL") became an associate of the Group consequent to a share swap in January 2013, and the entire stake in WBL was disposed in the same year. Please refer to note 21 for further information.

(e) Impairment assessment

During the financial year, the Group carried out a review of the recoverable amount of its investment in Guilin Hinwei Tin Co Ltd. A reversal of impairment of $410,000 was recognised in profit or loss of the Group. The recoverable amount was based on fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

18 ASSOCIATES AND JOINT VENTURES (CONT'D)

18.1 ASSOCIATES (CONT'D)

(f) Movements in the allowance accounts:

	Group	
	2014	2013
	$'000	$'000
At 1 January	**(5,393)**	(5,393)
Reversal of impairment for the year (note 8)	**410**	–
At 31 December	**(4,983)**	(5,393)

(g) Aggregate information about the Group's associates that are not individually material are as follows:

	Group	
	2014	2013
	$'000	$'000
Profit/(Loss) after tax	**788**	(6,073)
Other comprehensive income	**–**	4,197
Total comprehensive income	**788**	(1,876)

(h) The summarised financial information in respect of ARA Asset Management Limited ("ARA") and Far East Hospitality Holdings Pte. Ltd. ("FEHH"), based on their financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheets

	ARA		FEHH	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Current assets	**146,351**	122,473	**61,638**	79,255
Non-current assets	**281,285**	223,253	**584,566**	506,743
Total assets	**427,636**	345,726	**646,204**	585,998
Current liabilities	**(63,374)**	(66,730)	**(324,427)**	(272,284)
Non-current liabilities	**(16,128)**	(209)	**(282,887)**	(282,238)
Total liabilities	**(79,502)**	(66,939)	**(607,314)**	(554,522)
Net assets	**348,134**	278,787	**38,890**	31,476
Non-controlling interest	**(6,780)**	(2,827)	**–**	–
	341,354	275,960	**38,890**	31,476

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For the Financial Year Ended 31 December 2014

18 ASSOCIATES AND JOINT VENTURES (CONT'D)

18.1 ASSOCIATES (CONT'D)

Summarised statement of comprehensive income

	ARA		FEHH	
	2014	2013*	**2014**	2013*
	$'000	$'000	**$'000**	$'000
Revenue	**173,058**	12,432	**164,583**	28,576
Profit/(Loss) after tax	**90,730**	5,622	**(881)**	(26,242)
Other comprehensive income	**20,132**	(2,661)	**8,298**	(7,093)
Total comprehensive income	**110,862**	2,961	**7,417**	(33,335)
Dividend received from the associate during the year	**8,495**	–	**–**	–

* ARA became an associate of the Group on 29 November 2013. The injection of hospitality management and businesses into FEHH was completed on 1 November 2013.

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	ARA		FEHH	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Net assets at 31 December	**341,354**	275,960	**38,890**	31,476
Interest in associates	**20.1%**	20.1%	**30%**	30%
Group's share of net assets	**68,612**	55,468	**11,667**	9,443
Goodwill on acquisition	**127,232**	127,232	**–**	–
Intangible assets	**109,198**	111,140	**10,546**	10,557
Carrying value of Group's interest in associates	**305,042**	293,840	**22,213**	20,000

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

18 ASSOCIATES AND JOINT VENTURES (CONT'D)

18.2 JOINT VENTURES

	Group 2014 $'000	Group 2013 $'000
Unquoted shares, at cost	**18,714**	18,714
Share of post-acquisition reserves	**10,674**	26,498
Exchange adjustment	**(8,895)**	(11,874)
	20,493	33,338
Impairment loss	**(1,923)**	(294)
	18,570	33,044

(a) Details of joint ventures are included in note 47.

(b) Impairment assessment

During the financial year, the Group carried out a review of the recoverable amount of its investment in KM Resources, Inc.. An impairment of $1,629,000 (2013: reversal of impairment loss of $2,341,000) was recognised in profit or loss of the Group. The recoverable amount was based on management estimates of fair value less costs to sell.

(c) Movements in the allowance accounts:

	Group 2014 $'000	Group 2013 $'000
At 1 January	**(294)**	(2,635)
(Impairment)/Reversal for the year (note 8)	**(1,629)**	2,341
At 31 December	**(1,923)**	(294)

(d) The Group has not recognised losses relating to Africa Smelting Corporation Sprl ("ASC") where its share of losses exceeds the Group's interest in the joint venture. The Group's unrecognised share of losses at the reporting date are as follows:

	Group 2014 $'000	Group 2013 $'000
Share of losses:		
Current year	**(102)**	(77)
Cumulative	**(179)**	(77)

The Group has no obligation in respect of these losses.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

18 ASSOCIATES AND JOINT VENTURES (CONT'D)

18.2 JOINT VENTURES (CONT'D)

(e) Aggregate information about the Group's joint ventures that are not individually material are as follows:

	Group	
	2014	2013
	$'000	$'000
Loss before tax	**(228)**	(400)
Income tax expense	**–**	(16)
Loss after tax	**(228)**	(416)
Other comprehensive income	**–**	–
Total comprehensive income	**(228)**	(416)

(f) The summarised financial information in respect of KMR Group, based on its financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	KMR Group	
	2014	2013
	$'000	$'000
Cash and cash equivalents	**12,970**	46,697
Other current assets	**52,353**	74,771
Current assets	**65,323**	121,468
Non-current assets	**9,183**	10,488
Total assets	**74,506**	131,956
Current liabilities (excluding trade, other payables and provisions)	**206**	1,346
Trade, other payables and provisions	**3,225**	7,596
	3,431	8,942
Non-current liabilities (excluding trade, other payables and provisions)	**5**	4
Other non-current liabilities	**4,043**	13,561
Total non-current liabilities	**4,048**	13,565
Total liabilities	**7,479**	22,507
Net assets	**67,027**	109,449

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

18 ASSOCIATES AND JOINT VENTURES (CONT'D)

18.2 JOINT VENTURES (CONT'D)

Summarised statement of comprehensive income

	KMR Group	
	2014	2013
	$'000	$'000
Revenue	**14,970**	115,063
Depreciation and amortisation expenses	**(3)**	(63,045)
Interest income	**76**	42
Finance costs	**(34)**	(27)
Loss before tax	**(5,112)**	(26,755)
Income tax expense	**(181)**	(1,822)
Loss after tax	**(5,293)**	(28,577)
Other comprehensive income	**9,981**	(18,364)
Total comprehensive income	**4,688**	(46,941)
Dividend received from the joint venture during the year	**11,379**	6,693

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint venture

	KMR Group	
	2014	2013
	$'000	$'000
Net assets at 31 December	**67,027**	109,449
Interest in joint venture	**30%**	30%
	20,108	32,835
Cumulative impairment and exchange adjustment	**(1,816)**	(231)
Carrying value of Group's interest in joint venture	**18,292**	32,604

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

19 DEFERRED TAX ASSETS AND LIABILITIES

	Group				Company	
	Consolidated balance sheet		Consolidated income statement		Balance sheet	
	2014	2013	**2014**	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Deferred tax assets:						
Provisions	**1,477**	1,810	**314**	305	**–**	–
Difference in depreciation	**(120)**	(48)	**31**	(9)	**–**	–
Fair value changes on forward currency contracts, forward sale contracts and interest rate swap contracts	**557**	235	**54**	(59)	**–**	–
Revaluation of property, plant and equipment	**(183)**	(100)	**–**	–	**–**	–
Fair value changes on available-for-sale investment securities	**(270)**	(202)	**–**	–	**–**	–
Others	**89**	133	**56**	(59)	**–**	–
	1,550	1,828			**–**	–
Deferred tax liabilities:						
Difference in depreciation	**1,163**	1,211	**(32)**	(2,103)	**773**	801
Unremitted foreign income and profits	**2,276**	3,006	**(726)**	599	**287**	287
Fair value changes of investment properties	**2,191**	2,139	**92**	(37,180)	**2,176**	2,127
Revaluation of property, plant and equipment	**421**	406	**–**	–	**55**	55
Others	**–**	95	**(79)**	–	**–**	–
	6,051	6,857			**3,291**	3,270
Deferred tax credit (note 12)			**(290)**	(38,506)		

As at 31 December 2014, certain subsidiaries have unutilised tax losses amounting to $8,935,000 (2013: $10,053,000) available for set off against future taxable income, subject to the provisions of the Income Tax Act and agreement by the relevant authorities, for which deferred tax assets have not been recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

20 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Current:				
Trade receivables	**47,349**	28,385	**54**	4
Amount due from an associate	**616**	616	**–**	–
Impairment of doubtful receivables	**(4,875)**	(3,989)	**–**	–
	43,090	25,012	**54**	4
Other receivables				
Balance receivable from sale of properties	**–**	8,415	**–**	–
Deposits	**648**	1,010	**43**	45
Non-trade receivables	**6,194**	17,348	**65**	35
Amounts due from subsidiaries	**–**	–	**558,191**	584,817
Amounts due from associates	**67,207**	67,950	**10**	1,225
Amounts due from joint ventures	**22**	105	**–**	–
	74,071	94,828	**558,309**	586,122
Impairment of doubtful receivables	**(3,334)**	(11,580)	**(284)**	(406)
	70,737	83,248	**558,025**	585,716
Trade and other receivables (current)	**113,827**	108,260	**558,079**	585,720
Non-Current:				
Non-trade receivables	**–**	67	**–**	–
Amount due from joint venture	**2,775**	3,091	**–**	–
Impairment of doubtful receivables	**(512)**	(195)	**–**	–
	2,263	2,963	**–**	–
Total trade and other receivables (current and non-current)	**116,090**	111,223	**558,079**	585,720
Add: Cash and cash equivalents (note 28)	**480,170**	274,333	**387,410**	144,133
Total loans and receivables	**596,260**	385,556	**945,489**	729,853

Trade receivables

Trade receivables are non-interest bearing and are generally on cash payment to 90-day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

At the end of the reporting period, trade receivables arising from export sales amounting to $3,216,000 (2013: $2,889,000) are arranged to be settled via letters of credits issued by reputable banks in countries where customers are based.

Amounts due from subsidiaries

The amounts due from subsidiaries are non-trade related, unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

20 TRADE AND OTHER RECEIVABLES (CONT'D)

Amounts due from associates

The current amount due from an associate under trade receivables is unsecured, non-interest bearing and subject to the Group's normal credit terms which range from cash term to 90 days.

The current amounts due from associates under other receivables are non-trade related, unsecured and repayable on demand.

No interest is charged except for amounts receivable of $66,348,000 from Far East Hospitality Holdings Pte. Ltd. which bear interest at 2.0% per annum.

Amounts due from joint ventures

The non-current other receivables is due from Africa Smelting Corporation Sprl. It is an unsecured term loan, currently interest free. Interest will be charged at 10% per annum from date of commencement of production. The unsecured term loan is repayable in 12-quarterly instalments commencing 12 months after date of commencement of production. The estimated date of commencement of production is 1 January 2018.

Trade and other receivables denominated in foreign currencies other than the functional currencies of the respective Group entities are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
United States Dollar	**37,642**	25,924	**–**	–
Japanese Yen	**5,226**	–	**–**	–

The aged analysis of trade and other receivables is as follows:

	Group					
	2014			2013		
	$'000			$'000		
	Gross	**Impairment losses**	**Net**	Gross	Impairment losses	Net
• Not past due	**113,820**	**(512)**	**113,308**	104,669	(195)	104,474
• Past due:						
Less than 30 days	**105**	**–**	**105**	429	–	429
30 to 60 days	**1,517**	**–**	**1,517**	1,294	–	1,294
61 to 90 days	**439**	**–**	**439**	412	(3)	409
91 to 120 days	**12**	**–**	**12**	100	–	100
More than 120 days	**8,918**	**(8,209)**	**709**	20,083	(15,566)	4,517
	10,991	**(8,209)**	**2,782**	22,318	(15,569)	6,749
Total	**124,811**	**(8,721)**	**116,090**	126,987	(15,764)	111,223

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

20 TRADE AND OTHER RECEIVABLES (CONT'D)

The aged analysis of trade and other receivables is as follows (cont'd):

	Company					
	2014 $'000			2013 $'000		
	Gross	**Impairment losses**	**Net**	Gross	Impairment losses	Net
• Not past due	**558,343**	**(284)**	**558,059**	586,121	(406)	585,715
• Past due:						
Less than 30 days	**3**	**–**	**3**	–	–	–
30 to 60 days	**16**	**–**	**16**	4	–	4
61 to 90 days	**1**	**–**	**1**	–	–	–
91 to 120 days	**–**	**–**	**–**	1	–	1
More than 120 days	**–**	**–**	**–**	–	–	–
	20	**–**	**20**	5	–	5
Total	**558,363**	**(284)**	**558,079**	586,126	(406)	585,720

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments.

