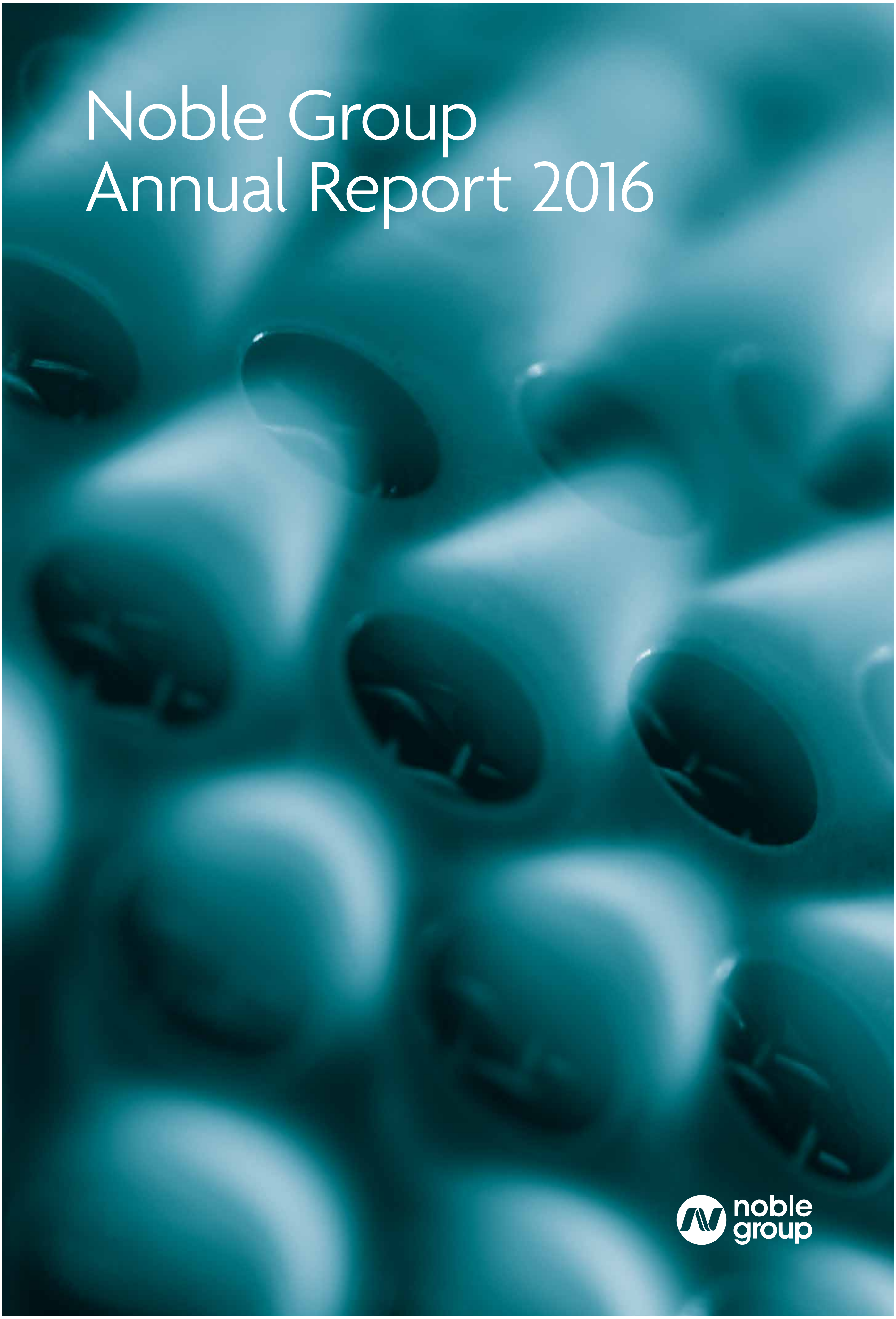
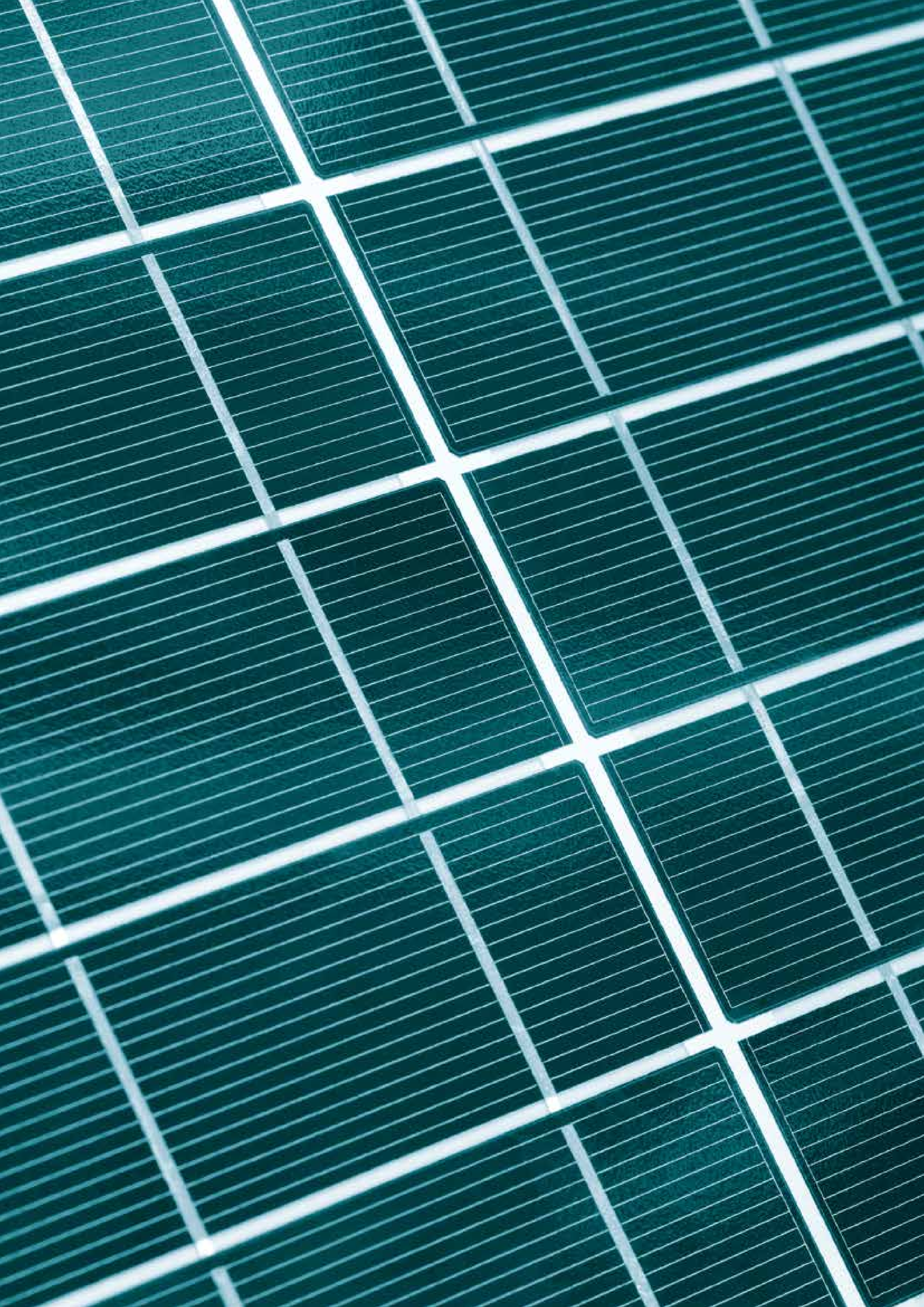
Noble Group
Annual Report 2016





About Noble

Noble Group (SGX: N21) is a leading supply chain manager: we buy physical commodities and transform them into customised, consumable products that meet the requirements of our customers through (1) our logistics and transportation services (2) our price risk management and hedging services (3) our processing and blending capabilities and (4) our structured and trade financing solutions.

We seek to be partners rather than competitors with our producer customers and with investors looking to invest in producing assets, while Noble supplies best-in-class execution.

Our most valuable assets are our network of relationships with our producers and consumer customers and our people who provide value-added services to our customers and clients.

Our objective is to build long term value for our shareholders, our partners, our customers and our people, with sustainable focused franchises built upon long term supplier and customer relationships.

This report provides an update on Noble Group's operations and performance for the year ended 31 December 2016

Chairman's Message

Dear Shareholders,

It was almost 20 years to the day, on 27 February 1997, that we issued the prospectus that was the precursor to Noble listing its shares on the Stock Exchange of Singapore.

The intervening two decades have been full of many - some seemingly insurmountable - challenges which we have had no choice but to overcome.

From the Asian crisis, which erupted as soon as we had listed, to the 2008 financial crisis and the more recent severe bear market in commodity related businesses, we have always taken on the challenges and, as of yet, have not been found wanting.

As an active player in the real business of moving product from producer to customer we have never had the luxury of being able to step aside and observe from a distance as we have managed your business as best we can through all the turmoil.

Interspersed between these long drawn out battles of attrition have been the moments of great success - events that could only be enjoyed momentarily before having to meet some new challenge.

And, of course, the last 12 months have been a particularly challenging period for us as we came to recognise that we needed to reposition the company, back towards its asset light trading roots - a more nimble, more focused and much smaller company. I will be the first to put up my hand and admit that mistakes have been made along the way but I believe that we have now taken the key initial actions to correct these mistakes.

During 2016, as we took the consistent and determined action that we needed to take to correct the imbalances, it was vital that all of the people involved gave us their full support in achieving these goals. I want to thank our Shareholders, the Board and all the people at Noble for their steadfast support. I am also delighted, that through all the stresses and strains, we continued to place our customer relations at the forefront of what we do.

Equally, I have learnt two things over the last two decades as a listed company: I know that hindsight and soul searching don't generate returns while I am also pretty convinced that making mistakes is not the sole preserve of the Chairman of Noble Group.

So now, after the very determined and focused work of the last six months or so, we have arrived at the start of 2017 with a solid platform and a clear vision of how we are going to develop our core business franchises.

Don't for one moment think that we are going to relax and take a rest.

We still have a lot more work to do in order to move the company forward but we now operate a series of businesses that have exciting growth opportunities and, as has been the case over the last couple of decades, there will be some opportunities that are best exploited on our own and there will be some where we are best off in partnership with others.

Whichever approach we use, we do fully expect that we will be able to exploit these opportunities profitably as the constrictions that we placed on our businesses in 2016 to preserve liquidity dissipate.

And, as we look to the future, I was again reminded in a timely manner the other day that I am the only remaining director from the Board that oversaw the Singapore offering two decades ago.

This reinforced the fact that it is coming to the time for me to step back and allow the next generation to take the business forward.