Trade and other receivables that are impaired at the reporting date and the movement of allowance accounts used to record the impairment are as follows:

	Group		Company	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000
Trade and other receivables – nominal amounts	**10,979**	19,071	**672**	803
Less: Allowance for impairment	**(8,721)**	(15,764)	**(284)**	(406)
	2,258	3,307	**388**	397

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

20 TRADE AND OTHER RECEIVABLES (CONT'D)

Movements in the allowance accounts:

	Group		Company	
	2014	2013 (restated)	**2014**	2013
	$'000	$'000	**$'000**	$'000
At 1 January	**(15,764)**	(18,933)	**(406)**	(71,187)
Impairment for the year				
– Continuing operations (note 10)	**(2,397)**	(669)	**–**	(3,172)
– Discontinued operations	**–**	(6,375)	**–**	–
Amounts written off	**4,519**	39	**21**	–
Reversal of impairment				
– Continuing operations (note 10)	**72**	262	**101**	73,953
– Discontinued operations	**–**	4	**–**	–
Sale of a subsidiary	**4,275**	–	**–**	–
Attributable to disposal group classified as held for sale	**–**	10,018	**–**	–
Exchange adjustment	**574**	(110)	**–**	–
At 31 December	**(8,721)**	(15,764)	**(284)**	(406)

21 INVESTMENT SECURITIES/MARKETABLE SECURITIES

(a) Investment Securities

	Group	
	2014	2013
	$'000	$'000
Investment Securities:		
Available-for-sale shares		
– quoted, at fair value	**202,488**	64,139
– unquoted, at fair value	**–**	–
	202,488	64,139

Information on the Group's investment/marketable securities by country can be found in note 40(e).

(i) Quoted shares, at fair value

(a) During the financial year, the Group acquired approximately 4% of Suntec REIT units.

(b) In 2013, the Group received 73,102,000 units in Far East Hospitality Trust ("FEHT") as part of the consideration for the sale of Rendezvous Grand Hotel Singapore and Rendezvous Gallery to FEHT and Serene Land Pte Ltd. The sale was completed on 1 August 2013 (note 24). FEHT is listed on the main board of the Singapore Exchange Securities Trading Limited. During the financial year, the investment in FEHT units has been re-designated as marketable securities.

(c) Asian Mineral Resources Limited ("AMR") is a company incorporated in Canada and listed on Toronto Venture Exchange and Alphamin Resources Corporation ("Alphamin") is a Canadian-based mineral exploration company and listed on Toronto Venture Exchange targeting tin. During the financial year, the Group recognised an impairment loss of $37,000 (2013: $766,000) and nil (2013: $746,000) in profit or loss for AMR and Alphamin respectively, as there was "significant" or "prolonged" decline in the fair values of these investments.

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21 INVESTMENT SECURITIES/MARKETABLE SECURITIES (CONT'D)

(a) **Investment Securities** (cont'd)

(ii) Unquoted shares, at fair value

The unquoted shares at fair value comprise MSC's 18.54% interest in TMR Ltd. ("TMR"), a Bermuda incorporated company. TMR has 99% shareholding in PT Tenaga Anugerah ("PT TA"), which holds tin mining rights in Indonesia. TMR, together with its subsidiary, PT TA, are principally involved in integrated tin business in Indonesia.

In 2013, the Group recognised an impairment loss of $3,543,000 being the remaining carrying value of the investment in profit or loss as the operations had been suspended and there was no indication that it would resume.

(iii) In January 2013, the Group increased its stake in WBL Corporation Limited ("WBL") from 17% to 40% through a share swap and WBL became an associate of the Group (note 18.1(d)). Consequently, the Group accounted for WBL results commencing February 2013 using the equity method. Accordingly, the dividend income received from WBL in February 2013 was recorded against the carrying value of this associate and not as dividend income (note 4) in the Group's income statement.

In May 2013, the Group accepted the mandatory conditional cash offers for WBL made by UE Centennial Venture Pte. Ltd.. The Group received gross proceeds of $508.8 million and recorded a gain of $91.8 million from the disposal (note 6).

(b) **Marketable Securities**

	Group	
	2014	2013
	$'000	$'000
Marketable Securities:		
Held-for-trading		
– quoted, at fair value	**78,699**	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

22 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments included in the balance sheet as at 31 December are as follows:

	Group			
	2014 Assets $'000	**2014 Liabilities $'000**	2013 Assets $'000	2013 Liabilities $'000
Interest rate swap contracts	**–**	**(21)**	–	(62)
Forward currency contracts	**–**	**(2,142)**	–	(879)
Forward commodity contracts	**–**	**(160)**	–	–
	–	**(2,323)**	–	(941)
Current	**–**	**(2,142)**	–	(897)
Non-current	**–**	**(181)**	–	(44)

These represent the fair values of the following financial instruments:

(a) the interest rate swap contract is entered into for the purpose of managing interest rate risk. The fair value changes of this contract are recognised in profit or loss.

(b) forward currency contracts are entered into for the purpose of managing foreign exchange risk. The fair value changes of these contracts are recognised in other comprehensive income and accumulated in equity under hedging reserve to the extent that the hedges are effective.

(c) forward commodity contracts are entered into for the purpose of managing commodity price risk. The fair value changes of these contracts are recognised in other comprehensive income and accumulated in equity under hedging reserve to the extent that the hedges are effective.

Further details of the derivative financial instruments in items (a) to (c) are disclosed in note 41 to the financial statements.

23 OTHER NON-CURRENT ASSETS

	Group	
	2014 $'000	2013 $'000
Base inventory	**1,135**	1,155
Initial payment for a retail development in Chongqing	**74,491**	–
	75,626	1,155

(a) Base inventory is used in the smelting process and comprises a metallic tin content of 381 tonnes (2013: 381 tonnes). It is stated at lower of estimated recoverable amount and cost.

(b) The initial payment relates to acquisition of a retail development in Chongqing, China made by the Group in December 2014 for approximately RMB668.4 million. The completion of the acquisition is subject to certain precedent conditions. The Group will undertake asset enhancement initiatives costing approximately RMB100 million to fit out the mall and expects it to be operational by third quarter 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

24 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

a. Three units of investment properties, at 6B Cable Road and two units at Gallop Green, have been reclassified as held for sale of which the sale for two units were completed in January 2015.

Non-current assets held for sale

	Group 2014 $'000
Assets:	
Investment properties (note 15)	**42,317**

b. On 24 December 2014, the Group entered into a share transfer agreement with Baijia International Group (Hong Kong) Limited to sell all the shares in Shanghai Straits Trading Co., Ltd. for a consideration of RMB19.27 million. The sale was completed in February 2015.

c. As at 31 December 2013, the Group reclassified its entire interest in Bemban Corporation Limited ("BCL") group, which included PT Koba Tin, as disposal group classified as held for sale.

Accordingly, the assets, liabilities and appropriate reserves related to BCL Group had been reclassified as held for sale. Its results had been reclassified as discontinued operations in 2013.

On 1 June 2014, the Group entered into a sale and purchase agreement with Berkeley Kensington Group Limited to dispose of its entire interest in BCL group for a total consideration of USD1 million. The sale was completed on 2 June 2014.

d. On 15 April 2013, the Group:

i. signed agreements with Far East Hospitality Trust ("FEHT") and Serene Land Pte Ltd, for the monetisation of Rendezvous Grand Hotel Singapore and Rendezvous Gallery. The sale was approved by the Company's shareholders at an Extraordinary General Meeting held on 28 June 2013, and was completed on 1 August 2013.

ii. signed a joint venture implementation agreement with Far East Orchard Limited to establish a 30/70 joint venture company where the Group will contribute its three hotels in Australia, namely Rendezvous Grand Hotel Melbourne, Rendezvous Hotel Perth and Rendezvous Studio Hotel Perth Central, thirteen hotel management contracts under Rendezvous Hospitality International Private Limited and leases to the joint venture company. The underlying definitive sale and purchase agreements were signed on 19 June 2013. The sale was completed on 1 November 2013.

The results of the hospitality operations had been reclassified as discontinued operations in 2013.

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24 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

Balance sheet disclosures

The major classes of assets and liabilities of discontinued operations and disposal group classified as held for sale and the related reserves are as follows:

Disposal group classified as held for sale

	Group			
	2014	2013		
	Shanghai Straits Trading Co., Ltd.	Hospitality assets and business	BCL Group	Total
	$'000	$'000	$'000	$'000
Assets:				
Property, plant and equipment (note 14)	**–**	452,650	1,184	453,834
Investment properties (note 15)	**–**	40,500	–	40,500
Inventories	**–**	696	25,989	26,685
Income tax receivables	**–**	227	–	227
Prepayment	**–**	1,574	–	1,574
Trade and other receivables	**17**	9,739	4	9,743
Other non-current receivables – mine closure deposits	**–**	–	21,193	21,193
Cash and cash equivalents	**4,502**	14,160	21	14,181
Assets of disposal group classified as held for sale	**4,519**	519,546	48,391	567,937
Liabilities:				
Provisions (note 31)	**–**	(15,499)	(27,195)	(42,694)
Borrowings	**–**	(49,122)	–	(49,122)
Other non-current liabilities	**–**	(781)	–	(781)
Income tax payable	**–**	(146)	–	(146)
Trade and other payables	**(27)**	(12,779)	(27,883)	(40,662)
Liabilities directly associated with disposal group classified as held for sale	**(27)**	(78,327)	(55,078)	(133,405)
Net assets/(liabilities) of disposal group classified as held for sale	**4,492**	441,219	(6,687)	434,532
Reserves:				
Revaluation reserve	**–**	130,007	927	130,934
Translation reserve	**250**	1,463	(6,160)	(4,697)
	250	131,470	(5,233)	126,237

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24 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

Disposal group classified as held for sale (cont'd)

The effects of the sale are as follows:

	Group	
	2014	2013
	BCL Group	Hospitality assets and business
	$'000	$'000
Net (liabilities)/assets disposed/disposal group classified as held for sale	**(6,560)**	441,219
Realisation of translation reserves	**6,401**	(1,463)
De-recognition of non-controlling interest	**7,940**	–
Total sale proceeds	**(1,259)**	(447,344)
Loss/(Gain) on sale recognised in profit or loss of the Group	**6,522**	(7,588)
Realisation of revaluation reserves	**(927)**	(130,007)
Reversal on deferred tax liabilities	**–**	(25,784)
Gain on sale directly charged to equity of the Group	**(927)**	(155,791)

The cash inflow arising on sale is as follows:

Total sale proceeds	**1,259**	447,344
Less: non-cash consideration and adjustments	**(750)**	(52,944)
Consideration settled in cash	**509**	394,400
Less: cash and cash equivalents of subsidiaries disposed	**(292)**	(14,160)
Net cash inflow	**217**	380,240

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

24 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

e. The discontinued operations disclosure below includes results of PT MSC Indonesia ("PT MSCI") and its comparatives of which the sale was completed on 2 June 2014. The effects of sale relating to this subsidiary are in note 17.

Income statement disclosures

The results of the discontinued operations for the years ended 31 December are as follows:

	Group	
	2014	2013 (restated)
	$'000	$'000
Revenue		
Hotel revenue	–	125,881
Tin mining revenue	–	16,351
	–	142,232
Other items of income		
Interest income	–	33
Other income	**140**	8,375
	140	150,640
Other items of expense		
Employee benefits expense	**(75)**	(50,167)
Depreciation expense (note 14)	**(32)**	(10,908)
Cost of tin mining	–	(14,581)
Finance costs	–	(3,185)
Other expenses	**(7,737)**	(86,968)
Total expenses	**(7,844)**	(165,809)
Loss before tax from discontinued operations	**(7,704)**	(15,169)
Income tax expense	–	(7,572)
Loss after tax from discontinued operations	**(7,704)**	(22,741)

Cash flow statement disclosures

The cash flows attributable to the discontinued operations for the years ended 31 December are as follows:

	Group	
	2014	2013
	$'000	$'000
Operating cash inflows	**202**	50,595
Investing cash inflows	–	337,282
Financing cash outflows	–	(27,403)
Net cash inflows	**202**	360,474

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

24 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

Loss per share disclosures

	Group	
	2014	2013 (restated)
	$'000	$'000
Loss per share from discontinued operations attributable to owners of the Company (cents per share)		
Basic	**(0.4)**	(5.5)
Diluted	**(0.4)**	(5.5)

The assets and liabilities classified as held for sale on the Group's balance sheet are measured at the lower of carrying amounts and fair values less costs to sell.