The Board is tasked with managing this process and will be making announcements concerning this transition at the appropriate time. But I will continue to be involved in the Group in an advisory role as and when needed. As the major shareholder I can assure you that I have a keen interest in ensuring that our Executive Directors and Co-CEOs - Will Randall and Jeff Frase - and their team, continue the excellent work that they have put in over the last nine months or so.

Finally, turning away from my talking about my own plans, and before ending this piece, I want to express our sincere condolences to the family and friends of Burt Levin, another of the original IPO Directors of Noble, who passed on in late 2016. Burt was a great friend and sage adviser to all of us and we miss him greatly. The short tribute that is included in this annual report can only be a modest token of our esteem for the man.

Richard Samuel Elman,
Chairman & Founder

Co-CEOs' Message

Dear Shareholders,

Since taking on our new roles in the late spring of 2016 we set out, both internally and externally, the clear and simple message that we were going to spend the balance of the year, and much of 2017, implementing measures that would reassure both our business partners and the capital markets that we were capable of successfully transitioning to a smaller more nimble, asset light, Group.

The willingness to accept the need to change in the first instance and then subsequently implement the necessary steps to achieve that goal is daunting for any company or individual. In our case, in particular, the changes that we needed to make simply could not have been achieved without the wholehearted support of the people that were going to be most immediately impacted – the people at Noble.

Both of us have been involved in hiring and working closely with many of the people 'in the trenches' whose support in transforming Noble back to a simpler, nimbler, structure was always going to be vital as we started the journey to re-position the company.

We were sure that they would 'battle' through, but the resilience and resolve of our colleagues has been exceptional and beyond the call of duty. It's true that we still have more to do in repositioning the company, but much has been achieved and we want to thank the entire staff at Noble for the unflagging support that we have received. We also want to express our gratitude for the similar levels of support that have been shown to us by those who know us day to day – our key long term external customers and suppliers.

The plan to reposition the business that we adopted was simple to write down, but rather harder to execute: get out of those businesses that would only generate returns in the medium term, and where we were yet to have built a competitive edge and focus on our established 'franchise' businesses. Dispose of those legacy businesses that were more valuable to other companies and reduce the Group's footprint and scale, both through asset disposals and head count reduction. And, finally, and in many ways more importantly, make sure that through our actions we bolster the capital markets' confidence in our ability to reposition, with a laser focus on reducing debt and first retaining, and then re-building, liquidity.

We have now been able to implement some of the key steps on this path. In particular, we launched a US$ 500 million rights issue in August 2016 and completed the sale of Noble Americas Energy Solutions in December, ensuring that we exceeded our target of raising US$ 2 billion in capital in the second half of 2016. While, additionally, we also raised US$ 3 billion in borrowing base facilities for our oil businesses.

With the capital we raised, and the working capital we extracted from low return or loss making businesses, we have reduced debt, lowered our gearing and increased liquidity headroom – to over US$ 2 billion by year end. We have also taken a conservative approach

"We were sure that they would 'battle' through, but the resilience and resolve of our colleagues has been exceptional and beyond the call of duty."

to the management of our capital structure with our adjusted net debt falling to 25% of our capital at year end 2016, from 41% at the end of December 2015. In passing, total debt was reduced by almost US$ 1.1 billion over the calendar year.

The impact of the repositioning that we have been undertaking, and continue to undertake, is further illustrated by the fact that our headcount fell by around 480 over the course of 2016, and that our gross assets as at December 2016 were approximately US$ 4.8 billion lower than a year earlier.

Against this focus on liquidity, 2016 financial results were constrained by this conservative approach to liquidity management as businesses had to operate well below optimal earnings' capacity, unable to monetise the embedded optionality in the business models. This particularly impacted the Oil Liquids business where working capital constraints significantly contributed to a year-on-year decline in our Energy segment's operating income from supply chains. However, and reassuringly from our perspective, we believe that the longer term resilience of our franchises was evidenced by the stability in the volume of physical commodities that we handled in our Energy and Metals & Mining businesses in 2016.

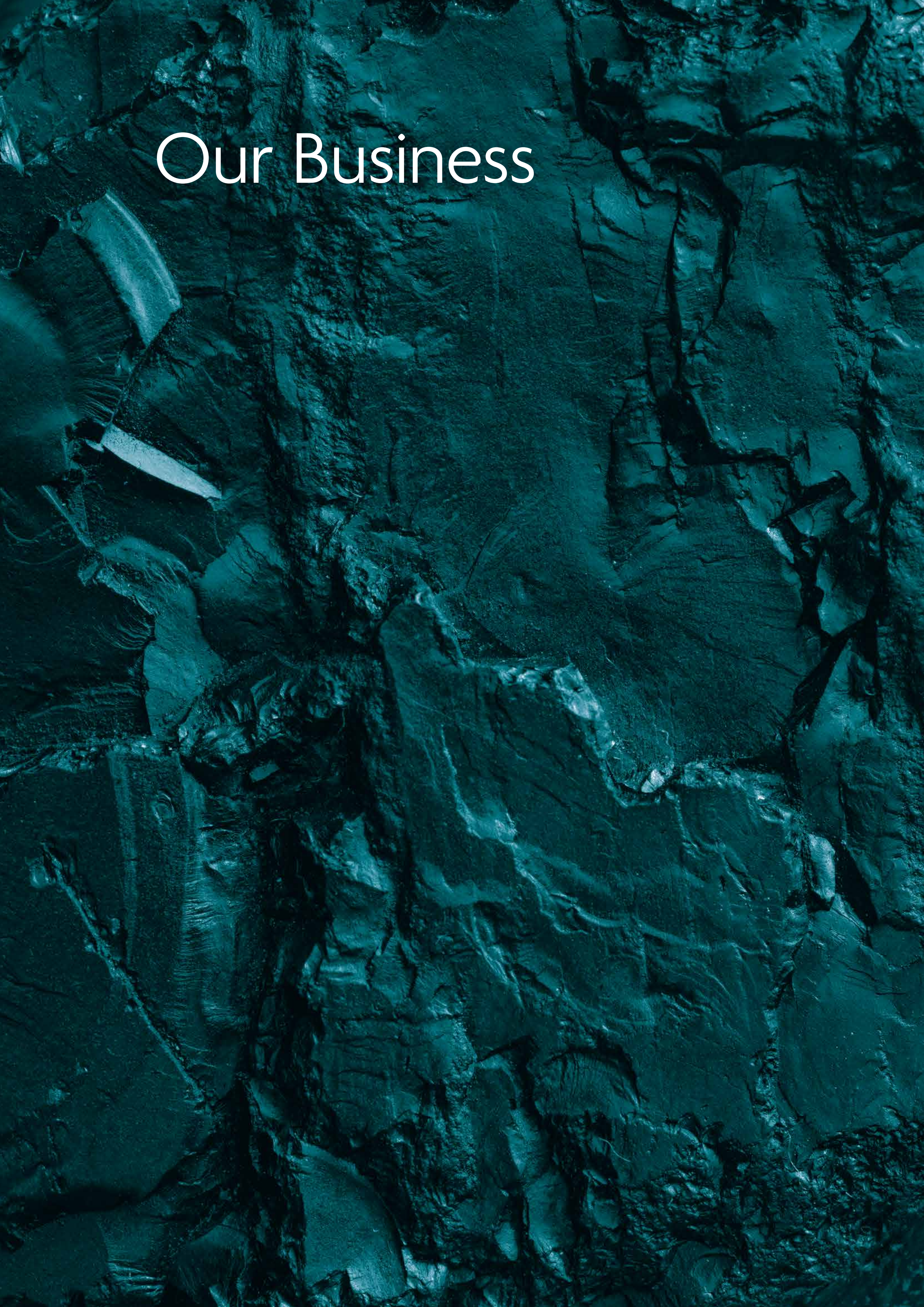
Although we have more work to do, we look forward to 2017 with confidence, as we continue to complete the transformation of the Group. With strong roots in Asia we believe we retain a unique capability to bridge the disruptions that are being caused by new flows and the continued growth in demand for raw materials from the emerging markets, which is now also being accompanied by an increasing outflow of refined and processed products.

> “Although we have more work to do, we look forward to 2017 with confidence, as we continue to complete the transformation of the Group.”

Jeffrey Scott Frase,
Co-CEO and
Executive Director

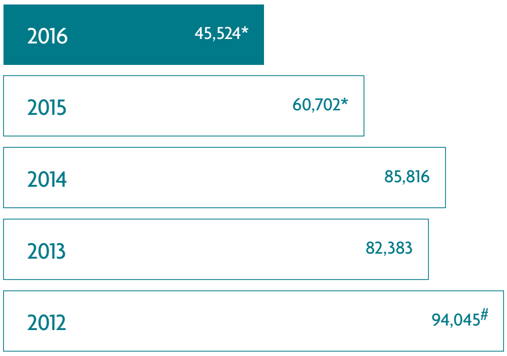
William James Randall,
Co-CEO and
Executive Director

Our Business

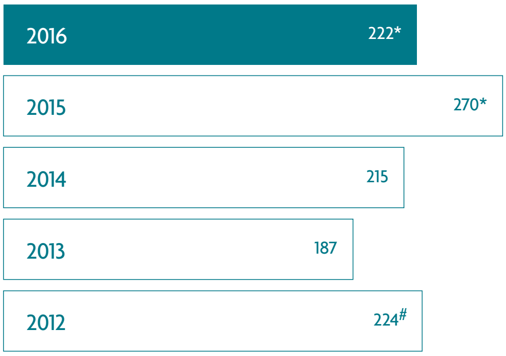


Financial Highlights

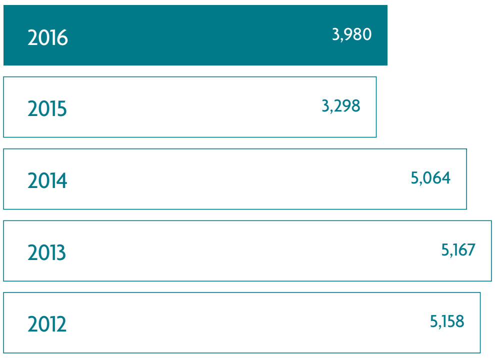
Revenue (US$ million)



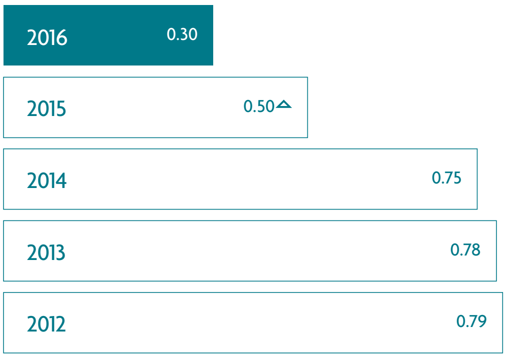
Tonnage (million tonnes) ◇



Net Assets (US$ million)