25 DEVELOPMENT PROPERTIES FOR SALE

	Group	
	2014	2013
	$'000	$'000
Completed units, at cost	**237**	334

Details of the properties as at 31 December 2014 are as follows:

Description of properties	**Group's Effective Interest in Property**	**Floor Area sq.m.**
5 units of 4-storey (2013: 3 units of 3-storey and 5 units of 4-storey) shop houses at Jalan Selat, Taman Selat, Butterworth	100%	2,635 (net)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

26 INVENTORIES

	Group	
	2014	2013 (restated)
	$'000	$'000
Balance sheet:		
At lower of cost or net realisable value:		
Inventories of:		
– Tin-in-concentrates	**23,306**	12,709
– Tin-in-process	**50,304**	67,174
– Refined tin metal	**17,008**	19,975
Other inventories (stores, spares, fuels, coal and saleable by-products)	**5,467**	6,249
	96,085	106,107
Income statement:		
Inventories recognised as an expense in cost of sales		
– Continuing operations	**686,533**	564,100
– Discontinued operations	**–**	23,189
Inclusive of the following charge:		
Inventories written-down		
– Continuing operations	**–**	16
– Discontinued operations	**–**	2,942

27 INCOME TAX RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Income tax receivables	**1,368**	685	**26**	71

28 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Cash at banks and in hand	**142,729**	226,023	**113,236**	136,979
Short-term deposits	**337,441**	46,880	**274,174**	7,154
Amounts held under the "Project Account Rules- 1997 Ed"	**–**	1,430	**–**	–
	480,170	274,333	**387,410**	144,133

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are placed for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2014 for the Group and the Company were 1.2% (2013: 2.9%) per annum and 0.9% (2013: 2.4%) per annum respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

28 CASH AND CASH EQUIVALENTS (CONT'D)

In 2013, the project account was maintained with a financial institution for a housing development project undertaken by a subsidiary company. The operation of the project account was governed by the Housing Developers (Project Account) Rules (1997 Ed.).

Cash and cash equivalents denominated in foreign currencies other than the functional currencies of the respective Group entities are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Australian Dollar	**1,384**	6,245	**1,384**	6,245
United States Dollar	**4,099**	4,175	**–**	–
Singapore Dollar	**10,552**	68,748	**–**	–
Hongkong Dollar	**829**	–	**–**	–
Japanese Yen	**633**	–	**–**	–

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2014	2013
	$'000	$'000
Cash and cash equivalents of the Group	**480,170**	274,333
Disposal group classified as held for sale (note 24)	**4,502**	21
	484,672	274,354

29 SHARE CAPITAL

	Group and Company			
	2014		2013	
	Number of shares	**Share capital**	Number of shares	Share capital
		$'000		$'000
Ordinary shares issued and fully paid:				
At 1 January	**408,095,772**	**568,968**	325,897,000	265,928
Issuance for acquisition of associates (note 13)	**–**	**–**	82,198,772	303,040
At 31 December	**408,095,772**	**568,968**	408,095,772	568,968

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

30 RESERVES

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Retained earnings [(a)]	**787,375**	784,145	**89,069**	16,579
AFS reserve [(b)]	**19,102**	(6,924)	**–**	–
Hedging reserve [(c)]	**(1,367)**	(363)	**–**	–
Revaluation reserve [(d)]	**8,034**	1,893	**208**	202
Translation reserve [(e)]	**(27,365)**	(25,901)	**(8,382)**	(7,323)
Other reserves	**(1,596)**	(31,295)	**(8,174)**	(7,121)

(a) Retained Earnings

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
At 1 January	**784,145**	721,821	**16,579**	161,537
Net changes in the reserve	**3,230**	62,324	**72,490**	(144,958)
At 31 December	**787,375**	784,145	**89,069**	16,579
Net changes in the reserve:				
– Profit for the year	**18,586**	119,495	**88,814**	68,004
– Dividends on ordinary shares (note 35)	**(16,324)**	(212,975)	**(16,324)**	(212,975)
– Unclaimed dividends written back	**–**	13	**–**	13
– Realisation of revaluation reserve and related deferred tax liabilities upon disposal	**968**	155,791	**–**	–
	3,230	62,324	**72,490**	(144,958)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

30 RESERVES (CONT'D)

(b) AFS Reserve

AFS reserve records the cumulative fair value changes of available-for-sale financial assets until they are de-recognised or impaired. The movements in the AFS reserve are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
At 1 January	**(6,924)**	23,262	**–**	9,577
Net changes in the reserve	**26,026**	(30,186)	**–**	(9,577)
At 31 December	**19,102**	(6,924)	**–**	–
Net changes in the reserve:				
– Net fair value changes during the year	**20,561**	(6,167)	**–**	–
– Recognised in profit or loss:				
– on disposal of investment securities	**2,286**	–	**–**	–
– on disposal of an associate	**–**	802	**–**	–
– Reversal of fair value changes on investment securities which became an associate	**–**	(23,338)	**–**	(9,577)
– Reversal of fair value changes on investment securities re-designated as marketable securities	**1,050**	–	**–**	–
– Share of reserve of associates	**2,129**	(1,483)	**–**	–
	26,026	(30,186)	**–**	(9,577)

(c) Hedging Reserve

Hedging reserve records the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge. The movements in the hedging reserve are as follows:

	Group	
	2014	2013
	$'000	$'000
At 1 January	**(363)**	(18)
Net changes in the reserve	**(1,004)**	(345)
At 31 December	**(1,367)**	(363)
Net changes in the reserve:		
– Net fair value changes during the year	**(616)**	(409)
– Recognised in profit or loss:		
– Ineffective cash flow hedge	**(70)**	132
– Share of reserve of associates	**(318)**	(68)
	(1,004)	(345)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

30 RESERVES (CONT'D)

(d) Revaluation Reserve

Revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. The movements in the revaluation reserve are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
At 1 January	**1,893**	132,319	**202**	191
Net changes in the reserve	**6,141**	(130,426)	**6**	11
At 31 December	**8,034**	1,893	**208**	202
Net changes in the reserve:				
– Surplus on revaluation of land and buildings	**745**	287	**6**	11
– Realisation of revaluation reserve	**–**	(130,007)	**–**	–
– Attributable to disposal group classified as held for sale	**–**	(927)	**–**	–
– Sale of a subsidiary	**(41)**	–	**–**	–
– Share of reserve of associate	**5,437**	221	**–**	–
	6,141	(130,426)	**6**	11

(e) Translation Reserve

Translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's and Company's presentation currency. It is also used to record the effect of exchange differences arising from monetary items which form part of the Group's net investments in foreign operations. The movements in the translation reserve are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
At 1 January	**(25,901)**	(7,277)	**(7,323)**	(5,292)
Net effect of exchange adjustments	**(1,464)**	(18,624)	**(1,059)**	(2,031)
At 31 December	**(27,365)**	(25,901)	**(8,382)**	(7,323)
Net effect of exchange adjustments:				
– Translation of foreign operations	**1,031**	(12,416)	**(1,059)**	(2,031)
– Net investments in foreign operations	**(305)**	(8,770)	**–**	–
– Transfer to profit or loss on disposal/ liquidation of subsidiaries/associates	**(719)**	(4,675)	**–**	–
– Attributable to disposal group classified as held for sale	**(761)**	6,160	**–**	–
– Share of reserve of associates	**(710)**	1,077	**–**	–
	(1,464)	(18,624)	**(1,059)**	(2,031)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

31 PROVISIONS

	Provision for mine rehabilitation $'000	Provision for mine restoration $'000	Provision for income support $'000	Provision for repairs $'000	Provision for financial guarantee $'000	Total $'000
GROUP						
At 1 January 2014	40	3,851	–	15,543	–	19,434
Provision made during the year	–	–	683	8,285	3,748	12,716
Discount adjustment on provision (note 9)	–	136	–	–	–	136
Sale of a subsidiary (note 17)	(40)	–	–	–	–	(40)
Provision utilised	–	–	–	(448)	–	(448)
Exchange adjustment	–	(71)	–	97	226	252
At 31 December 2014	**–**	**3,916**	**683**	**23,477**	**3,974**	**32,050**
Non-current	–	3,916	–	–	–	3,916
Current	–	–	683	23,477	3,974	28,134
	–	**3,916**	**683**	**23,477**	**3,974**	**32,050**

	Provision for mine rehabilitation $'000	Provision for mine restoration $'000	Provision for onerous contracts $'000	Provision for employee benefits $'000	Provision for mining cessation liabilities $'000	Provision for repairs $'000	Total $'000
GROUP							
At 1 January 2013	17,163	1,793	15,462	889	8,245	–	43,552
Provision made during the year	–	2,079	–	–	–	15,543	17,622
Discount adjustment on provision (note 9)	–	62	–	–	–	–	62
Attributable to disposal group classified as held for sale (note 24)	(17,735)	–	(15,499)	(921)	(8,539)	–	(42,694)
Exchange adjustment	612	(83)	37	32	294	–	892
At 31 December 2013	40	3,851	–	–	–	15,543	19,434
Non-current	40	3,851	–	–	–	–	3,891
Current	–	–	–	–	–	15,543	15,543
	40	3,851	–	–	–	15,543	19,434

The provision for mine restoration is in respect of mine restoration costs to be incurred subsequent to the cessation of production of each mine property. It is provided based on the present value of the estimated expenditure to be incurred.

The provision for repairs recorded by the Company relates to provisions made for contractual obligations arising from discontinued operations.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

32 BORROWINGS

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Non-current				
Secured term loans	**219,030**	25,152	**–**	–
Unsecured term loans	**24,246**	47,981	**–**	–
Fixed rate notes	**–**	224,357	**–**	224,357
	243,276	297,490	**–**	224,357
Current				
Secured term loans	**80,004**	–	**–**	–
Unsecured term loans	**142,992**	132,474	**–**	–
	222,996	132,474	**–**	–
Total borrowings	**466,272**	429,964	**–**	224,357

Effective interest rates and maturity of liabilities

	Group 2014 % per annum	Group 2013 % per annum	Company 2014 % per annum	Company 2013 % per annum
Floating rate loans	**1.1 to 5.6**	0.8 to 5.6	**–**	–
Fixed rate loans	**0.8 to 2.6**	1.7 to 2.6	**–**	–
Fixed rate notes	**4.3**	4.3	**4.3**	4.3

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Not later than 1 year	**222,996**	132,474	**–**	–
Later than 1 year but not later than 5 years	**243,276**	297,490	**–**	224,357
	466,272	429,964	**–**	224,357

Secured

(a) The secured term loans are collaterised by the following assets:

	Group 2014 $'000	Group 2013 $'000
Investment properties (note 15(d))	**53,778**	60,150
Associate (note 18.1(b))	**305,402**	–
	359,180	60,150

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

32 BORROWINGS (CONT'D)

Secured (cont'd)

(b) Short term advances of $54,914,000 (2013: nil) are charged on securities and/or cash held by certain subsidiaries of the Company.

Unsecured

Included in the unsecured term loans are the following:

(a) Short-term trade financing is denominated in US Dollar. Bankers' acceptances are denominated in Malaysian Ringgit. All these facilities were utilised for working capital requirements involving purchases and sales of tin concentrates and tin metal.

(b) On 9 November 2011, the Company issued $225,000,000 of unsecured 5-year fixed rate notes ("the notes"). The notes will mature on 9 November 2016 and bear a fixed interest of 4.3% per annum payable semi-annually in arrear.

On 19 June 2014, the Company launched an invitation to all holders of the Notes ('Noteholders") for tender/repurchase of the Notes, coupled with a consent solicitation exercise to amend the terms of the Notes to provide the Company with the option to redeem all or some of the Notes then outstanding. At a meeting of the Noteholders convened on 11 July 2014, the Extraordinary Resolution was duly passed. The Company has since repurchased and redeemed the Notes, enabling the Company to cancel all the Notes by 24 July 2014.

The interest rates of the term loans are repriced at intervals of 1 month to 3 months (2013: 1 month to 3 months).

33 OTHER NON-CURRENT LIABILITIES

	Group	
	2014	2013
	$'000	$'000
Retention sums payable	**–**	251
Unrealised profit on sale of properties to associates	**256**	772
Severance benefit obligations (note 34(a))	**–**	189
Other liabilities	**64**	123
	320	1,335

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

34 TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Current:				
Trade payables	**9,311**	15,975	**56**	2,735
Advance receipts and billings	**360**	248	**14**	12
Amounts due to associates	**9**	–	**3**	–
	9,680	16,223	**73**	2,747
Other payables				
Amounts due to subsidiaries	**–**	–	**528,306**	236,282
Amounts due to a non-controlling shareholder of a subsidiary	**21,403**	–	**–**	–
Accrual for development cost	**152**	1,899	**–**	–
Accrual for other charges	**7,869**	11,355	**1,820**	1,669
Other deposits	**2,514**	2,784	**370**	313
Severance benefit obligations	**–**	21	**–**	–
Amounts due to associates	**5,349**	1,315	**832**	–
Amounts due to joint ventures	**14,684**	17,244	**–**	–
Others	**15,829**	17,129	**3,109**	3,077
	67,800	51,747	**534,437**	241,341
Trade and other payables	**77,480**	67,970	**534,510**	244,088
Trade and other payables	**77,480**	67,970	**534,510**	244,088
Less: Advance receipts and billings	**(360)**	(248)	**(14)**	(12)
Severance benefit obligations	**–**	(21)	**–**	–
	77,120	67,701	**534,496**	244,076
Add: Other non-current liabilities (note 33)	**64**	374	**–**	–
Loans and borrowings (note 32)	**466,272**	429,964	**–**	224,357
Total financial liabilities carried at amortised cost	**543,456**	498,039	**534,496**	468,433

Trade payables

The Group's normal trade credit ranges from cash payment to 90-day terms.

Amounts due to subsidiaries

The amounts payable to subsidiaries are non-trade related, unsecured, non-interest bearing and repayable on demand.

Amounts due to a non-controlling shareholder of a subsidiary

The amounts due to a non-controlling shareholder of a subsidiary are related to its share of funding to the Group's 89.5% owned subsidiary, Straits Real Estate Pte. Ltd.. The amounts are unsecured, bear interest at 2.8% per annum and repayable on demand.

Amounts due to associates

The amounts payable to associates are non-trade related, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

34 TRADE AND OTHER PAYABLES (CONT'D)

Amounts due to joint ventures

The amounts payable to joint ventures are non-trade related, non-interest bearing and repayable on demand.

Trade and other payables denominated in foreign currencies other than the functional currencies of the respective Group entities are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Malaysian Ringgit	**–**	308	**–**	–
United States Dollar	**17,840**	19,732	**–**	31
Australian Dollar	**1**	989	**–**	989
Indonesian Rupiah	**–**	1,046	**–**	–
Hongkong Dollar	**34**	–	**–**	–
Chinese Renminbi	**34**	–	**–**	–

Severance benefit obligations

One of the subsidiaries operates an unfunded Severance Benefits Scheme ("the Scheme") for their eligible employees. Under the Scheme, eligible permanent employees confirmed in service may entitled to severance benefits on attainment of the normal retirement age or early retirement due to ill-health. The obligations under the Scheme are determined based on actuarial valuation. During the financial year, the Scheme was discontinued and the amount due to each employee was paid to the employee's account with the national statutory pension scheme in Malaysia.

The following table summarises the components of the Scheme in the financial statements:

(a) The amounts recognised in the balance sheet are determined as follows:

		Group	
		2014	2013
		$'000	$'000
Present value of unfunded defined benefit obligations		**–**	210
Net liability		**–**	210
Analysed as:			
Current		**–**	21
Non-current			
Later than 5 years	(note 33)	**–**	189
		–	210

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

34 TRADE AND OTHER PAYABLES (CONT'D)

Severance benefit obligations (cont'd)

(b) The amounts recognised in profit or loss are as follows:

	Group	
	2014	2013 (restated)
	$'000	$'000
Current service cost	**13**	23
Interest cost	**–**	5
Past service costs	**–**	(76)
Total, included in employee benefits expense (note 7)	**13**	(48)

(c) Movements in the net liability in the current year are as follows:

	Group	
	2014	2013 (restated)
	$'000	$'000
At 1 January	**210**	3,735
Amounts recognised in profit or loss		
– Continuing operations (note 7)	**13**	(48)
– Discontinued operations	**(12)**	1,141
Paid during the year	**(159)**	(5,906)
Plan asset	**–**	5,458
Reclassification	**–**	181
Attributable to disposal group classified as held for sale	**–**	(4,301)
Sale of subsidiary	**(38)**	–
Exchange adjustment	**(14)**	(50)
At 31 December	**–**	210

(d) Movements in the fair value of plan asset are as follows:

	Group	
	2014	2013
	$'000	$'000
At 1 January	**–**	8,102
Expected return	**–**	218
Funds withdrawal	**–**	(5,458)
Benefits paid	**–**	(14)
Attributable to disposal group classified as held for sale	**–**	(1,227)
Exchange adjustment	**–**	(1,621)
At 31 December	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

34 TRADE AND OTHER PAYABLES (CONT'D)

Severance benefit obligations (cont'd)

(e) Principal actuarial assumptions used are as follows:

	2014 % per annum	2013 % per annum
Discount rate	–	5.25 – 5.96
Expected rate of return on assets	–	9.5
Expected rate of salary increases	–	6.0 – 10.0

35 DIVIDENDS

	Group and Company	
	2014 $'000	2013 $'000
Declared and paid during the year:		
Dividends on ordinary shares:		
• 2013 Interim dividend paid in 2014: 4 cents per share tax exempt (one-tier tax) [2012 Interim dividend paid in 2013: 4 cents per share tax exempt (one-tier tax)]	**16,324**	15,776
• Special interim dividend paid in 2013: 50 cents per share tax exempt (one-tier tax)	–	197,199
	16,324	212,975
Declared but not recognised as a liability as at 31 December:		
Dividends on ordinary shares:		
• Interim dividend for 2014: 4 cents per share tax exempt (one-tier tax) [Interim dividend for 2013: 4 cents per share tax exempt (one-tier tax)]	**16,324**	16,324

There is no taxation consequence arising from the dividends declared on the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

36 CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements are analysed as follows:

	Group	
	2014	2013
	$'000	$'000
Property, plant and equipment	**1,020**	732
Investment properties	**96,954***	3,582
Associates	**–**	4,339
	97,974	8,653

* For 2014, the amount relates to the retail development in Chongqing, China (note 23(b)).

37 LEASE COMMITMENTS

Operating Lease Commitments

(a) For Lessor

The Group and Company have entered into property lease agreements on their investment properties and completed development properties for sale. These non-cancellable leases have remaining non-cancellable lease terms of up to 3 years. Contingent lease receipts are subject to the revenue exceeding a level stated in the respective agreements. Certain property lease agreements have renewal options of up to 3 years, and restrict any assignment and subletting of the lease properties.

Contingent lease receipts recognised in profit or loss at Group level amounted to $8,000 (2013: $7,000).

Future minimum lease receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Not later than 1 year	**6,761**	18,764	**1,637**	1,476
Later than 1 year but not later than 5 years	**4,117**	8,256	**1,648**	1,115
	10,878	27,020	**3,285**	2,591

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For the Financial Year Ended 31 December 2014

37 LEASE COMMITMENTS (CONT'D)

Operating Lease Commitments (cont'd)

(b) For Lessee

The Group has entered into operating lease agreements for properties and office equipment. These non-cancellable operating leases have remaining non-cancellable lease terms of up to 5 years. Contingent rents are payable subject to the related revenue exceeding a level stated in the respective agreements. Certain property lease agreements have renewal options of up to 3 years. The lessee shall not assign, mortgage or charge the lease property without prior consent of the landlord. There is no restriction imposed by lease arrangements, such as those concerning dividends and additional debt.

Operating lease payments recognised in profit or loss are as follows:

	Group	
	2014	2013
	$'000	$'000
Minimum lease payments		
– Continuing operations	**1,178**	1,300
– Discontinued operations	**–**	13,944
Contingent lease payments		
– Continuing operations	**52**	112
– Discontinued operations	**–**	4,808
	1,230	20,164

Future minimum lease payable under non-cancellable operating leases are as follows:

	Group	
	2014	2013
	$'000	$'000
Not later than 1 year	**1,759**	1,091
Later than 1 year but not later than 5 years	**2,006**	48
	3,765	1,139

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For the Financial Year Ended 31 December 2014

38 RELATED PARTY DISCLOSURES

(a) Sale and Purchase of Goods and Services

In addition to related party information disclosed elsewhere in the financial statements, significant transactions with related parties on terms agreed between the parties are as follows:

	Group	
	2014	2013
	$'000	$'000
Associates/joint ventures		
Sales of goods	**18,325**	18,787
Interest income	**1,384**	531
Receiving of services	**7,737**	–
Reversal of interest charged to a joint venture	**268**	–
Holding company		
Receiving of services	**100**	50
Other related parties		
Office leases	**761**	791
Receiving of services	**–**	200

Please refer to notes 20 and 34 for information on amounts due from/to subsidiaries, associates and joint ventures.

(b) Key Management Personnel Compensation

The key management personnel compensation are as follows:

	Group	
	2014	2013
	$'000	$'000
Directors' fees	**828**	678
Short-term employee benefits	**2,124**	4,872
Defined contribution plans	**27**	134
	2,979	5,684
Comprise amounts paid to:		
– Directors of the Company	**2,251**	2,913
– Other key management personnel	**728**	2,771
	2,979	5,684

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

39 CONTINGENT LIABILITIES

	Company	
	2014	2013
	$'000	$'000
Financial support given to those subsidiaries having:		
– deficiencies in shareholders' funds	**5,244**	2,829
– current liabilities in excess of current assets	**529,910**	214,754

40 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks. Apart from those risks generated from operations such as extending credits and cash flow management, other risks include the effects of changes in debt and equity market prices, foreign currency exchange rates, interest rates and commodity prices.

The Group's management monitors its financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments, where appropriate, for its risk management activities but does not hold or issue derivative financial instruments for trading purposes. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

There has been no change to the Group's exposure to these risks or the manner in which it manages the risks.

The policies for managing these risks are summarised below.

(a) Foreign exchange risk

The Group operates mainly in Asia Pacific and has exposure to foreign exchange risk as a result of sales or purchase transactions that are denominated in a currency other than the functional currencies of the respective Group entities. These foreign exchange risk exposures are mainly in Australian Dollar, United States Dollar and Japanese Yen. The Group uses forward currency contracts to manage these exposures where appropriate. The Group also uses term loans in foreign currency to hedge its exposure to foreign exchange risk on investments in foreign operations where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

40 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Foreign exchange risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit after tax and equity to a reasonably possible change in the exchange rates of the United States Dollar, Australian Dollar, Singapore Dollar and Japanese Yen against the functional currencies of the respective Group entities, with all other variables held constant.

		Group			
		2014		2013	
		Profit after tax $'000	**Equity $'000**	Profit after tax $'000	Equity $'000
United States Dollar	strengthened 5% (2013: 5%)	**(4,024)**	**(2,591)**	(4,459)	(2,350)
	weakened 5% (2013 5%)	**839**	**2,591**	3,445	2,306
Australian Dollar	strengthened 5% (2013: 5%)	**57**	**–**	218	–
	weakened 5% (2013: 5%)	**(57)**	**–**	(218)	–
Singapore Dollar	strengthened 5% (2013: 5%)	**289**	**(837)**	2,406	(837)
	weakened 5% (2013: 5%)	**(289)**	**837**	(2,406)	837
Japanese Yen	strengthened 5%	**243**	**–**	–	–
	weakened 5%	**(243)**	**–**	–	–

At the end of the reporting period, approximately:

(i) 37% (2013: 23%) of the Group's trade and other receivables as well as 23% (2013: 32%) of the Group's trade and other payables are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in United States Dollar and Japanese Yen.

(ii) 4% (2013: 29%) of the Group's cash and cash equivalents are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in Singapore Dollar, United States Dollar and Australian Dollar.

(iii) 6% (2013: 13%) of the Group's borrowings are denominated in foreign currencies other than the functional currencies of the respective Group entities, mainly in United States Dollar and Japanese Yen.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

40 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to its cash deposits and debt obligations.

The Group's policy is to manage its interest cost using a combination of fixed and floating rate debts and also derivative financial instruments such as interest rate swaps and cross currency swaps to hedge interest rate risks.

Surplus funds are placed with reputable banks to generate interest income for the Group.

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit after tax through the impact on interest income from bank deposits and interest expense on floating rate borrowings:

	Group	
	Increase/ decrease in basis point	**Effect on profit after tax $'000**
31 December 2014		
– Singapore Dollar	+25	600
	–25	(600)
– Malaysian Ringgit	+25	(165)
	–25	165
– United States Dollar	+25	(31)
	–25	31
31 December 2013		
– Malaysian Ringgit	+25	(133)
	–25	133
– United States Dollar	+25	(95)
	–25	95

At the end of the reporting period, for the increase/decrease in the various basis points on interest rates for the various currencies, the effects associated with such changes on the Group's profit after tax are as illustrated above.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

40 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation. The credit risk arising from the Group's normal commercial operations is controlled by individual operating units within strict credit control and guidelines. Policies are in place to ensure on-going credit evaluation and active account monitoring.