Book NAV/Share (US$)



- Group tonnage of 222 million tonnes
- Adjusted operating income from supply chain of US$ 808 million*
- Adjusted net profit of US$ 252 million*
- Net asset backing per share of US$ 0.30 (SG$ 0.41)
- Total committed and uncommitted bank facilities of US$ 10.0 billion
- Liquidity headroom of US$ 2.0 billion
- Net Debt/Capitalisation of 42.0%
- Shareholders' equity of US$ 4 billion

◇ Excluding Gas & Power volume
Including Agriculture segment
* Adjusted for exceptional non-cash items and losses from discontinuing or to be discontinued businesses and other expenses
^ Restated

(million tonnes/US$ million)	Year Ended 31 Dec 2016	Year Ended 31 Dec 2015
Tonnage[1]	222.2	269.9
Revenue[1]	45,524.3	60,701.7
Operating income from supply chains, net[1]	807.8	1,148.0
Operating income margin	1.77%	1.89%
Profit / (loss) on supply chain assets[1]	211.6	(95.8)
Share of profits and losses of joint ventures and associates[1]	(83.8)	(76.9)
Total operating income[1]	935.6	975.3
Other income net of other expenses	3.8	1.4
Selling, administrative and operating expenses[1]	(598.8)	(477.4)
Profit before interest and tax[1]	340.6	499.3
Net finance costs[1]	(154.9)	(168.8)
Taxation[1]	66.4	(22.1)
Adjusted net profit[1]	252.1	308.4
Exceptional non-cash items, net of tax[2]	(95.6)	(1,914.7)
Losses from discontinuing businesses and other expenses, net of tax[3]	(148.4)	(64.1)
Non-controlling interests	0.6	(1.6)
Net profit/(loss)	8.7	(1,672.0)

[1] Adjusted for exceptional non-cash items and losses from discontinuing or to be discontinued businesses and other expenses. Adjusted net profit for the twelve months ended 31 December 2016 includes a US$ 291 million gain on sale of Noble Americas Energy Solutions ("NES") in profit/(losses) on supply chain assets and NES underlying profit before interest and tax of US$ 114 million to the date of sale on 1 December 2016.

[2] Includes exceptional non-cash items in the Group's Operating Income from Supply Chains along with other non-operational items such as impairment losses on supply chain assets, re-measurement gains on pre-existing interests in joint ventures and share of profits and losses of disposed joint ventures and associates.

[3] Represents results of businesses which are discontinuing or to be discontinued in the near future and costs associated with repositioning the Group's cost structure, including headcount reductions. These businesses include certain gas & power product divisions in North America and Europe; certain mining & metals product divisions in North America and Europe; and certain energy product divisions in North America. There has not been any significant variance or notable items during the period related to these businesses.

Year in Review

2016 has been a year of positive change for Noble. The appointment of William Randall and Jeffrey Frase as co-CEOs, both of whom have over 20 years of experience in the physical commodities' industry, has enabled us to address recent challenges and to make solid progress on moving towards our goals of raising capital, securing the balance-sheet and establishing a solid foundation for future growth.

Diversity is a key, as it has been since the founding of Noble. Our four business segments – Energy, Gas & Power, Mining & Metals and Corporate – contribute significantly to the short and long term vitality of the Group. This has allowed us to mitigate single sector exposure balancing changes in supply and demand patterns, variable economic conditions and shifts in the overall market environment.

Geographically, this diversity is showcased by the split in our global revenue across all regions. And we are not reliant on any one client – our largest customer accounts for approximately 5% of total revenue. Our long-term relationships with customer and supply partners allow us to gain a closer understanding of how to meet their changing requirements, and we are in turn able to respond quickly to changing market trends through our asset-light model.

In December 2016, we completed the sale of Noble Americas Energy Solutions, and we have returned our focus to our established 'franchise' businesses, disposing of those other businesses that would only generate returns in the medium term. Given this, Noble has little to no committed capital expenditures on plants and machinery. Further, we are committed to recycling our assets and reinvesting the capital into higher growth businesses. Examples of this success include historically the disposal of our stake in Gloucester Coal Limited and of Noble Agri. In 2016, we finalised the sale of Noble Americas Energy Solutions to Calpine Corporation for US$ 1.15 billion, and the capital raised was used to reinvest in our high return franchise businesses and pay down debt.

By constantly adapting ourselves, we have refocused the business despite challenging market conditions. Volatility for certain of the key commodities underlying Noble's businesses has been relatively high, especially in the latter part of 2016. While, by itself, this could have provided us with greater opportunities to deliver value from the commodity supply chain, in some cases this volatility was underpinned by low volumes coupled with extreme trending price moves, which present a challenge managing the inherent price risks in sourcing and delivering these commodities. Whereas Brent crude oil prices were somewhat range-bound and exchanges offered adequate liquidity, in Newcastle coal and coking coal, on the other hand, witnessed strong monotonic trends with extreme volatility but with very low liquidity.

Noble has typically maintained a conservative financial profile and in 2016 we took steps to strengthen further our financial position. Our liquidity headroom was over US$ 2 billion as of 31 December 2016. We have also established a diversified funding strategy, giving us access to various markets for capital and allowing us to develop an extended maturity profile.

We remain committed to an asset-light, diverse foundation with a conservative financial profile. We have streamlined our businesses and will continue to focus on our core strengths and to build upon this position as one of the world's leading merchants of physical commodities.

Business Reviews

Metals & Mining
Noble is a leading participant in the non ferrous metals market, sourcing from producers worldwide through long and short term offtake agreements and marketing arrangements, then distributing these products to our industrial consumer base.

2016 remained a challenging year with an overall decrease in volume traded and revenue when compared to 2015, as a result of working capital constraints. However, underlying profits in the business improved as a result of continued restructuring and rationalization.

The profitability of our Jamalco alumina asset continues to improve with a new joint development agreement signed which provides a competitive long term energy solution. The build out of the Asia non ferrous metals supply chain flows also continued with new supply agreements concluded in Mongolia and Kazakhstan as well as new customer flows into Thailand, Vietnam and India.

The non ferrous metals business focus remains on our Asia base metals and the integrated aluminium/alumina/bauxite supply chain.

Carbon Steel Materials
Noble's Carbon Steel Materials business focuses on providing raw materials to the steel manufacturing industry and encompasses iron ore, chrome ore and concentrate, manganese ore, metallurgical coal and metallurgical coke.

The Carbon Steel Materials business experienced a strong performance turnaround, especially in the first six months of 2016 due to a tight focus on managing market, counterparty and performance risk. This was supported by a targeted elimination of supply chain flows with poor historical returns, which has allowed for the business to take advantage of further positive opportunities in the latter part of 2016.

In addition, long term contracts have been performing well as prices generally rose throughout the year, with significant new customer and supplier relationships being developed to underpin long term sustainable supply chain flows.

Gas & Power
Noble's Gas & Power business is a customer-focused energy trading and merchant business, partnering with both producers and consumers to address their exposures along the entire supply chain.

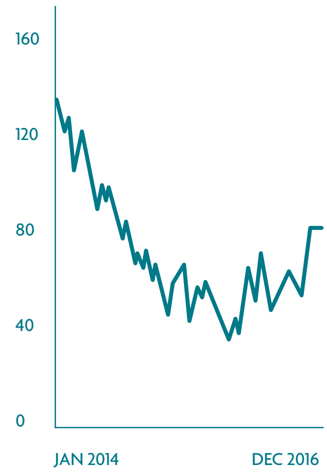
The Gas & Power business in 2016 was affected by the general business restructuring as well as by capital constraints.

Volumes and revenue decreased slightly compared to 2015, while overall profits have slipped due to costs associated with the restructuring exercise.

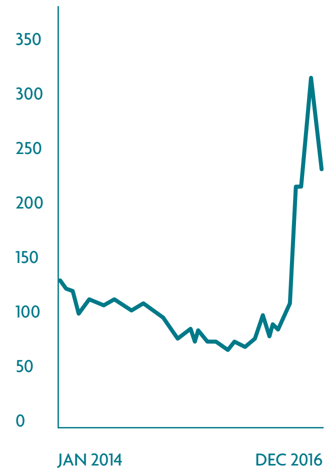
The business is now focused on two key franchises – North America Gas & Power and Global LNG – where our strong market position and synergies with other businesses within the Group will enable solid returns.

The Liquid Natural Gas (LNG) franchise has been reorganised to refocus on taking advantage of our existing relationships with Asian energy customers.

Iron ore fines 62% Fe, Chinese imports (CFR North China port), $/dmt



Premium Low Volume Coking Coal ($/mt), FOB Australia

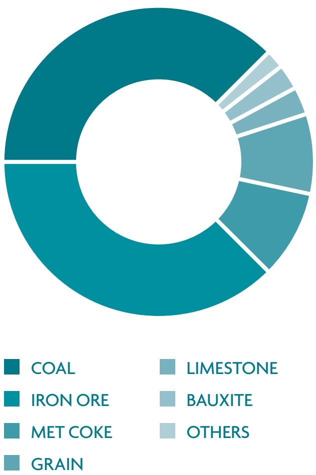


Major Noble Offices

Head Office
Hong Kong

Regional Offices
Singapore
London
Stamford
Houston
Dubai

Cargo



Energy Coal

Noble's Energy Coal business is a leading global franchise consisting of a balanced portfolio of trading, marketing and supply chain management services. At its core are long term relationships and partnerships with both producers and consumers, through which we manage the product flows and also provide supply chain and risk management services to our clients.

2016 saw a continuation of Energy Coal's steady performance, with strong operating income from supply chains on the back of healthy volumes, supported by its strong customer franchise.

The price rally later in the year contributed to stronger profitability as the business benefited from its strong position in, and access to, the physical market.

Oil Liquids

Noble is a major participant in the global physical oil market, trading large physical volumes including crude and refined products via ship, barge, pipeline, truck and rail. Noble has blending and wholesale capabilities in North America and the Caribbean, with long term leases on liquid storage capacity across the globe. Working with producers, consumers and refiners to manage exposures along the supply chain, we offer customers a variety of services that go beyond the traditional commodity price hedging solutions, such as structured finance solutions.

2016 saw the Oil Liquids business impacted by capital constraints which adversely affected profitability by hampering the business from taking advantage of its inherent optionality and limiting inventory while incurring fixed costs.

Despite this, overall physical and pipeline flows in the various liquid products remained strong. As liquidity returns over 2017, we expect these constraints to moderate over time.

Logistics
With offices in Hong Kong, Singapore, Mumbai, Beijing and London, the Logistics business services external customers as well as Noble's internal freight requirements with modern competitive ocean transport in the dry bulk segment (including iron ore, energy coal and grains), which are transported in Capesize, Panamax and Supramax bulk carriers. Additionally, the Logistics business provides both internal and external customers with long term freight solutions and freight market guidance. At any given time, Noble has over 100 vessels on charter, either owned, bareboat, time charter period or single trips. These vessels have modern profiles and high RightShip safety ratings.