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheet.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investment/marketable securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Group's trade and other receivables at the end of the reporting period is as follows:

	Group				Company			
	2014		2013		**2014**		2013	
	$'000	**% of total**	$'000	% of total	**$'000**	**% of total**	$'000	% of total
By country:								
Singapore	**74,704**	**64**	79,808	72	**553,624**	**99**	581,713	99
Malaysia	**7,044**	**6**	4,244	4	**4,455**	**1**	4,007	1
Indonesia	**1,505**	**1**	3,614	3	**–**	**–**	–	–
Australia	**3,318**	**3**	4,438	4	**–**	**–**	–	–
China, including Hong Kong and Taiwan	**4,203**	**4**	3,911	4	**–**	**–**	–	–
South Africa	**5,763**	**5**	3,311	3	**–**	**–**	–	–
Germany	**3,079**	**3**	2,923	2	**–**	**–**	–	–
Other countries	**16,474**	**14**	8,974	8	**–**	**–**	–	–
	116,090	**100**	111,223	100	**558,079**	**100**	585,720	100

Approximately 57% (2013: 61%) of the Group's trade and other receivables were due from an associate located in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

40 FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting their financial obligations due to shortage of funds. The Group manages its asset and debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met in a timely and cost-effective manner. Procedures have been established to monitor and control liquidity on a daily basis by adopting a cash flow management approach.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available.

The following summarises the maturity profile of the Group's and Company's financial assets and liabilities used for managing liquidity risk at the end of the reporting period based on contractual undiscounted repayment obligations, including estimated interest payments:

	2014 $'000				2013 $'000			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	1 year or less	1 to 5 years	Over 5 years	Total
GROUP								
Financial assets:								
Marketable securities	**78,699**	**–**	**–**	**78,699**	–	–	–	–
Trade and other receivables	**115,205**	**2,203**	**1,468**	**118,876**	109,731	3,810	–	113,541
Cash and cash equivalents	**480,170**	**–**	**–**	**480,170**	274,333	–	–	274,333
Total undiscounted financial assets	**674,074**	**2,203**	**1,468**	**677,745**	384,064	3,810	–	387,874
Financial liabilities:								
Trade and other payables	**77,120**	**–**	**–**	**77,120**	67,701	–	–	67,701
Other non-current liabilities	**–**	**64**	**–**	**64**	–	374	–	374
Loans and borrowings	**229,051**	**251,663**	**–**	**480,714**	144,922	318,284	–	463,206
Derivatives	**2,142**	**181**	**–**	**2,323**	897	44	–	941
Total undiscounted financial liabilities	**308,313**	**251,908**	**–**	**560,221**	213,520	318,702	–	532,222
Total net undiscounted financial assets/(liabilities)	**365,761**	**(249,705)**	**1,468**	**117,524**	170,544	(314,892)	–	(144,348)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

40 FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

	2014 $'000				2013 $'000			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	1 year or less	1 to 5 years	Over 5 years	Total
COMPANY								
Financial assets:								
Trade and other receivables	**558,079**	**–**	**–**	**558,079**	585,720	–	–	585,720
Cash and cash equivalents	**387,410**	**–**	**–**	**387,410**	144,133	–	–	144,133
Total undiscounted financial assets	**945,489**	**–**	**–**	**945,489**	729,853	–	–	729,853
Financial liabilities:								
Trade and other payables	**534,496**	**–**	**–**	**534,496**	244,076	–	–	244,076
Loans and borrowings	**–**	**–**	**–**	**–**	9,675	243,025	–	252,700
Total undiscounted financial liabilities	**534,496**	**–**	**–**	**534,496**	253,751	243,025	–	496,776
Total net undiscounted financial assets/ (liabilities)	**410,993**	**–**	**–**	**410,993**	476,102	(243,025)	–	233,077

Investment securities held for strategic purpose are excluded from the tables above.

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2014 $'000				2013 $'000			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	1 year or less	1 to 5 years	Over 5 years	Total
Group								
Financial guarantees	**378**	**–**	**–**	**378**	385	–	–	385
Company								
Financial guarantees	**22,323**	**300,000**	**–**	**322,323**	–	22,717	–	22,717

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

40 FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Equity price risk

Changes in the market value of investment securities can affect the net income and financial position of the Group. The Group diversifies its investments by business sector and by country. It manages the risk of unfavourable changes by prudent review of the investments before investing and continuous monitoring of their performance and risk profiles.

The investment securities are classified as held-for-trading or available-for-sale (AFS).

At the end of the reporting period, 76% (2013: nil) of the Group's held-for-trading equity portfolio consist of shares of companies in Singapore and 24% (2013: nil) in other countries. If the equity prices had been 5% higher/lower with all other variables held constant, the Group's profit after tax would have been $3,266,000 (2013: nil) higher/lower, arising as a result of higher/lower fair value gains.

At the end of the reporting period, 99% (2013: 96%) of the Group's AFS equity portfolio consists of shares of companies in Singapore and 1% (2013: 4%) in Canada. If the Singapore and Canada equity prices had been 5% higher/lower with all other variables held constant, the Group's AFS reserve in equity would have been $10,038,000 (2013: $3,127,000) higher/lower, arising as a result of higher/lower fair value gains.

(f) Commodity price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Group's commodity inputs and outputs. The Group is exposed to commodity price risk on revenue for sales of tin as well as production cost for fuel consumed in the operations.

The commodity price risk on revenue for sales of tin is managed through contractual arrangements with customers and forward commodity contracts. At the reporting date, there was no such contract outstanding.

The commodity price risk on production cost for fuel is managed through forward commodity contracts. The terms of the forward commodity contracts have been negotiated to match the terms of the commitments. There were no highly probable transactions for which hedge accounting had previously been used, which are no longer expected to occur. The cash flow hedges of certain contracts were assessed to be highly effective and a net unrealised loss of $160,000 with a deferred tax credit of $38,000 relating to the hedging instruments is included in other comprehensive income (Note 41(iii)).

The following table demonstrates the sensitivity to a reasonably possible change in the commodity price, with all other variables held constant, of the Group's profit or loss net of tax and equity at the reporting date:

		Increase/ (Decrease) in profit net of tax $'000	Increase/ (Decrease) in equity $'000
Fuel price	increased by 5%	(45)	78
	decreased by 5%	(201)	(78)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

40 FINANCIAL RISK MANAGEMENT (CONT'D)

(g) Capital Management

Capital includes debt and equity items as disclosed in the following table.

The Group's objective is to provide a reasonable return to shareholders by investing into businesses that commensurate with the level of risks. This also takes into account synergies with other operations and activities, the availability of management and other resources, and the fit of the activities with the Group's longer strategic objectives.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the various core businesses. The Group allocates the amount of capital in proportion to risk, manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets or increase borrowings. The Group monitors the return of capital, which is defined as total shareholders' equity (excluding non-controlling interests), gearing ratio, which is defined as borrowings net of cash over total equity and the level of dividends to shareholders. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2014 and 31 December 2013.

The Group seeks to maintain a balance between the higher returns that might be possible with higher level of borrowings and the advantages and security afforded by a sound capital position.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirement.

	Group	
	2014	2013
	$'000	$'000
Share capital	**568,968**	568,968
Retained earnings	**787,375**	784,145
Other reserves	**(1,596)**	(31,295)
Reserve of disposal group classified as held for sale	**250**	(5,233)
Equity attributable to owners of the Company	**1,354,997**	1,316,585
Non-controlling interests	**50,901**	35,658
Total equity	**1,405,898**	1,352,243
(Net cash)/Net borrowings	**(18,400)**	155,610
Gearing ratio	**–**	11.5%

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

41 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Group has the following derivative financial instruments accounted as:

At 31 December 2014:

(i) Cash flow hedges

Forward currency contracts designated as hedges to manage its foreign currency risk on expected future sales receivables in United States Dollar (USD):

(a)

Sell USD (In million)	Range of Maturity Period	Average Exchange Rate RM/USD
53.4	From January 2015 to May 2015	3.4047

A fair value loss of $2,123,000 with a deferred tax credit of $510,000 on such contracts relating to effective hedges has been included in the hedging reserves. The cash flow hedges of certain contracts were assessed to be ineffective. Accordingly, a fair value loss of $18,000 with a deferred tax credit of $4,000 in respect of these contracts has been recognised in profit or loss.

(b)

Buy USD (In million)	Range of Maturity Period	Average Exchange Rate RM/USD
1.3	April 2015	3.5226

A fair value loss of $800 with a deferred tax credit of $200 on such contracts relating to ineffective hedges has been recognised in profit or loss.

(ii) Interest rate swap contract

An interest rate swap contract to manage its interest rate risk arising from floating rate borrowings in United States Dollar (USD):

Notional Amount (USD million)	Maturity Period	Receive Floating Interest Rate	Pay Fixed Interest Rate
7.5	March 2016	3 months London Inter-bank Offer Rate	0.70%

A fair value loss of $21,000 with a deferred tax credit of $5,000 relating to the interest rate swap contract has been recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

41 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (CONT'D)

At 31 December 2014 (cont'd):

(iii) Forward commodity contracts

Forward commodity contracts designated as hedges to manage its commodity price risk for fuel used for operations:

Contract Amount (USD million)	Range of Maturity Period	Average price
1.6	From January 2015 to January 2016	USD344 per tonne

A fair value loss of $160,000 with a deferred tax credit of $38,000 on such contracts relating to effective hedges has been included in the hedging reserves.

At 31 December 2013:

(i) Cash flow hedges

Forward currency contracts designated as hedges to manage its foreign currency risk on expected future sales receivables in United States Dollar (USD):

(a)

Sell USD (In million)	Range of Maturity Period	Average Exchange Rate RM/USD
47.3	From January 2014 to April 2014	3.2421

A fair value loss of $620,000 with a deferred tax credit of $155,000 on such contracts related to effective hedges had been included in the hedging reserves. The cash flow hedges of certain contracts were assessed to be ineffective. Accordingly, a fair value loss of $203,000 with a deferred tax credit of $51,000 in respect of these contracts was recognised in profit or loss.

(b)

Buy USD (In million)	Range of Maturity Period	Average Exchange Rate RM/USD
1.3	January 2014	3.1691

A fair value loss of $56,000 with a deferred tax credit of $14,000 on such contracts that related to effective hedges had been included in the hedging reserves.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

41 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (CONT'D)

At 31 December 2013 (cont'd):

(ii) Interest rate swap contracts

Interest rate swap contracts to manage its interest rate risk arising from floating rate borrowings in United States Dollar (USD):

Notional Amount (USD million)	Maturity Period	Receive Floating Interest Rate	Pay Fixed Interest Rate
i) 2.5	March 2014	3 months London Inter-bank Offer Rate	2.47%
ii) 12.0	March 2016	3 months London Inter-bank Offer Rate	0.70%

A fair value loss of $62,000 with a deferred tax credit of $15,000 related to the interest rate swap contracts was recognised in the profit or loss.

42 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. The recoverable amount of the cash-generating unit is determined based on the higher of fair value less cost of disposal and value in use. Management also reviews other economic factors and market conditions to assess whether the recoverable amount as determined using this method is sustainable. Changes in the market value of the cash-generating unit could affect the recoverable amount. The carrying amount of goodwill at 31 December 2014 was $20,247,000 (2013: $20,603,000). More details are given in note 16.

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated using the appropriate basis as outlined in note 2.11 over the estimated useful lives of these assets. The carrying amount of the Group's property, plant and equipment at 31 December 2014 was $35,737,000 (2013: $34,403,000). Changes in the estimated economically recoverable ore reserves and resources and expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

42 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) Estimation Uncertainty (cont'd)

(iii) *Amortisation and impairment of deferred mine exploration and evaluation expenditure, deferred mine development expenditure and mining rights*

These require estimates and assumptions on the quantity of economically recoverable ore reserves and resources, expected future costs and expenses to produce the metal or minerals, effective interest rates, expected future prices used in the impairment test for deferred mine exploration and evaluation expenditure, deferred mine development expenditure and mining rights. The estimate of the quantity of economically recoverable ore reserves and resources are also used for the amortisation of deferred mine exploration and evaluation expenditure, deferred mine development expenditure and mining rights. Actual outcomes could differ from these estimates and assumptions.

The carrying amounts are as follows:

	Group	
	2014	2013
	$'000	$'000
Deferred mine exploration and evaluation expenditure	**3,068**	1,830
Deferred mine development expenditure	**1,267**	947
Mining rights	**3,058**	2,903

(iv) *Revaluation of properties*

The Group carries its properties at fair value. Changes in fair values of investment properties are recognised in profit or loss and changes in fair values of the other properties are recognised in other comprehensive income respectively.

The fair values of properties are determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise comparison method, investment method or depreciated replacement cost method.