In 2016, the dry bulk market continued its rally, driven by strong sea borne iron ore demand into China, in combination with a large amount of Capes being scrapped, leading to tighter supply and demand fundamentals. Capesize daily rates peaked at US$ 20,000 per day in the fourth quarter before weakening due to seasonality.

The Logistics business has continued to focus on profitability over volumes with a 54% volume decline year-on-year, partly due to the elimination of the Noble Agri flow but also as a result of the business actively focusing on credit risk, as counterparty risk within shipping is at historically high levels.

Energy Solutions
In October 2016, the sale of Noble Americas Energy Solutions to Calpine Corporation was announced. After receiving shareholder approval on 3 November 2016, the sale was concluded in December 2016.

Finance

2016 was a challenging year for Noble as we managed the business against the overarching emphasis on liquidity. In order to ensure our liquidity profile, we announced that we would raise an additional US$ 2 billion in capital during the second half of 2016. Indeed, for the whole year we exceeded this and reached US$ 2.75 billion, with the receipt of US$ 750 million in proceeds from the sale of the remaining 49% stake in Noble Agri Limited, a US$ 500 million rights issue, and the sale of Noble Americas Energy Solutions for US$ 1.15 billion. These initiatives were further supported by reductions in working capital and the closure of low return businesses during the year.

With the capital raised, we paid back US$ 1 billion in debt. In line with our commitment to reduce leverage, we ended the year with a net debt to capital ratio of 42%, down from 55% at the end of 2015. Adjusted net debt to capital, adjusted for readily marketable inventory (RMI), was 25% as at 31 December 2016 compared to 41% as at the end of 2015. We have a conservative capital structure, with 84% of our balance sheet funded by long term debt and equity.

As of 31 December 2016, we had RMI of US$ 1.5 billion, representing 93% of total inventory. The Group's RMI is highly liquid, primarily comprising oil liquids products. Given the highly liquid nature of these inventories, we believe that it is appropriate and a better measure of the Group's financial leverage when adjustments are made for RMI.

As we repaid debt, we also increased our liquidity headroom throughout the year. As of 31 December 2016, liquidity headroom, which is the sum of readily available cash and unutilised committed facilities, was over US$ 2 billion. This provides us with the cushion to protect us against unforeseen market movements in volatile markets.

In 2016, Noble also raised a US$ 1 billion unsecured committed revolving credit facility, and a US$ 2 billion revolving borrowing base facility. The borrowing base facility is primarily used to support our Oil Liquids and Gas & Power businesses in North America by Noble Americas Corp., Noble Petro Inc. and Noble Americas Gas and Power Corp., all wholly owned subsidiaries of the Group. In February 2017, we raised another US$ 1 billion revolving borrowing base facility, to be utilised by Noble Clean Fuels Limited, a wholly owned subsidiary of Noble, to support its business requirements. Despite the challenges facing commodities markets and Noble, our bank group has remained supportive, providing us with a range of funding structures.

As of 31 December 2016, we had a total of US$ 10 billion in committed and uncommitted bank facilities, consisting of US$ 3.7 billion in committed facilities and US$ 6.3 billion in uncommitted facilities. The reduction in committed facilities from US$ 4.4 billion as at 31 December 2015, largely relates to the repayment and cancellation of revolving credit facilities in May 2016, as well as throughout the second half of 2016, following the completion of various capital raising initiatives. Of the US$ 10 billion in bank facilities, US$ 5.2 billion was utilised. The Group continues to be in discussions with banks on a broader financing strategy to ensure that our facilities provide the liquidity required and support the structure of Noble's business going forward.

In addition to the bank facilities, Noble has US$ 1.6 billion in bonds outstanding – US$ 378 million in 3.625% senior notes due March 2018 and US$ 1.2 billion in 6.75% senior notes due January 2020. Historically, Noble has tapped various markets and currencies including US Dollar, Malaysian Ringgit, Thai Baht and Chinese Yuan. We continue to believe that access to various sources of liquidity and pools of capital is an important competitive advantage and will continue to work on various funding options to achieve a cost effective funding structure.

The Group conducts a regular review of its debt maturity profile, in conjunction with its capital and funding structure, to ensure it maximises efficiencies while maintaining a solid balance sheet. The funding and capital structure will continue to be refined to reflect our asset light business model and to ensure a competitive cost position.

Market Risk

Our Market Risk team is made up of experienced commodity and risk professionals embedded in each business unit providing independent oversight and policy enforcement.

Prior to 2016, the Market Risk Group had developed an industry-standard framework of policy, metrics, analysis and reporting, delivered with a sufficient degree of automation. For 2016, the focus was on increasing effectiveness by improving process efficiency through further automation, while deepening our qualitative assessment of each asset class together with continual policy enhancement in support of our evolving business priorities.

Noble uses an industry standard Value at Risk (VaR) metric to measure and control the level of financial risk in our portfolios; however we recognise that the metric has its shortcomings. To address this, Noble also utilises a robust arsenal of tools to bracket exposure by triangulating a number of approaches. Additional analysis beyond VaR includes sensitivities, stress scenarios and historical back-testing, as well as a bespoke ‘Principal Component Analysis’ approach which is applied to all risk-bearing strategies of consequential size. This approach overcomes the shortcomings of VaR, including modelling and estimation of so-called ‘fat tails’, illiquidity and seasonal variations in volatility.

Ultimately, the objective for Market Risk is to ensure that all price risk in the commodity transformation process is well understood, properly assessed, fits within the risk tolerance of the Group and is managed appropriately.

Credit Risk

In 2016, Noble’s counterparty credit portfolio was able to weather a challenging market environment. In line with the Group’s strategy, there was increased focus on risk-based returns, particularly for transactions that utilised significant amounts of our balance sheet capacity.

Robust due diligence is core to Noble’s sustainability and reputation as a leading physical merchant. There is no better illustration of the fact that credit management is part of Noble’s ‘DNA’, than to look at the members of its credit committee, which comprises the Group’s Co-CEOs, the CRO, CFO, Head of Legal, Group Treasurer, Head of Market Risk, in addition to the Group Head of Credit.

Noble has an experienced team of credit analysts and managers which oversees the Group’s aggregate credit portfolio. The portfolio is diversified along industry, product and geographic lines. The Credit Group assesses and approves credit limits for all counterparties with whom we trade, ensuring they have sufficient means to perform under their various contracts with Noble, and by applying appropriate credit protection clauses to those contracts. Such credit limits are established to ensure inter alia that concentration risk is minimised.

Mitigation of credit risk exposure is achieved by three major processes: continual counterparty assessment, monitoring of performance under contracts, and contract restructuring where necessary. Regular reviews by the Credit Group focus on qualitative and quantitative counterparty criteria in order to determine an Internal Credit Rating. This rating is similar to those used by major credit agencies but allows us to assess creditworthiness for those of our customers that do not have an external rating. Industry-standard metrics are applied in the exposure assessment process, such as the ‘Potential Future Exposure’ (PFE), designed to estimate the maximum exposure in the event of a default by a customer.

Payment risk on trade receivables is mitigated using standard instruments, such as letters of credit, credit insurance policies, collateral arrangements or asset security where appropriate.

Noble’s Credit Department is an independent but key strategic partner to all corporate and commercial functions across the Group, and acts as a coordinator for the approval of major transactions and new businesses.

People

Noble encourages career development for all its employees and one important step to achieve this is our annual performance appraisal. Key to our annual appraisals are discussions between managers and employees to review achievements and provide feedback against objectives. This helps the Group to realise each individual's potential and allows our employees to capitalise on opportunities within the global businesses.

In 2016, we had nearly 100 employees transfer between different countries and across different business units or job functions, pursing new opportunities within the Group. This included a number of transfers to Dubai in Metals and Base Metals as we sought to build out new businesses in this key region. This flexibility enables employees to fulfil their entrepreneurial spirit and supports a sense of ownership and accountability within our staff.

The strength of the Global Associate Programme, launched in 2014, can clearly be seen throughout the company, as many alumni from previous years advance through the organisation, developing the skills to become future leaders.

Getting the right people and attracting the most suitable graduates is critical and our recruitment teams target key universities around the world. The selection process is rigorous with hundreds of applicants completing online cogitative ability testing, video interviews and Noble benchmark testing, with the final few having multiple interviews with our Senior Management.

Noble's award winning Associates Programme provides a comprehensive grounding in the commodities market, global supply chains and risk management, through training, assignments and on-the-job rotations. Associates take part in multiple, in-house training weeks to help build their knowledge as well as access to eLearning sites and regular webinars led by Noble Management.

The unique strength of the programme is the high engagement, support and input from Noble Managers throughout the selection and development process through mentoring and on-the-job training. Associates have the ability to learn from, and work closely with, senior managers and are given opportunities throughout the various locations and businesses within the organisation. The Programme develops the skills and capabilities of future professionals and managers and aims to equip associates with the ability to drive strategy and capitalise on business opportunities.

As a global company, we value the diversity of our employees at every level. With just over 1000 employees, we have nearly 50 nationalities across 19 countries. We are committed to hiring and retaining the right people in the right roles for the right places and embracing different cultures, ethnicities, genders and backgrounds. This helps to strengthen our corporate values and foster an open and inclusive work environment. Constructive dialogue and communication is also essential in maintaining this culture and we keep employees updated with news via regular emails from the Co-CEOs and our internal magazine – Noble World. We hold regular office townhalls across our regions, which provide employees an opportunity to share information and ask direct questions of our senior management.

The human resources (HR) teams also conduct detailed reviews on many of our processes and systems to ensure efficiency within the department. We have started to streamline our recruitment systems globally and reviewed and have changed a number of processes to enhance our cost efficiency. We will continue to review our processes and update systems in 2017 to ensure efficiency for the Group.

2016 saw the restructuring of a number of our business operations as we focused on core franchises. HR played an integral role in supporting the businesses to manage effectively these changes. An open dialogue, professionalism and pro-activeness helped the HR teams work closely and engage with management to achieve all our organisational and workforce needs. It is this strong relationship between HR and the business that is the core of Noble's HR function.

Giving Back to the Community

It is a fundamental part of Noble to work for the communities in which we operate. Throughout 2016, our people have volunteered, raised charitable funds, provided educational resources and led community initiatives globally.

The Noble Foundation aims to address the issues of poverty and underdevelopment through collaboration with local organisations. In 2015/2016, we implemented programmes in over 15 countries with a focus on literacy, rural infrastructure, medical and nutritional assistance, disaster relief and boosting local employment opportunities.

In 2016, Noble funded outreach and community initiatives, with over 20 separate sponsorships around the world. More than 15 charities benefited from Noble Americas' dollar-for-dollar matching gift programme.