The determination of the fair values of the properties require the use of estimates such as:

– sales of similar properties that have been transacted in the open market with adjustment made for differences in factors that affect value,
– the net rent of the properties is capitalised at a suitable rate of return. The net rent is the balance sum after deducting service charge, property tax and a reasonable percentage for vacancy from the gross rent. The value of the property is arrived at by capitalising this net rent at a suitable rate of return, and
– an estimate of the current market value of the land, plus the current gross replacement of improvements, less allowances for physical deterioration, obsolescence and optimisation.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

42 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) Estimation Uncertainty (cont'd)

(v) *Impairment loss on investments in associates and joint ventures and unquoted investment*

MSC has associates and joint ventures and unquoted investment which are principally involved in exploration, mining and processing of various minerals and metals. The impairment assessment of the Group's investment in an associate, Guilin Hinwei Tin Co Ltd., a joint venture, KM Resources. Inc. and its unquoted investment in TMR Ltd. are based on estimated fair value less costs to sell. These require estimates and assumptions on the net assets, future prospect or expected commencement date for commercial production. Actual outcomes could differ from these estimates and assumptions. The carrying amount of the Group's investments in associates and joint ventures and unquoted investment are disclosed in note 18 and 21.

(vi) *Inventories*

Inventories are stated at the lower of cost and net realisable value. Significant management judgement and in certain circumstances estimate on the physical stock quantity are required to determine their cost and net realisable value.

The write down of obsolete or slow moving inventories is based on assessment of its ageing. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

(vii) *Provision for mine restoration costs*

Provision for mine restoration costs are provided based on the present value of the estimated future expenditure to be incurred subsequent to the cessation of production. Significant management judgement and estimation are required in determining the future expenditure, the cessation date of production and the discount rate. The carrying amount of provision for mine restoration disclosed in note 31 is based on the mine restoration plan submitted by a subsidiary to the relevant authorities during the financial year ended 31 December 2013. As the mine rehabilitation plan is still being reviewed by the relevant authorities, the final amount cannot be determined at this juncture. Where expectations from the relevant authorities differ from the original plan submitted or actual amount differs from the original estimates, the differences may significantly impact the carrying amount of provision for mine restoration costs.

(viii) *Economically recoverable ore reserves and resources*

Economically recoverable ore reserves and resources are estimates of the amount of ore that can be economically and legally recoverable from the mining properties. The Group estimates its ore reserves and resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgements to interpret the data. The estimation of recoverable reserves and resources is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of investments in associates and joint ventures, unquoted investment, mining rights, mining assets, deferred mine development expenditure, deferred mine exploration and evaluation expenditure, mine properties, property, plant and equipment, goodwill, provision for rehabilitation and mine restoration costs, recognition of deferred tax assets and deferred tax liabilities, tax recoverable and depreciation and amortisation charges.

NOTES TO THE FINANCIAL STATEMENTS

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42 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(b) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

(i) Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts are as follows:

	Group	
	2014	2013
	$'000	$'000
Income tax receivables	**1,368**	685
Income tax payable	**1,682**	7,036
Deferred tax assets	**1,550**	1,828
Deferred tax liabilities	**6,051**	6,857

(ii) Impairment of investment securities

The Group reviews its equity investments classified as available-for-sale investments at each reporting date to assess whether they are impaired. The Group records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

43 FAIR VALUE OF ASSETS AND LIABILITIES

A. Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

43 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

B. Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group 2014 $'000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Financial assets:				
Held-for-trading financial assets (note 21)				
Equity securities				
Quoted equity securities	54,994	–	–	54,994
Quoted bonds	23,705	–	–	23,705
Available-for-sale financial assets (note 21)				
Equity securities				
Quoted equity securities	202,488	–	–	202,488
Financial assets as at 31 December 2014	**281,187**	**–**	**–**	**281,187**
Non-financial assets:				
Property, plant and equipment (note 14)				
Land and buildings	–	168	17,144	17,312
Investment properties (note 15)	–	399,763	–	399,763
Non-current assets held for sale (note 24)	–	42,317	–	42,317
Non-financial assets as at 31 December 2014	**–**	**442,248**	**17,144**	**459,392**
Liabilities measured at fair value				
Financial liabilities:				
Derivatives (note 22)				
Forward currency contracts	–	2,142	–	2,142
Interest rate swap contracts	–	21	–	21
Forward commodity contracts	–	160	–	160
Total derivatives	–	2,323	–	2,323
Financial liabilities as at 31 December 2014	**–**	**2,323**	**–**	**2,323**

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

43 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

B. Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period (cont'd):

	Group 2013 $'000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets (note 21)				
Equity securities				
Quoted equity securities	64,139	–	–	64,139
Financial assets as at 31 December 2013	64,139	–	–	64,139
Non-financial assets:				
Property, plant and equipment (note 14)				
Land and buildings	–	180	16,586	16,766
Investment properties (note 15)	–	849,910	–	849,910
Non-financial assets as at 31 December 2013	–	850,090	16,586	866,676
Liabilities measured at fair value				
Financial liabilities:				
Derivatives (note 22)				
Forward currency contracts	–	879	–	879
Interest rate swap contracts	–	62	–	62
Total derivatives	–	941	–	941
Financial liabilities as at 31 December 2013	–	941	–	941

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

43 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

C. Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurements for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Property, plant and equipment (note 14): The comparison method that considers the sales of similar properties that have been transacted in the open market with adjustments made for differences in factors that affect value.

Investment properties (note 15): The valuations are based on the following methods:

(i) The comparison method that considers the sales of similar properties that have been transacted in the open market with adjustments made for differences in factors that affect value.

(ii) The investment method that capitalises the net rent of the properties at a suitable rate of return. The net rent is the balance sum after deducting service charge, property tax and a reasonable percentage for vacancy from the gross rent. The value of the property is arrived at by capitalising this net rent at a suitable rate of return.

Derivatives (note 22): Forward currency contracts, forward commodity contracts and interest rate swap contracts are valued using a valuation technique with market observable inputs. These contracts are valued by financial institutions.

D. Level 3 fair value measurements

i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (level 3).

Description	Fair value $'000	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Recurring fair value measurements					
Property, plant and equipment					
31 December 2014					
Land and buildings	17,144	Market comparable approach/ Depreciated replacement cost	Difference in location, time factor and size	-15.0% to 10.0%	Every 1% increase/ (decrease) in the adjustments would result in a decrease/ (increase) in fair value by $151,000
31 December 2013					
Land and buildings	16,586	Market comparable approach/ Depreciated replacement cost	Difference in location, time factor and size	-15.0% to 10.0%	Every 1% increase/ (decrease) in the adjustments would result in a decrease/ (increase) in fair value by $124,000

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

43 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

D. Level 3 fair value measurements (cont'd)

ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

	Group 2014 $'000 Fair value measurement using significant unobservable inputs (Level 3)		
	Available-for-sale financial assets	**Property, plant and equipment**	
	Unquoted equity securities	**Land and buildings**	**Total**
At 1 January	–	**16,586**	**16,586**
Total gains or losses for the period included in other comprehensive income	–	**1,503**	**1,503**
Transfer in	–	**163**	**163**
Depreciation	–	**(292)**	**(292)**
Additions	–	**117**	**117**
Sale of a subsidiary	–	**(613)**	**(613)**
Exchange adjustment	–	**(320)**	**(320)**
At 31 December	–	**17,144**	**17,144**
Total gains or losses for the period included in **Other comprehensive income:**			
– Net surplus on revaluation of land and buildings	–	**1,503**	**1,503**

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

43 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

D. Level 3 fair value measurements (cont'd)

ii) Movements in Level 3 assets and liabilities measured at fair value (cont'd)

	Group 2013 $'000 Fair value measurement using significant unobservable inputs (Level 3)		
	Available-for-sale financial assets	Property, plant and equipment	
	Unquoted equity securities	Land and buildings	Total
At 1 January	3,646	16,352	19,998
Total gains or losses for the period included in other comprehensive income	–	697	697
Transfer in	–	355	355
Depreciation	–	(306)	(306)
Additions	–	24	24
Impairment	(3,543)	–	(3,543)
Exchange adjustment	(103)	(536)	(639)
At 31 December	–	16,586	16,586
Total gains or losses for the period included in **Other comprehensive income:**			
– Net surplus on revaluation of land and buildings	–	697	697

iii) Valuation policies and procedures

It is the Group's policy to engage external valuation experts to perform the valuation. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

The Group revalues its properties and the valuation techniques used are as follows:

a) Market comparable approach that considers the sales of similar properties that have been transacted in the open market with adjustment made for differences in factors that affect value.

b) Depreciated replacement cost method that is based on an estimate of the current market value of the land, plus the current gross replacement of improvements, less allowances for physical deterioration, obsolescence and optimisation.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

43 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

E. Assets and liabilities not carried at fair value but for which fair value is disclosed

The following tables show an analysis of the assets and liabilities not measured at fair value at 31 December 2014 but for which fair value is disclosed:

	Group 2014 $'000 Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**	**Carrying Amount**
Assets					
Associates	**288,830**	**–**	**–**	**288,830**	**305,042**
Liabilities					
Fixed rate term loans	**–**	**–**	**221,558**	**221,558**	**219,030**

	Group 2013 $'000 Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying Amount
Assets					
Associates	316,014	–	–	316,014	293,840
Liabilities					
Fixed rate term loans	–	–	41,717	41,717	41,022
Fixed rate notes	234,338	–	–	234,338	224,357

	Company 2013 $'000 Fair value measurements at the end of the reporting period using				
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying Amount
Liabilities					
Fixed rate notes	234,338	–	–	234,338	224,357

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

43 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

E. Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)

Determination of fair value

Fixed rate term loans
The fair value as disclosed in the table above is estimated based on the present value of future cash flows, discounted at the market rate of interest for similar types of lending or borrowings at the end of the reporting period.

Associates/fixed rate notes
The fair value as disclosed in the table above is the price on the last trading day in the Singapore Exchange Securities Trading Limited (SGX-ST).

F. Fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximations of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximations of fair value are as follows:

		Group				Company			
		2014		2013		**2014**		2013	
	Note	**$'000**		$'000		**$'000**		$'000	
		Carrying Amount	**Fair Value**	Carrying Amount	Fair Value	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Financial liabilities:									
Fixed rate term loans	32	**219,030**	**221,558**	41,022	41,717	**–**	**–**	–	–
Fixed rate notes	32	**–**	**–**	224,357	234,338	**–**	**–**	224,357	234,338

44 COMPARATIVE FIGURES

Following the decision by the Indonesian authorities not to allow PT Koba Tin an extension of the Contract of Work in Indonesia, Bemban Corporation Limited ("BCL") group was classified as held for sale in December 2013 and was sold in June 2014. As PT MSC Indonesia ("PT MSCI") was sold in June 2014, its results, together with those of BCL group, were reclassified as discontinued operations. The comparatives have been restated accordingly.

Arising from the joint venture between the Group and Far East Orchard Limited and the sale of Rendezvous Grand Hotel Singapore to related entities of the Far East Organisation, the hospitality assets and business of the Group were reclassified as held for sale in June 2013.

Certain comparative figures on revenue and other items of expenses were reclassified to other expenses to conform to current year's presentation.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

45 EVENTS OCCURRING AFTER THE REPORTING PERIOD

1. Increase in capital injection in subsidiaries:

   (a) In January 2015, the Company's 89.5% indirectly-owned subsidiary, Straits Real Estate Pte. Ltd. ("SRE"), injected $10.1 million into the share capital of SRE Venture 5 Pte. Ltd. which was enlarged from $1 to $10.1 million.

   (b) In February 2015, SRE increased its share capital from $47.5 million to $87.4 million in which the Group increased its contribution to $78.2 million.

2. On 20 March 2015, the Company entered into a binding memorandum of understanding with a purchaser to sell ("Proposed Sale") all the issued ordinary shares in the capital of Atbara Holdings Private Limited, a wholly-owned subsidiary of the Company. Atbara is the registered owner of 14 units at The Holland Collection. The Proposed Sale is not expected to have a material impact on the earnings per share and net tangible asset per share of the Group.

46 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(a) The Resources' principal activities are in the smelting of tin concentrates and tin bearing materials, the production of various grades of refined tin metal and the sale and delivery of refined tin metal and by-products, as well as investments in other metals and mineral resources.

(b) The Real Estate segment comprises property investment, sales and leasing, property development, as well as property and real estate fund management. This includes the Group's 20.1% stake in ARA Asset Management Limited and 89.5% stake in Straits Real Estate Pte. Ltd.

(c) The Hospitality business includes hotel ownership and hotel management under Far East Hospitality Holdings Pte. Ltd. ("FEHH"), the Group's 30% associate. The Group completed the sale of the hotel assets in Singapore on 1 August 2013, and the sale of the hotel assets and business in Australia and New Zealand on 1 November 2013 to FEHH.