Below is a selection of the community work that Noble did in 2016.

Jamaica

The Noble Foundation has a total of nine separate community projects in Jamaica in 2016. These range from providing medical equipment to hospitals in the Clarendon and Manchester region to the construction of greenhouses to support farmers and their families impacted by new mining in the North Manchester region. Employees of Jamalco participated in charity runs and marathons to secure funds for a variety of NGO projects.

Indonesia

With a number of operations we have in Indonesia, we tailor our community engagement to meet local needs and tackle developmental challenges in underprivileged regions. Our diverse programme includes rural road maintenance, education, maternal and child health service, religion and social activities at a neighborhood level.

India

Noble supported Room to Read, a non-profit organisation that focuses on improving literacy and gender equality education in the developing world. The funds have been used to support teacher training on reading and writing instruction, and local language books publication in India.

Recognising that girls are at a much higher risk of dropping out in secondary school, we have also funded over 150 girls in the last two years to participate in a holistic education programme which includes mentoring, financial and academic support, life skills training and community engagement.

Mexico

Since 2012, Noble has been involved in a biodiversity and conservation programme in El Carmen, a nature reserve located along the border between Mexico and the US. The area is considered to be one of the five greatest wilderness ecosystems in the world and is home to more than 500 species of plant and over 300 species of animal. In 2016, we funded a student-led research project on forest management, hosting 50 undergraduate biology students for outdoor lab studies as well as our ongoing protection of flora and fauna and the construction of three water sources to support wildlife.

Kenya

CHASE Africa (Community Health and Sustainable Environment) is a UK registered charity that partners with local organisations to operate mobile clinics to provide free family planning throughout rural Kenya. These clinics offer hard-to-find but vital services such as contraception, vaccination and HIV testing. In 2016, Noble pledged a two year grant for this project to enable more than 2,800 families to access contraception, many for the first time.

Responsibility

Continuing our commitment to the UN Global Compact, Noble Group published its sixth Communication on Progress (COP). Corporate sustainability is at the core of how we conduct our business. Our COP reporting has been aligned with the Singapore Stock Exchange's (SGX) Sustainability Reporting Mandate prior to its formal introduction in financial year 2017.

Under the new rules, all companies listed on the SGX must publish an annual report describing their sustainability practices with reference to five primary components: Material Environmental, Social and Governance (ESG) Factors; Policies, Practices & Performance; Targets; Sustainability Reporting Framework; and a Board Statement. Our COP 2016 contains all these components, although some targets for each of the individual ESG Factors will only be included in the 2017 report.

Diversity and equal opportunity

Noble is committed to upholding the United Nations Universal Declaration of Human Rights, the global standard which proclaims that every individual is born free and equal in dignity and rights. We do not tolerate any abuses of human rights and have guidelines in place outlining ethical principles for employees when conducting their duties. We have implemented an equal opportunity policy, offering equal employment opportunities and treatment of all employees and employment applicants regardless of race, national origin, religion, gender, sexual orientation, family status, age or disability. Our work force is represented by nearly 50 nationalities and we have a female to male ratio of 35% in our offices.

Supply chain & social risk management: sustainable sourcing

We trade a variety of physical commodities across the globe. Our scale brings benefits as well as challenges, such as natural-resource use, environmental concerns, and customer expectations. In our strategic partnerships with raw materials producers, we retain a strong focus on supply chain integrity and sustainable sourcing, enabling a high level of product traceability and transparency.

We ensure our partners have explicit policies in place to manage environmental and sustainability risks associated with raw material production, underpinned by a series of international management and performance standards, such as OHSAS 18001, ISO 14001, ISO 9001 and ISO 31000.

In the Democratic Republic of Congo, and adjoining countries, we have stepped up efforts to mitigate potential reputational risks, as well as conforming to the Organisation for Economic Co-operation and Development due diligence guidance to assure we source solely with responsible supply chain participants.

Internally, we formalised our practice in accordance with our Conflict Minerals Policy in 2012, creating a due diligence framework to implement the policy. We have also established a new team to compile relevant data and information about our partners and we regularly visit suppliers, freight-forwarders, warehouses and port terminals to evaluate compliance effectiveness.

Pollution prevention & mitigation

Noble Chartering is recognised for its strategy to use modern ships responsibly. We have modernised our own fleet with fuel efficient engines and ballast water treatment systems; we partner with qualified fleet operators who value safety and pollution prevention and have management systems aligned with best practice and international standards. We also run our own fleet at a speed optimised for lower fuel consumption to save fuel and lower greenhouse gas emissions. Five of our owned ships have Environmental Awareness certification or equivalent notation and all our fleet comply strictly with the latest IMO regulations. Further to our commitment to reduce greenhouse gas emissions, Noble Chartering reaffirmed its use of the RightShip's Greenhouse Gas (GHG) Emissions Rating in our vessel selection process.

Noble Plantations Pte Ltd. is an oil palm grower with two plantations and a total land bank of over 70,000 hectares in Indonesia. It is a member of the Roundtable on Sustainable Palm Oil and expects certification of its first plantation in 2017.

Since 2013, permanent conservation departments at both plantations have been responsible for implementing our integrated conservation master plan. We have published our sustainability criteria to illustrate our approach across critical areas, such as undertaking free, prior and informed consent, assess social and environmental impacts, conservation of forest and high conservation values areas, maintain high carbon stocks areas, no planting on peat and a zero burning policy.

The Group's overall GHG emissions amounted to 3.07 million tCO2e in 2015. We have reached our 2015 target of reducing carbon emissions for our business travel by 15%, which is in addition to the 10% reduction already achieved in 2010.

Supplying the growing demand for cleaner fuels

Noble's business strategy has evolved to incorporate climate change considerations. Our Clean Fuels division is dedicated to providing lower carbon fuel solutions and reducing environmental impacts. We have expanded our liquefied natural gas (LNG) cargoes and have been recognised as one of the top three independent global LNG traders. In partnership with Mansfield Oil in America, we work with a network of renewable fuels production facilities to reach over 200 locations. In 2016, we started production at a world-class ethanol facility in South Bend, Indiana. The new design reduced the wastewater downstream by almost 50% compared to prior operations while converting non-biodegradable effluents to USFDA approved food grade materials. This facility meets the surging demand in eco-friendly transportation fuels and adds 102 million gallons per year to US fuel ethanol production capacity.

Legal compliance and governance on anti-corruption

Noble's risk management structure adopts the highest possible standards to enable a fully integrated approach to control our natural resources producers' exposure to corruption related risks. In addition to our Group-wide policies that state clearly that our business functions must comply with the legal obligations and laws of every jurisdiction in which we operate, our Code of Conduct imposes specific obligations in respect of anti-corruption, anti-trust, anti-money laundering, combating financial crimes, counter financing of terrorism, sanctions and fraud.

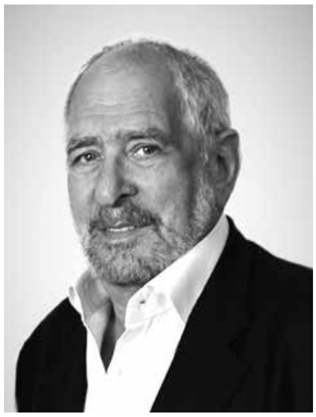
During the reporting year, we have not had any confirmed cases of corruption in our operations. In addition, we also launched the Noble Group Economic Sanctions Policy. Under this, our aim is to minimise potential legal and reputational risks of our staff and business units, setting out procedures that focus on economic sanctions imposed by the US, the EU, the UN and the Monetary Authority of Singapore (MAS). During the reporting year, we had no fines or non-monetary sanctions relating to the non-compliance with laws or regulations.

Our Management

Board of Directors

Richard Samuel Elman

Chairman and Executive Director



Richard Samuel Elman is the founder and Chairman of the Company. Mr. Elman first arrived in Asia during the mid-1960s from England and has more than 50 years' experience in the physical commodities industry. Prior to setting up the Group in 1986, he spent 10 years with Phibro as Regional Director of their Asia operations, including two years in New York as a Board Director.

Jeffrey Scott Frase

Co-CEO and Executive Director

Mr. Frase joined Noble from JP Morgan in New York where he was Managing Director and Global Head of Oil Trading. Prior to JP Morgan, he spent a year at Lehman Brothers as the Head of Global Oil trading, having previously spent 17 years at Goldman Sachs where he was a Managing Director and Global Head of Crude Oil and Derivatives Trading.

William James Randall

Co-CEO and Executive Director

William James Randall is an Executive Director and Co-CEO of the Company. Mr. Randall's career started with Noble in Australia in February 1997, transferring to Asia in 1999 where he established Noble's coal operations, mining and supply chain management businesses. He served as a Director of Noble Energy Inc before being appointed Global Head of Coal & Coke in 2006, and a member of the Noble Group internal management Board in 2008. He was appointed an Executive Director and Head of Hard Commodities in 2012.

For detailed biographies, please see pages 43-45

Board of Directors

Iain Ferguson Bruce

Non-Executive Director

Iain Ferguson Bruce is a Non-Executive Director of the Company. Mr. Bruce joined KPMG in Hong Kong in 1964 and was elected to its partnership in 1971. He was the Senior Partner of KPMG from 1991 until his retirement in 1996 and served as Chairman of KPMG Asia Pacific from 1993 to 1997. Since 1964, Mr. Bruce has been a member of the Institute of Chartered Accountants of Scotland, and is a fellow of the Hong Kong Institute of Certified Public Accountants, with over 50 years international experience in accounting and consulting.

Yu Xubo

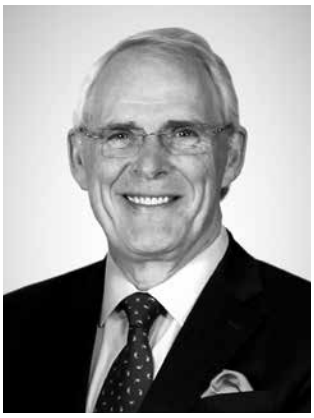
Non-Executive Director

Yu Xubo (Patrick) is a Non-Executive Director of the Company. Mr. Yu has been the President of COFCO Corporation ("COFCO") since 2007, and he is also the Non-Executive Director of China Agri-Industries Holdings Limited (stock code: 0606 HK), Chairman and Non-Executive Director of China Modern Dairy Holdings Ltd. (stock code: 1117 HK), the Managing Director of COFCO (Hong Kong) Limited, the Chairman of COFCO International Limited and COFCO Agri Ltd., and the Chairman of the Supervisory Board of Nidera B.V.

Zhang Shoulin

Non-Executive Director

Zhang Shoulin (David) is a Managing Director at CIC Capital, the direct investment arm of CIC, and is responsible for CIC's investments in agriculture, forestry, fishery and livestock industry around the world. Prior to joining CIC, he was a Managing Director at Barclays Capital, responsible for covering government institutions and the natural resource business in China. He has over 30 years of professional investment, M&A, capital markets, banking and business development experience.