(d) The segment for Others comprises Group-level corporate and treasury services.

Management monitors the operating results of each business unit separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit, as explained in the table below.

Transactions between operating segments are based on terms agreed between the parties.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

46 SEGMENT INFORMATION (CONT'D)

2014 Operating Segments

	Resources $'000	Real Estate $'000	Hospitality $'000	Others $'000	Elimination $'000	Consolidated $'000
Revenue						
External revenue	743,364	21,392	–	–	–	764,756
Inter-segment revenue	–	57	–	–	(57)	–
Total revenue	743,364	21,449	–	–	(57)	764,756
Segment results						
Operating profit	17,166	42,311	(2,616)	(11,313)	–	45,548
Fair value changes in investment properties	–	(4,021)	–	–	–	(4,021)
Impairment losses	(1,267)	–	–	–	–	(1,267)
Finance costs	(6,915)	(4,322)	–	(18,511)	–	(29,748)
Share of results of equity-accounted associates and joint ventures	(970)	16,340	(504)	–	–	14,866
Profit/(loss) before tax	8,014	50,308	(3,120)	(29,824)	–	25,378
Income tax (expense)/credit	(8,679)	(442)	(623)	560	–	(9,184)
Profit/(loss) after tax	(665)	49,866	(3,743)	(29,264)	–	16,194
Profit/(loss) attributable to:						
Owners of the Company	1,299	50,294	(3,743)	(29,264)	–	18,586
Non-controlling interests	(1,964)	(428)	–	–	–	(2,392)
	(665)	49,866	(3,743)	(29,264)	–	16,194
Segment Assets	278,113	1,144,335	171,950	397,705	–	1,992,103
Segment Liabilities	192,993	355,949	–	37,263	–	586,205
Other information:						
Dividend income	–	5,859	2,334	–	–	8,193
Interest income	2,789	764	1,327	515	–	5,395
Depreciation	2,428	521	–	8	–	2,957
Amortisation	683	–	–	–	–	683
Other material non-cash items:						
Impairment of associates and joint venture	1,219	–	–	–	–	1,219
Impairment of available-for-sale investment securities	37	–	–	–	–	37
Revaluation deficit of properties	11	–	–	–	–	11
Associates and joint ventures	25,922	307,869	94,401	–	–	428,192
Additions to non-current assets	6,158	77,431	–	–	–	83,589

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

46 SEGMENT INFORMATION (CONT'D)

2013 Operating Segments

	Resources $'000	Real Estate $'000	Hospitality $'000	Others $'000	Elimination $'000	Consolidated $'000
Revenue						
External revenue	645,226	31,650	125,881	–	–	802,757
Inter-segment revenue	–	58	140	–	(198)	–
Total revenue	645,226	31,708	126,021	–	(198)	802,757
Segment results						
Operating profit	28,399	6,562	2,765	82,159	–	119,885
Fair value changes in investment properties	–	20,107	–	–	–	20,107
Impairment losses	(2,699)	–	–	–	–	(2,699)
Finance costs	(6,676)	(7,140)	(2,904)	(10,441)	–	(27,161)
Share of results of equity-accounted associates and joint ventures	(7,663)	1,652	(7,783)	(3,041)	–	(16,835)
Profit/(loss) before tax	11,361	21,181	(7,922)	68,677	–	93,297
Income tax (expense)/credit	(11,075)	50,548	(5,540)	(626)	–	33,307
Profit/(loss) after tax	286	71,729	(13,462)	68,051	–	126,604
Profit/(loss) attributable to:						
Owners of the Company	(6,823)	71,729	(13,462)	68,051	–	119,495
Non-controlling interests	7,109	–	–	–	–	7,109
	286	71,729	(13,462)	68,051	–	126,604
Segment Assets	331,530	1,170,760	208,397	230,171	–	1,940,858
Segment Liabilities	264,686	59,348	–	264,581	–	588,615
Other information:						
Dividend income	–	–	687	1,119	–	1,806
Interest income	3,391	94	263	1,921	–	5,669
Depreciation	2,758	511	10,248	8	–	13,525
Amortisation	498	–	–	–	–	498
Other material non-cash items:						
Reversal of impairment of associates and joint venture	(2,341)	–	–	–	–	(2,341)
Impairment of available-for-sale investment securities	5,040	–	–	–	–	5,040
Associates and joint ventures	40,284	298,018	80,439	–	–	418,741
Additions to non-current assets	7,329	8,443	33,521	–	–	49,293

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

46 SEGMENT INFORMATION (CONT'D)

Geographical Information

Revenues attributable to geographic areas are based on the location for which the revenue is earned or where the business is transacted. Geographical assets are based on the location or operation of the Group's assets.

2014 Geographical Information

	Singapore $'000	**Malaysia $'000**	**Australia $'000**	**Others $'000**	**Elimination $'000**	**Consolidated $'000**
Segment revenue						
Revenue from external parties	18,615	746,141	–	–	–	764,756
Inter-segment revenue	–	–	–	–	–	–
Total revenue	18,615	746,141	–	–	–	764,756
Non-current assets	346,925	117,607	–	74,491	–	539,023

2013 Geographical Information

	Singapore $'000	Malaysia $'000	Australia $'000	Others $'000	Elimination $'000	Consolidated $'000
Segment revenue						
Revenue from external parties	46,433	630,717	86,102	39,505	–	802,757
Inter-segment revenue	1,918	–	–	–	(1,918)	–
Total revenue	48,351	630,717	86,102	39,505	(1,918)	802,757
Non-current assets	797,957	113,983	–	–	–	911,940

Non-current assets information presented above consist of property, plant and equipment, investment properties, goodwill, other intangible assets and other non-current assets as presented in the consolidated balance sheet.

Information about major customers

Revenue from one major customer amount to $175,526,000 (2013: $100,254,000), arising from sales by the Resources segment.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

47 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	Country of Incorporation	Principal Place of Business	Business	Shareholding 2014 %	Shareholding 2013 %	
Subsidiaries						
Held by the Company:						
Atbara Holdings Private Limited	Singapore	Singapore	Property	**100**	100	
Baxterley Holdings Private Limited	Singapore	Singapore	Investment	**100**	100	
Bushey Park Private Limited	Singapore	Singapore	Investment	**100**	100	
Malayan Securities Private Limited [ØØØ]	Singapore	Singapore	Investment	**100**	100	
Malayan Tin Smelting Company Sendirian Berhad [ØØ]	Malaysia	Malaysia	Investment	**100**	100	
Malaysia Smelting Corporation Berhad [(1)]	Malaysia	Malaysia	Tin mining & smelting	**28**	28	(a)
Merevale Holdings Private Limited [Ø]	Singapore	Singapore	Investment	**–**	100	
STC Capital Pte. Ltd.	Singapore	Singapore	Investment	**100**	100	
STC International Private Limited	Singapore	Singapore	Dormant	**100**	100	
STC Realty (Butterworth) Sendirian Berhad [(1)]	Malaysia	Malaysia	Property	**100**	100	
Straits Developments Private Limited	Singapore	Singapore	Property	**100**	100	
STC Equities Holding Pte. Ltd. [ØØØ]	Singapore	Singapore	Investment	**100**	100	
Straits Equities Holdings (One) Pte. Ltd.	Singapore	Singapore	Investment	**100**	100	
Straits Equities Holdings (Two) Pte. Ltd.	Singapore	Singapore	Investment	**100**	100	
Straits Investment Holdings Pte. Ltd.	Singapore	Singapore	Investment	**100**	–	
Straits Media Private Limited	Singapore	Singapore	Media advertising	**100**	100	
Straits Trading Amalgamated Resources Private Limited	Singapore	Singapore	Investment	**100**	100	
Sword Investments Private Limited	Singapore	Singapore	Investment	**100**	100	
Sword Private Limited	Singapore	Singapore	Investment	**100**	100	

	Country of Incorporation	Principal Place of Business	Business	Effective Shareholding 2014 %	Effective Shareholding 2013 %
Held through subsidiaries:					
STC International Holdings Pte. Ltd.	Singapore	Singapore	Hotel owning & management	**100**	100
STC International (Australia) Pty Ltd [(1)]	Australia	Australia	Hotel management	**100**	100
STC International Properties Pte. Ltd.	Singapore	Singapore	Property	**100**	100
Straits Trading Amalgamated Resources Sendirian Berhad [(1)]	Malaysia	Malaysia	Investment	**100**	100
Sword Properties Pty Ltd [(1)]	Australia	Australia	Trustee company	**100**	100
Straits Real Estate Pte. Ltd.	Singapore	Singapore	Property	**89**	89
Straits Real Estate (Management) Pte. Ltd.	Singapore	Singapore	Support management	**89**	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

47 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

	Country of Incorporation	Principal Place of Business	Business	Effective Shareholding 2014 %	2013 %	
Subsidiaries						
Held through subsidiaries:						
SRE Venture 1 Pte. Ltd.	Singapore	Singapore	Investment	**89**	–	
SRE Venture 2 Pte. Ltd.	Singapore	Singapore	Investment	**89**	–	
SRE Venture 3 Pte. Ltd. +	Singapore	Singapore	Investment	**89**	–	
SRE Venture 4 Pte. Ltd. +	Singapore	Singapore	Investment	**89**	–	
SRE Venture 5 Pte. Ltd. +	Singapore	Singapore	Investment	**89**	–	
SRE China 1 Pte. Ltd. +	Singapore	Singapore	Investment	**89**	–	
SRE Capital Pte. Ltd. +	Singapore	Singapore	Investment	**89**	–	
ARA Summit Development Fund I, L.P. (2)	Cayman Islands	–	Development fund	**89**	–	(e)
Chongqing Xinchuang Mall Management Co., Ltd. (1)	People's Republic of China	People's Republic of China	Real estate investment & management	**89**	–	
Sword Unit Trust (1)	Australia	Australia	Property trust	**100**	100	
Unicorn Square Limited ∅	Singapore	Singapore	Property	**–**	100	
STC International Investment Holdings Pte. Ltd.	Singapore	Singapore	Hotels & resorts management	**100**	100	
Shanghai Straits Trading Co., Ltd. (formerly known as Shanghai Rendezvous Hotels Management Co., Ltd.) (1)	People's Republic of China	People's Republic of China	Hotels management	**100**	100	(d)
SL Tin Sdn. Bhd. (6) ß	Malaysia	Malaysia	Tin mining	**44**	–	
Malaysia Smelting Corporation (Warehousing) Sdn. Bhd. (1) ß	Malaysia	Malaysia	Tin warehousing	**55**	55	
MSC Properties Sdn. Bhd. (1) ß	Malaysia	Malaysia	Property holding and rental	**55**	55	
Rahman Hydraulic Tin Sdn. Bhd. (1) ß	Malaysia	Malaysia	Tin mining	**55**	55	
Bemban Corporation Ltd. ß	British Virgin Islands	British Virgin Islands	Investment holding	**–**	55	(c)
Kajuara Mining Corporation Pty. Ltd. ß	Australia	Australia	Investment holding	**–**	55	(c)
PT Bangka Resources ß	Indonesia	Indonesia	Dormant	**–**	55	(c)
Straits Resource Management Private Limited ß	Singapore	Singapore	Investment holding	**55**	55	
PT MSC Indonesia ß	Indonesia	Indonesia	Tin exploration and mining	**–**	55	
PT Koba Tin ß	Indonesia	Indonesia	Tin mining and smelting	**–**	41	(c)
PT SRM Indonesia (8) ß	Indonesia	Indonesia	Providing tin exploration, management and consulting services	**54**	54	
Tertius Development Pte. Ltd.	Singapore	Singapore	Property	**100**	100	

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

47 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

	Country of Incorporation	Principal Place of Business	Business	Effective Shareholding 2014 %	2013 %	
Associates						
Held by the Company:						
Johan Kekal Sendirian Berhad ⌀⌀ *(Accounting year ended 31 December)*	Malaysia	Malaysia	Property development	**45**	45	
Taiko-Straits Developments Sdn. Bhd.[(1)] *(Accounting year ended 30 June)*	Malaysia	Malaysia	Property development	**30**	30	
Associates						
Held through subsidiaries:						
Guilin Hinwei Tin Co Ltd. [(7) ß] *(Accounting year ended 31 December)*	People's Republic of China	People's Republic of China	Dormant	**19**	19	
Redring Solder (M) Sdn. Bhd. [(1) ß] *(Accounting year ended 31 December)*	Malaysia	Malaysia	Manufacture and sale of solder products	**22**	22	
ARA Asset Management Limited [(2)] *(Accounting year ended 31 December)*	Bermuda	Singapore	Asset/Fund management	**20**	20	(b)
Far East Hospitality Holdings Pte. Ltd. [(4)] *(Accounting year ended 31 December)*	Singapore	Singapore	Owner, operator and manager of hospitality properties	**30**	30	
Joint Ventures						
Held through subsidiaries:						
Coastal Coffees Pty Ltd [(3)] *(Accounting year ended 30 June)*	Australia	Australia	Restaurant	**50**	50	
KM Resources, Inc. [(1) ß ++] *(Accounting year ended 31 December)*	Labuan, Malaysia	Labuan, Malaysia	Investment holding	**16**	16	
Africa Smelting Corporation Sprl [(5) ß +++] *(Accounting year ended 31 December)*	Democratic Republic of Congo	Democratic Republic of Congo	Tin smelting	**22**	22	

The subsidiaries are audited by Ernst & Young LLP, Singapore unless stated otherwise.