David Gordon Eldon

Vice Chairman

David Gordon Eldon is an Independent Non-Executive Director and Vice Chairman of the Company. He retired as Chairman of The Hongkong and Shanghai Banking Corporation Limited, and as a main Board Director of HSBC Holdings plc, in 2005 after 37 years with the HSBC Group, all of which were spent in the Middle and Far East. He is currently Non-Executive Chairman of HSBC Bank Middle East Limited, of HSBC Bank Oman S.A.O.G., and Octopus Cards Limited.

Christopher Dale Pratt

Lead Independent Director

Christopher Dale Pratt is the Lead Independent Director of the Company. Mr. Pratt was the Executive Chairman of Swire Pacific Limited from February 2006 until his retirement in March 2014. He was also Chairman of Cathay Pacific Airways Limited, Hong Kong Aircraft Engineering Company Limited, John Swire & Sons (H.K.) Limited and Swire Properties Limited, and a Director of Swire Beverages Limited, Air China Limited and The Hongkong and Shanghai Banking Corporation Limited.

Paul Jeremy Brough

Independent Non-Executive Director

Paul Jeremy Brough is an Independent Non-Executive Director of the Company. Mr. Brough is an Independent Non-Executive Director of GL Limited (listed on the Singapore Stock Exchange) and Vitasoy International Holdings Limited (listed on the Hong Kong Stock Exchange); and an Independent Non-Executive Director of Habib Bank Zurich (Hong Kong) Limited, a Hong Kong restricted licence bank. Mr. Brough came to Hong Kong in 1983 to join KPMG, where he became a Partner in 1991, and later became the Senior Partner of Hong Kong.

Robert Tze Leung Chan

Independent Non-Executive Director

Robert Tze Leung Chan is an Independent Non-Executive Director of the Company. He is an experienced banker with 39 years' experience in both commercial and investment banking having worked in London, Malaysia and Singapore. He retired from United Overseas Bank at the end of 2011 after 35 years of service, 25 years of which he was the Chief Executive Officer of United Overseas Bank, Hong Kong.

For detailed biographies, please see pages 43-45

Board of Directors

Irene Yun Lien Lee

Independent Non-Executive Director

Irene Yun Lien Lee is an Independent Non-Executive Director of the Company. Ms. Lee is the Executive Chairman of Hysan Development Company Limited, an Independent Non-Executive Director of Cathay Pacific Airways Limited, CLP Holdings Limited and Hang Seng Bank Limited (all listed on the Hong Kong Stock Exchange); and is an Independent Non-Executive Director of HSBC Holdings plc and The Hongkong and Shanghai Banking Corporation Limited.

Richard Paul Margolis

Independent Non-Executive Director

Richard Paul Margolis is an Independent Non-Executive Director of the Company. Mr. Margolis is a former diplomat, investment banker and businessman with more than 30 years' experience in Greater China. He currently holds senior advisory roles with the Holdingham Group, Rothschild (Investment Bank) and Milestone Capital.

David Yeow

Independent Non-Executive Director

David Yeow is an Independent Non-Executive Director of the Company. Mr. Yeow is an Independent Non-Executive Director of Bund Center Investment Ltd (listed on the Singapore Stock Exchange) since February 2010. He is a Senior Partner and (since 1999) also an executive committee member of Rajah & Tann LLP. In the past two decades, Mr. Yeow was the primary external legal advisor to the Singapore International Monetary Exchange Limited.

For detailed biographies, please see pages 43-45

Ambassador Burton Levin

1930 - 2016

Burt Levin passed away in October 2016 in the United States. His loss is felt keenly by all of us at Noble.

Burt joined the Board of this company in 1996; he stepped down earlier this year after two decades of exceptional contribution. At the time Burt joined we were a private company and a very small business. Our turnover for that year amounted to US$ 677.5 million; our net profit was US$ 20.3 million and that was a good year. We were small but growing; we could see the demand that was going to explode as China and India developed and how imagined opportunities to link far flung places across the globe to provide vital commodities to hungry end-consumers would become necessities. We could see these things were just over the horizon because we were in the business, but not many other people could see them. I was accustomed to friends patiently listening to my dreams for Noble while rolling their eyes.

Burt never once rolled his eyes. He had spent his career in Asia and had lived through the terrible turmoil across the region after World War II and through the Korean War, the Vietnam War and the sometimes painful emergence of new nations such as Singapore, Malaysia and Indonesia. He could see what was coming and saw it with certainty. When we invited him to join our Board he accepted without hesitation.

We were incredibly fortunate that he did so.

Burt brought an invaluable perspective. He was generally regarded as the Dean of the US diplomatic corps in Asia, thanks to his long and varied service in the region. He had come to Taiwan as a young Foreign Service officer in the early 1950s to study Mandarin and he became perfectly fluent both in the language and, more importantly, Chinese culture. As he used to say with a laugh, not bad for a boy from Brooklyn. He served the US State Department across Asia, rising in seniority and responsibility as he did so. Ultimately, he capped his career with two important postings at vital times for his country – as Ambassador to Burma at the time of great social protests there (1987 - 1990) and as Consul General to Hong Kong through a great part of the 1980s, coinciding with the fraught issue of planning for handover. In both cases he was a beacon of integrity, reason and hope, and an inspiration to a generation of diplomats across Asia.

When Burt joined the Board of the Noble Group he immediately rolled up his sleeves and got to work for the company. We were growing quickly into new markets and with new products. Burt established at Board level policies and expectations for behaviour which flowed into all of our business lines. He was our secret weapon whenever we sought to expand into new markets and worked with both national and local government officials. Burt could explain their views to management and explain our goals to them so that common agreements were reached. These agreements typically did not have to be written down; they were agreements on genuine principles. Such was the measure of the man. Inevitably in the day-to-day running of the business we would encounter problems, disagreements, and hiccups of one sort or another. The principles that Burt helped us establish were key in working through these.

Burt was a man of very serious measure and common sense, but he was also a man of great good humour. I will always remember the twinkle in his eye as he would stand at some formal dinner in a remote city of China and start to recite classical Chinese verse, knowing that soon jaws around him would drop in astonishment; or his propensity to jump on stage to join a troupe of young singers, equaling their high standard. He never minded the smiles he got in return!

Burt was a tremendous supporter of Noble. He knew us before anyone else had heard of us; he helped us grow and, more recently, as our markets have contracted, he was a staunch ally and counsel, knowing that the company had been through more challenging times and would prosper again as cycles stabilised.

We all miss him terribly.

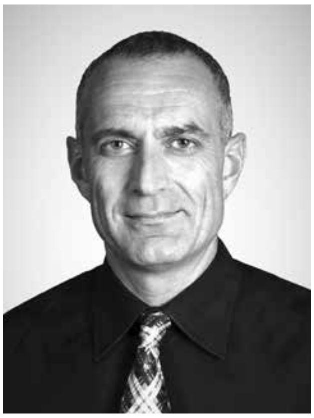
Thank you Burt.

Senior Management

Paul Jackaman

Group Chief Financial Officer

Paul received his degree in Business Maths from Kent University in 1994 before joining Deloitte & Touche in London. In 1997 he qualified as a Chartered Accountant before leaving to start a 17 year career in Investment Banking & Commodities at Bear Stearns, JP Morgan, Nomura and Macquarie and across Europe, US and Asia-Pacific. In 2010 he relocated to Sydney as CFO of Macquarie's Fixed Income, Currencies and Commodities business combining this responsibility with head of finance for EMEA. He joined Noble in 2014.



Neil Dhar

Chief Operating Officer

Neil has over 25 years of softs, energy, and hard commodities experience. He started his career as a Commodities Trader at a US investment bank, followed by Head of Trading at a European Utility. He then spent five years as Chief Commercial Officer at a FTSE 100 global mining company before joining Noble early in 2010. Neil holds a Bachelor's degree in Agricultural Science from Melbourne University, Australia, and a Master's degree in Science from the London Business School, UK.

Phil Murnane

Chief Operating Officer - Global Energy, Europe and the Americas

Phil has worked across the commodities sector from base metals to oil liquids, power and gas, working at Deloitte, Centrica and Glencore prior to joining Noble in 2011. Prior to his role as Chief Operating Office of the Global Energy Businesses, Phil led financial planning and analysis for the Group and was Chief of Staff.

David Port

Group Chief Risk Officer

David brings to Noble over 20 years of international Trading and Risk Management experience. He joined us in early 2016 from E.On Global Commodities in Düsseldorf, Germany where he was Chief Risk Officer and a member of the Board. He was previously a Partner and Chief Risk Officer with Infinium Capital Management and at Saracen Pure Energy in Houston. David has a B.Sc. in Physics from the University of Warwick, U.K. and holds the professional qualifications of ACA (Institute of Chartered Accountants) and AMCT (Association of Corporate Treasurers) in the UK.

Wildrik de Blank
Group Treasurer

Wildrik began his career in Financial Management with Shell Jakarta, followed by syndication, commodity finance and senior management roles at MeesPierson/Fortis Bank in the Netherlands, Sydney, Shanghai and Hong Kong. At Noble, Wildrik is responsible for all treasury and debt capital markets related activities, including funding and liability management, trade finance, cash & liquidity management and financial risk management. He holds a Master's degree from the Rotterdam School of Management at the Erasmus University Rotterdam.

Jeff Alam
Group General Counsel

Jeffrey has been Noble Group General Counsel since August 2005. Prior to joining Noble, Jeffrey served as General Counsel to AIG's Asia investment businesses before becoming Executive Director in the Law Division of Morgan Stanley. Jeffrey holds an LLB Hons (Manchester) and is qualified to practice law in Hong Kong and England.

Alison Bott
Group Head of Human Resources

Alison has over 16 years of Human Resources experience. She joins Noble from Goldman Sachs where she was a partner running the Human Capital Management Asia for 6 years based in Hong Kong. Alison also served on the Asia Pacific Management Committee and Human Capital Management Global Executive Committee. Alison has a BSc from London University. She joined Noble in January 2016.

Our Financials

Pages

Board of Directors

Executive Directors
Richard Samuel Elman – Chairman
William James Randall – Co-Chief Executive Officer
Jeffrey Scott Frase – Co-Chief Executive Officer

Non-Executive Directors
Iain Ferguson Bruce
Yu Xubo
Zhang Shoulin

Independent Non-Executive Directors
David Gordon Eldon – Vice Chairman
Christopher Dale Pratt – Lead Independent Director
Paul Jeremy Brough
Robert Tze Leung Chan
Irene Yun Lien Lee
Richard Paul Margolis
David Yeow

Audit Committee
Paul Jeremy Brough – Chairman
Iain Ferguson Bruce
Irene Yun Lien Lee
Christopher Dale Pratt
David Yeow
Zhang Shoulin

Nominating Committee
David Gordon Eldon – Chairman
Richard Paul Margolis – Vice Chairman
Irene Yun Lien Lee
Christopher Dale Pratt
David Yeow

Remuneration and Options Committee
Christopher Dale Pratt – Chairman
Richard Samuel Elman
Paul Jeremy Brough
Robert Tze Leung Chan

Corporate Governance Committee
David Gordon Eldon – Chairman
Richard Paul Margolis – Vice Chairman
Iain Ferguson Bruce
Robert Tze Leung Chan
David Yeow
Yu Xubo

Corporate Social Responsibility & Government Relations Committee
Richard Paul Margolis – Chairman
William James Randall – Vice Chairman
Jeffrey Scott Frase
Robert Tze Leung Chan
David Yeow

Investment and Capital Markets Committee
David Gordon Eldon – Chairman
Christopher Dale Pratt – Vice Chairman
Richard Samuel Elman
William James Randall
Jeffrey Scott Frase
Paul Jeremy Brough
Irene Yun Lien Lee
Zhang Shoulin

Risk Committee
David Gordon Eldon – Chairman
Christopher Dale Pratt – Vice Chairman
Paul Jeremy Brough
Irene Yun Lien Lee
Richard Paul Margolis
Yu Xubo

Corporate Information

Head Office
18th Floor, China Evergrande Centre
38 Gloucester Road
Hong Kong

Company Secretary
Chee Ying Lim, LLB (Hons), FCIS

Registered Office
Clarendon House, Church Street
Hamilton, HM 11
Bermuda
Telephone: +1 (441) 295 5950
Facsimilie: +1 (441) 292 4720

Auditors
Ernst & Young
Audit Partner-In-Charge
Peter Markey (since February 2016)

Share Registrar and Transfer Agent
Codan Services Limited
Clarendon House
2 Church Street
Hamilton, HM11
Bermuda

Share Transfer Agent
B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

Legal Advisors to the Company
Allen & Gledhill
Linklaters

Principal Bankers

ABN Amro Bank

Banco do Brasil

Bank of America Merrill Lynch

Bank of China

Bank Mandiri

BNP Paribas

China Development Bank

Citigroup

Crédit Agricole

DBS Bank

First Gulf Bank

Goldman Sachs

Industrial and Commercial Bank of China

Intesa Sanpaolo

ING Bank

JP Morgan

Landesbank Baden-Württemberg

Macquarie

Mizuho Corporate Bank

Morgan Stanley

National Bank of Abu Dhabi

Natixis

Rabobank International

Société Générale

Standard Chartered Bank

State Bank of India

The Bank of Toyko – Mitsubishi UFJ

The Hongkong and Shanghai Banking Corporation

United Overseas Bank

THE DIRECTORS PRESENT THEIR REPORT AND THE AUDITED FINANCIAL STATEMENTS OF NOBLE GROUP LIMITED ("THE COMPANY") AND ITS SUBSIDIARIES (TOGETHER "THE GROUP") FOR THE YEAR ENDED 31 DECEMBER 2016 (THE "YEAR").

Principal activities
The principal activities of the Company comprise investment holding and trading.

During the year, the principal activities of the Company's subsidiaries, joint ventures and associates comprise managing a global supply chain of industrial and energy products, and managing a diversified portfolio of essential raw materials, integrating the sourcing, marketing, processing, financing and transportation of those materials.

During the year, the Group owned and managed a portfolio of strategic assets, with interests in coal and iron ore mines, fuel terminals and storage facilities, vessels and other key infrastructure facilities.

Results and dividends
The Group's result for the year ended 31 December 2016 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 55 to 165.

No dividend is proposed in respect of the year ended 31 December 2016.

Property, plant and equipment
Details of movements in the property, plant and equipment of the Group are set out in note C2.3 to the financial statements.

Subsidiaries
Particulars of the Company's principal subsidiaries are set out in note E1 to the financial statements.

Joint ventures
Particulars of the Group's joint ventures are set out in note C4.3 to the financial statements.

Associates
Particulars of the Group's associates are set out in note C4.4 to the financial statements.

Bank debts
Details of the bank debts of the Group are set out in note D3.2 to the financial statements.

Share capital
Details of movements in the Company's share capital during the year are set out in note D5.2 to the financial statements.

Material interests in contracts of significance
None of the Chief Executive Officer or Co-Chief Executive Officers (as the case may be), Directors or controlling shareholders had a material interest in any contract of significance to the business of the Group or any loan agreement to which the Company or any of its subsidiaries was a party at any time during the year.

Board of Directors

The Directors of the Company during the year were as follows:

Richard Samuel Elman, Chairman
David Gordon Eldon, Vice Chairman
William James Randall, Co-Chief Executive Officer(1)
Jeffrey Scott Frase, Co-Chief Executive Officer(1)(2)
Yusuf Alireza, Chief Executive Officer(3)
Christopher Dale Pratt, Lead Independent Director
Paul Jeremy Brough
Iain Ferguson Bruce
Robert Tze Leung Chan
Irene Yun Lien Lee
Ambassador Burton Levin(4)
Richard Paul Margolis
Alan Howard Smith(4)
David Yeow
Yu Xubo
Zhang Shoulin(5)

(1) Appointed as Co-Chief Executive Officer on 30 May 2016
(2) Appointed as Executive Director on 31 May 2016
(3) Resigned on 30 May 2016
(4) Retired on 14 April 2016
(5) Appointed as Non-Executive Director on 11 August 2016

Messrs. Iain Ferguson Bruce, Richard Paul Margolis, William James Randall and Robert Tze Leung Chan, being the Directors longest in office since their last re-election, will retire by rotation at the forthcoming Annual General Meeting in accordance with the Company's Bye-law 86, which requires one-third of the Directors to retire from office by rotation at each Annual General Meeting. Messrs. Jeffrey Scott Frase and Zhang Shoulin will retire pursuant to Bye-law 85(2). Messrs. Iain Ferguson Bruce, Richard Paul Margolis, William James Randall, Jeffrey Scott Frase and Zhang Shoulin will offer themselves for re-election at the forthcoming Annual General Meeting. Mr. Robert Tze Leung Chan will not offer himself for re-election.

Directors' interests in securities

As at 21 January 2017, the Directors who held office as at 31 December 2016 had the following interests in the securities of the Company:

Number of shares of HK$0.25 each held:

NAME OF DIRECTOR	NOTES	DIRECT INTEREST	DEEMED INTEREST	TOTAL INTEREST
RICHARD SAMUEL ELMAN	1	–	2,431,162,867	2,431,162,867
WILLIAM JAMES RANDALL	2	59,556,393	6,780,400	66,336,793
JEFFREY SCOTT FRASE	3	7,039,004	4,237,750	11,276,754
IAIN FERGUSON BRUCE	4	2,474,062	–	2,474,062
ROBERT TZE LEUNG CHAN	5	600,000	–	600,000
IRENE YUN LIEN LEE	6	500,000	–	500,000
RICHARD PAUL MARGOLIS	7	260,000	–	260,000
CHRISTOPHER DALE PRATT	8	400,000	–	400,000
DAVID YEOW	8	20,000	–	20,000

Notes:

1. Mr. Elman has an aggregate deemed interest in 2,431,162,867 shares which are held by Noble Holdings Limited ("**NHL**") or in which NHL is deemed to have an interest. NHL's aggregate interest in 2,431,162,867 shares comprises (i) 2,397,266,413 shares held by NHL; and (ii) 33,896,454 shares held by NHL's wholly-owned subsidiary, Temple Trading Asia Limited ("**TTAL**"). NHL is a company registered in Bermuda and TTAL is a company incorporated in Hong Kong. NHL is beneficially wholly-owned by a discretionary trust, the beneficiaries of which include the children of Mr. Elman but not Mr. Elman himself. Fleet Overseas (New Zealand) Limited, a company incorporated in New Zealand, is the trustee of the discretionary trust.

2. Mr. Randall has an aggregate interest in 66,336,793 shares comprising (i) a direct interest in 59,556,393 shares held by Goldman Sachs for the benefit of Mr. Randall and Simone Lourey; and (ii) a deemed interest in 6,780,400 shares held by a trust for the benefit of Mr. Randall. As at 31 December 2016, the number of outstanding share options and share awards granted to Mr. Randall was 51,184,086 and 1,266,093 respectively.

3. Mr. Frase has an aggregate interest in 11,276,754 shares comprising (i) a direct interest in 7,039,004 shares which are registered in the name of a nominee; and (ii) a deemed interest in 4,237,750 shares held by a trust for the benefit of Mr. Frase. As at 31 December 2016, the number of outstanding share options and share awards granted to Mr. Frase was 18,500,000 and 3,009,450 respectively.

4. These shares are registered in the name of nominees. As at 31 December 2016, the number of outstanding share options granted to Mr. Bruce was 436,361.

5. These shares are registered in the name of nominees. As at 31 December 2016, the number of outstanding share options granted to Mr. Chan was 436,361.

6. These shares are registered in the name of nominees. As at 31 December 2016, the number of outstanding share options granted to Ms. Lee was 250,000.

7. These shares are registered in the name of nominees. As at 31 December 2016, the number of outstanding share options granted to Mr. Margolis was 200,000.

8. These shares are registered in the name of nominees.

9. As at 31 December 2016, the number of outstanding share options granted to Mr. David Gordon Eldon was 822,725.

10. During the year, no share awards were granted under the Noble Group Performance Share Plan ("**PSP**"), as set out in note E6 to the financial statements.

Corporate Governance

The Directors are committed to maintaining a high standard of corporate governance within the Group. Good corporate governance establishes and maintains a legal and ethical environment in the Group which strives to promote the interests of all shareholders. The Company has adhered to the principles and guidelines set out in the Singapore Exchange Securities Trading Limited ("**SGX**") Code of Corporate Governance 2012 (the "**Code of Corporate Governance**"), save as disclosed below in relation to areas of deviation from the Code of Corporate Governance. Where applicable, the Company has established various self-regulatory and monitoring mechanisms to ensure that effective corporate governance is practiced. The Company believes that it is in compliance in all material respects with the Code of Corporate Governance. The following describes the Company's corporate governance processes and activities.

1. Board of Directors (Principle 1 and Principle 2 of the Code of Corporate Governance)

Key information regarding the Directors is provided in the "Directors' biographies" section below. Details of the number of Board and certain Committee meetings held during the year ended 31 December 2016 and the attendance of each Board member at those meetings are set out below.

The Board comprises 13 Directors at the date of this report, 8 of whom are Independent Non-Executive Directors, whose objective judgment on corporate affairs and collective experience is valuable to the Group. The Board is of the view that its size is appropriate, taking into account the nature and scope of operations of the Group. The Directors as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

The Non-Executive Director's role, amongst others, is to constructively challenge and help develop proposals on strategy, review the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance.