(1) Audited by member firms of Ernst & Young Global in the respective countries.
(2) Audited by KPMG LLP, Singapore.
(3) Audited by KPMG LLP, Australia.
(4) Audited by PricewaterhouseCoopers LLP, Singapore.
(5) Audited by PricewaterhouseCoopers LLP, Africa.
(6) Audited by AT Konsortium.
(7) Audited by 广西立信会计事务所有限公司.
(8) Audited by Herman Dody Tanumihardja & Rekan.
ß Subsidiaries/Associates/Joint Ventures of listed subsidiaries.
⌀ These subsidiaries were voluntarily liquidated in 2014.
⌀⌀ Voluntary liquidation in progress and no audit is required for 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

47 SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (CONT'D)

øøø Subsidiaries entered into voluntary liquidation after financial year end and no audit is required for 2014.

\+ These companies were incorporated in the last quarter of 2014 and hence the accounts were not audited.

++ The subsidiaries of the joint venture in Philippines have ceased the mining and processing operations due to depletion of mineral resources.

+++ The company is currently dormant.

Note:

(a) Malaysia Smelting Corporation Berhad ("MSC") is listed on the Main Market of the Bursa Malaysia Securities Berhad and is secondarily listed on the Singapore Exchange Securities Trading Limited. The Company's combined interest in MSC held jointly with other subsidiaries and an associate is 55% (2013: 55%) .

(b) ARA Asset Management Limited ("ARA") is incorporated as an exempted company with limited liability in Bermuda. ARA is listed on the main board of the Singapore Exchange Securities Trading Limited.

(c) These subsidiaries were reclassified as held for sale as at 31 December 2013 (note 24(c)).

(d) The Group entered into a Share Transfer Agreement in relation to the disposal of all the shares of the entity. This subsidiary was reclassified as held for sale as at 31 December 2014 (note 24(b)).

(e) A Cayman Islands exempted limited partnership acting through its general partner. SRE Venture 1 Pte. Ltd. is currently the sole investor of this fund. As of 31 December 2014, the fund is still evaluting various investment projects.

ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")

DISCLOSURE PURSUANT TO RULE 907 OF THE SGX-ST

Interested person transactions entered into during the financial year ended 31 December 2014 as are follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Consultants Services (Private) Limited	$671,460	Not applicable
Mellford Pte. Ltd.	$1,249,668	Not applicable

The Company does not have a general mandate from shareholders in relation to interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual.

DISCLOSURE PURSUANT TO RULE 1207(8) OF THE SGX-ST LISTING MANUAL

No material contract involving the interests of any Director or controlling shareholder of the Company has been entered into by the Company or any of its subsidiaries since the end of the previous financial year and no such contract subsisted at the end of the financial year ended 31 December 2014.

SHAREHOLDER INFORMATION

VOTING RIGHTS

Shareholders' voting rights are set out in Article 72 of the Company's Articles of Association:

On a show of hands, every member present in person or by proxy shall have one vote and upon a poll, every member present in person or by proxy shall have one vote for every share which he holds.

ISSUED ORDINARY SHARES ("SHARES") AND SHAREHOLDERS AS AT 16 MARCH 2015

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	219	5.01	8,286	0.00
100 – 1,000	1,132	25.91	652,223	0.16
1,001 – 10,000	2,452	56.12	9,351,276	2.29
10,001 – 1,000,000	556	12.73	23,748,213	5.82
1,000,001 and above	10	0.23	374,335,774	91.73
Total	4,369	100.00	408,095,772	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 16 MARCH 2015

	Registered Shareholders	No. of Shares	%
1.	THE CAIRNS PTE. LTD.	265,839,552	65.14
2.	CITIBANK NOMINEES SINGAPORE PRIVATE LIMITED	33,506,200	8.21
3.	BNP PARIBAS SECURITIES SERVICES	29,032,602	7.11
4.	JL INVESTMENT GROUP LIMITED	13,698,000	3.36
5.	UNITED OVERSEAS BANK NOMINEES PRIVATE LIMITED	13,396,884	3.28
6.	DBS NOMINEES PRIVATE LIMITED	6,220,407	1.52
7.	DBSN SERVICES PTE LTD	6,073,268	1.49
8.	LOKE WAN YAT REALTY SENDIRIAN BERHAD	2,519,632	0.62
9.	UOB KAY HIAN PTE LTD	2,288,784	0.56
10.	BANK OF SINGAPORE NOMINEES PTE LTD	1,760,445	0.43
11.	HSBC (SINGAPORE) NOMINEES PRIVATE LIMITED	759,924	0.19
12.	MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	592,404	0.15
13.	UOB NOMINEES (2006) PRIVATE LIMITED	591,608	0.14
14.	OCBC SECURITIES PRIVATE LIMITED	570,423	0.14
15.	RAFFLES NOMINEES (PTE) LTD	521,263	0.13
16.	LOKE YUEN KIN RUBY MRS TAN KIA MENG	448,601	0.11
17.	CHOO MEILEEN	414,432	0.10
18.	MARIAN HOLMES	410,000	0.10
19.	AU YONG AH NGOH	396,984	0.10
20.	TEO SOO CHUAN (PTE) LTD	345,300	0.08
		379,386,713	92.96

SHAREHOLDER INFORMATION

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
The Cairns Pte. Ltd.	285,839,552	70.04	–	–
Tan Chin Tuan Pte. Ltd. *	–	–	285,839,552	70.04
Raffles Investments Limited *	–	–	285,839,552	70.04
Siong Lim Private Limited *	–	–	285,839,552	70.04
Tecity Pte. Ltd. *	–	–	285,839,552	70.04
Aequitas Pte. Ltd. *	–	–	285,839,552	70.04
Kambau Pte. Ltd. *	–	–	285,839,552	70.04
Grange Investment Holdings Private Limited *	–	–	285,839,552	70.04
Dr Tan Kheng Lian *	4,860	n/m	285,839,552	70.04
Aberdeen Asset Management PLC	–	–	30,342,857	7.44
Aberdeen Asset Management Asia Limited	–	–	30,342,857	7.44
Franklin Resources, Inc.	–	–	26,538,365	6.50
Franklin Templeton Institutional, LLC	–	–	26,538,365	6.50

Notes:

n/m not meaningful

* Deemed to have an interest in the Shares held by The Cairns Pte. Ltd.

PERCENTAGE OF SHAREHOLDING HELD BY THE PUBLIC AS AT 16 MARCH 2015

Based on information available to the Company as at 16 March 2015, approximately 12.62% of the Shares of the Company was held by the public and thus, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of members of The Straits Trading Company Limited (the "**Company**") will be held at the Symphony Rooms 2 and 3, Level 2, Rendezvous Hotel Singapore, 9 Bras Basah Road, Singapore 189559 on Thursday, 30 April 2015 at 11.00 a.m. for the following business:

1. To receive and adopt the Financial Statements for the year ended 31 December 2014, the Directors' Report and the Auditor's Report thereon

2. To re-elect the following Directors who are retiring by rotation in accordance with Article 99 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   (a) Ms Chew Gek Khim
   (b) Mr Yap Chee Keong
   (c) Mr Tham Kui Seng

   Note: Ms Chew Gek Khim, if re-elected, will continue as a member of the Nominating Committee and will be considered as a non-independent executive Director. Mr Yap Chee Keong, if re-elected, will continue as a member of the Audit Committee and will be considered as a non-independent non-executive Director. Mr Tham Kui Seng, if re-elected, will continue as the Chairman of the Nominating Committee and a member of the Remuneration Committee and will be considered as an independent Director.

3. To re-elect the following Directors who are retiring in accordance with Article 103 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:

   (a) Dr Gary Hilton Weiss
   (b) Mr Chia Chee Ming, Timothy

   Note: Dr Gary Hilton Weiss, if re-elected, will continue as a member of the Audit Committee and will be considered as an independent Director. Mr Chia Chee Ming, Timothy, if re-elected, will be considered as an independent Director and will continue as the Lead Independent Director.

4. To re-appoint Mrs Elizabeth Sam as a Director pursuant to Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company

5. To approve the payment of Directors' fees of S$828,496 for the year ended 31 December 2014 (2013: S$678,438)

6. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Board to fix their remuneration

7. As Special Business:

   To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

   "That authority be and is hereby given to the Directors of the Company to:

   (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of issued shares shall be based on the number of issued shares in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

A. new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

B. any subsequent consolidation or subdivision of shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association for the time being of the Company; and

(iv) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

8. To transact any other ordinary business of the Company

By Order of the Board

Aldric Tan Jee Wei
Secretary

Singapore
10 April 2015

NOTICE OF ANNUAL GENERAL MEETING

NOTES:
A member of the Company is entitled to appoint a proxy to attend the meeting and vote in his stead. A proxy need not be a member of the Company. Proxy forms must be deposited at the Company's registered office not less than 48 hours before the time for holding the meeting or any adjournment thereof.

ADDITIONAL INFORMATION RELATING TO NOTICE OF ANNUAL GENERAL MEETING:
The Ordinary Resolution in item 7 above, if passed, will renew the authority for the Directors, effective until the next Annual General Meeting, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to an amount not exceeding, in total, 50% of the issued shares in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders. For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital will be calculated based on the number of issued shares in the capital of the Company at the time that this Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that this Resolution is passed, and any subsequent consolidation or subdivision of shares.

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PROXY FORM

THE STRAITS TRADING COMPANY LIMITED

(A member of The Tecity Group)
(Company Registration No.: 188700008D)
Incorporated in Singapore

IMPORTANT:

1. For investors who have used their CPF monies to buy THE STRAITS TRADING COMPANY LIMITED shares, this Annual Report is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________ (Name)

of ______________________________

(Address) being a member/members of THE STRAITS TRADING COMPANY LIMITED hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing him/her/them, the Chairman of the Annual General Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Annual General Meeting of the Company, to be held at the Symphony Rooms II and III, Level 2, Rendezvous Hotel Singapore, 9 Bras Basah Road, Singapore 189559, on Thursday, 30 April 2015 at 11.00 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions	For	Against
1.	To receive and adopt the Financial Statements, Directors' Report and Auditors' Report thereon		
2.	To re-elect Directors retiring under Article 99 of the Articles of Association: (a) Ms Chew Gek Khim		
	(b) Mr Yap Chee Keong		
	(c) Mr Tham Kui Seng		
3.	To re-elect Directors retiring under Article 103 of the Articles of Association: (a) Dr Gary Hilton Weiss		
	(b) Mr Chia Chee Ming, Timothy		
4.	To re-appoint Mrs Elizabeth Sam as a Director pursuant to Section 153(6) of Companies Act, Cap. 50		
5.	To approve payment of Directors' fees		
6.	To re-appoint Auditors and authorise the Directors to fix their remuneration		
7.	To authorise the Directors to issue shares pursuant to Section 161 of the Companies Act, Cap. 50		
8.	Any other business		

Dated this ____________ day of April, 2015.

Total Number of Shares	

____

Signature(s) of Member(s)/Common Seal
Important: Please read notes overleaf

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.

2. Where a member appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second-named proxy as an alternate to the first named.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting in accordance with the Articles of Association of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore.

5. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the registered office of the Company at 9 Battery Road #28-01, Straits Trading Building, Singapore 049910 not less than 48 hours before the time appointed for the Meeting. The sending of this form of proxy by a member does not preclude him from attending and voting in person at the Meeting if he finds that he is able to do so. In such event, the relevant instrument of proxy will be deemed to be revoked and the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. A member of the Company should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for the Meeting as certified by The Central Depository (Pte) Limited to the Company.

8. A Depositor shall not be regarded as a member of the Company entitled to attend the Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time appointed for the Meeting.

9. Agent banks acting on the request of investors who have purchased shares under the Central Provident Fund Investment Scheme ("**CPF Investors**") who wish to attend the Meeting as observers are required to submit in writing, a list with details of the CPF Investors' names, NRIC/Passport numbers, addresses and numbers of shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not later than 48 hours before the time appointed for the Meeting.

THE STRAITS TRADING COMPANY LIMITED
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