The following are the Executive, Non-Executive and Independent Non-Executive Directors of the Company at the date of this report.

Executive Directors
Richard Samuel Elman, Chairman
William James Randall, Co-Chief Executive Officer
Jeffrey Scott Frase, Co-Chief Executive Officer

Non-Executive Directors
Yu Xubo
Zhang Shoulin

Independent Non-Executive Directors
David Gordon Eldon, Vice Chairman
Christopher Dale Pratt, Lead Independent Director
Paul Jeremy Brough
Iain Ferguson Bruce*
Robert Tze Leung Chan
Irene Yun Lien Lee
Richard Paul Margolis
David Yeow

The Independent Directors make up over 50% of the Board; led by the Lead Independent Director, they meet periodically without the other Directors being present.

Independence: Three of the Independent Non-Executive Directors have served on the Board for more than nine years. As part of its annual review of the Board, the Nominating Committee has conducted a particularly rigorous review of the performance of those Directors, giving particular consideration to each Director's competencies, commitment, contribution and performance, both at and outside Board and Committee meetings; and whether the Director has been able, and will in future be able, to devote sufficient time and attention to discharging his duties in an independent and impartial manner as a Director, taking into account his other Board representations or other commitments (both voluntary and remunerated). The Board is satisfied that David Gordon Eldon continues to meet the requirements of being an Independent Non-Executive Director.

Proceedings (Principle 6 of the Code of Corporate Governance): The Board meets regularly to oversee the business affairs of the Group. To assist the Board in discharging its duties, papers are provided to Directors in a timely manner before each meeting. Routine items include briefings on the Group's financial results which are released quarterly; presentations from business units, Treasury, Risk, and other support functions; and reports from the Chairmen of the respective Board Committees on those proceedings. Regular reports are also received from the Chief Executive Officer or Co-Chief Executive Officers (as the case may be), and discussions held throughout the year on strategic matters.

Access (Principle 6 of the Code of Corporate Governance): All Directors have unrestricted access to the Group's records and information through requests for further explanations, briefings and informal discussions on the Group's operations or business issues from management. The Board has separate and independent access to the Company's senior management. The Directors are updated on changes to the SGX regulations and other regulatory and statutory requirements as required.

The Directors have separate and independent access to the Company Secretary, Ms. Chee Ying Lim. The Company Secretary is responsible for ensuring that all Board procedures are followed and, together with key management staff, assists with ensuring that the Company complies with applicable requirements, rules and regulations. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the Board and its committees and between senior management and Non-Executive Directors, as well as facilitating orientation and assisting with professional development as required. The appointment and removal of the Company Secretary is a matter for the Board as a whole. There are also in place procedures for Directors to take independent professional advice at the Company's expense.

* Mr. Iain Ferguson Bruce was re-designated as a Non-Executive Director on 1 March 2017 following the date of this report.

Induction: The Company has an induction programme for newly appointed Directors to ensure that they meet with key executives, and are familiar with the Group structure and the Company's businesses and operations. Upon the appointment of a Director, the Company provides a formal letter to the Director setting out various administrative matters, and the Director's duties, obligations and expected time commitment.

Training: Ad hoc presentations to Directors are arranged as required to coincide with scheduled meetings; briefings on various matters are routinely delivered at Board meetings. Directors also attend the annual two-day off-site Annual Business Meeting. The Company facilitates off-site training for its Directors through attending external courses and seminars to update them on applicable new laws, regulations and changing commercial risks as needed.

Meetings: The Board held twelve Board meetings during the year ended 31 December 2016. The Company's bye-laws provide for Directors to participate in Board meetings by telephone conference and similar communication methods, and for Board resolutions to be passed in writing, including by electronic means. The Directors' attendance at Board meetings, and at Audit Committee, Remuneration and Options Committee, and Nominating Committee meetings (being the three Committees recommended under the Code of Corporate Governance), including attendance by telephone conference and power of attorney during the year ended 31 December 2016, were as follows:

	BOARD	AUDIT COMMITTEE	REMUNERATION AND OPTIONS COMMITTEE	NOMINATING COMMITTEE
NUMBER OF MEETINGS	12	11	4	2
RICHARD SAMUEL ELMAN	12	*	4	*
YUSUF ALIREZA[a]	6	*	*	*
WILLIAM JAMES RANDALL	12	*	*	*
JEFFREY SCOTT FRASE[b]	6	*	*	*
PAUL JEREMY BROUGH	12	11	4	*
IAIN FERGUSON BRUCE	11	11	*	*
ROBERT TZE LEUNG CHAN	12	*	4	*
DAVID GORDON ELDON	12	*	*	2
IRENE YUN LIEN LEE	12	11	*	2
AMBASSADOR BURTON LEVIN[c]	2	*	*	*
RICHARD PAUL MARGOLIS	12	*	*	2
CHRISTOPHER DALE PRATT	10	10	4	*
ALAN HOWARD SMITH[c]	4	*	1	*
DAVID YEOW	12	11	*	2
YU XUBO	11	*	*	*
ZHANG SHOULIN[d]	4	2	*	*

* Not applicable
(a) Resigned on 30 May 2016
(b) Appointed on 31 May 2016
(c) Retired on 14 April 2016
(d) Appointed on 11 August 2016

The Board, the Nominating Committee, and the Remuneration and Options Committee also considered various matters by Resolution in Writing throughout the year.

Chairman and Chief Executive Officer ("CEO") or Co-Chief Executive Officers ("Co-CEOs") (Principle 3 of the Code of Corporate Governance): The posts of Chairman and CEO or Co-CEOs (as the case may be) were held by separate persons throughout the year, who were not related to each other.

The Board has agreed the division of responsibilities between the Chairman and CEO or Co-CEOs (as the case may be). The Chairman's responsibilities include leadership of the business of the Group, and ensuring timely reporting to, and effective communication with, investors; leadership of the Board and Board proceedings; ensuring that all Directors are properly briefed on issues arising at Board meetings and that they receive accurate, timely and clear information; and ensuring, through the Board and the Company Secretary, that good corporate governance practices and procedures are followed.

The CEO's or Co-CEOs' (as the case may be) responsibilities include leadership of the management function, and day-to-day operations of the Group; implementing Board approved strategies and objectives; developing long term Group strategies for endorsement by the Chairman and approval by the Board; regularly reporting to the Board on the financial performance of the Group and adequacy of liquidity and capital; and monitoring and reviewing the effectiveness of the risk management function, and the operations of the Executive Capital and Risk Committee. The Co-CEOs split their responsibilities geographically: (i) one of the Co-CEOs oversees the Americas and European businesses; and (ii) the other Co-CEO oversees all non-American and non-European businesses. The CEO or Co-CEOs (as the case may be) report(s) to the Chairman.

Committees: The Board has established Audit, Nominating, and Remuneration and Options Committees (in accordance with the Code of Corporate Governance), and Corporate Governance, Corporate Social Responsibility & Government Relations, Investment and Capital Markets, and Risk Committees. Further details on each Committee are contained in the Company's website.

Appointments and Reappointments (Principle 4 of the Code of Corporate Governance): The process by which a new Director is identified includes the Nominating Committee each year reviewing the structure, size and composition (including the skills, knowledge and experience) required of the Board, and making recommendations as appropriate to the Board with regard to any changes which may be required, and by the Chairman consulting individually with Directors on possible candidates. Particulars of any proposed appointment are considered by the Nominating Committee, which submits a recommendation to the Board for consideration.

The Nominating Committee also makes recommendations to the Board on Directors' seeking re-election at General Meetings, having regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required including, if applicable, as an Independent Non-Executive Director.

The following is a table reflecting the date Directors were initially/first appointed and last re-elected/reappointed:

DIRECTORS	DATE OF INITIAL/ FIRST APPOINTMENT AS DIRECTOR	DATE OF LAST RE-ELECTION/ REAPPOINTMENT AS DIRECTOR
RICHARD SAMUEL ELMAN	6 April 1994	14 April 2016
WILLIAM JAMES RANDALL*	6 February 2012	16 April 2014
JEFFREY SCOTT FRASE[a]*	31 May 2016	–
PAUL JEREMY BROUGH	6 May 2015	14 April 2016
IAIN FERGUSON BRUCE*	9 April 2002	16 April 2014
ROBERT TZE LEUNG CHAN#	16 August 1996	17 April 2015
DAVID GORDON ELDON	1 January 2007	14 April 2016
IRENE YUN LIEN LEE	1 March 2012	17 April 2015
RICHARD PAUL MARGOLIS*	20 June 2013	16 April 2014
CHRISTOPHER DALE PRATT	3 June 2014	17 April 2015
DAVID YEOW	14 July 2015	14 April 2016
YU XUBO	24 June 2015	14 April 2016
ZHANG SHOULIN[b]*	11 August 2016	–

(a) Appointed on 31 May 2016

(b) Appointed on 11 August 2016

* will offer himself for re-election at the forthcoming Annual General Meeting.

\# will retire by rotation at the forthcoming Annual General Meeting and will not offer himself for re-election.

Assessments (Principle 5 of the Code of Corporate Governance): Evaluation of the performance of the Board is conducted by each Director completing a questionnaire containing a wide range of questions. The results are considered by the Nominating Committee, and submitted to the Board for consideration, together with any recommendations on changes that may be required.

A similar performance assessment is conducted on the Audit, Nominating, and Remuneration and Options Committees.

The individual performance of Directors is assessed each year by the Chairman and the Lead Independent Director, taking into consideration each Director's knowledge of the Group's businesses, attendance at Board meetings, time commitment to the Group's business, contributions to Board proceedings and comprehension of issues considered, contributions made outside Board meetings, overall involvement with the Group's activities, and competencies provided to the Board and the Group as a whole.

Other directorships (Principle 4 of the Code of Corporate Governance): The Board does not feel that it is appropriate or necessary to set a limit on the number of listed company board appointments which Directors may hold. Each Director will be expected to devote sufficient time as is necessary to discharge his or her duties as a Director, and circumstances surrounding a Director's available time to devote to the Group's business will vary from person to person.

Furthermore, the annual evaluation of a Director's performance will take into account the Director's contribution both at and outside Board and Committee meetings, and time spent on the Group's business; a Director's other directorships and principal commitments will also be taken into account.

2. Audit Committee (Principle 12 of the Code of Corporate Governance)

The Audit Committee was comprised of six Directors as at 31 December 2016, all being Independent Non-Executive Directors, including the Chairman. At least two members of the Audit Committee, including the Chairman, have recent and relevant accounting or related financial management expertise or experience, as recommended by the Code of Corporate Governance. The members of the Audit Committee as at 31 December 2016 were Mr. Iain Ferguson Bruce* (Chairman), Mr. Paul Jeremy Brough* (Vice Chairman), Ms. Irene Yun Lien Lee, Mr. Christopher Dale Pratt (Lead Independent Director), Mr. David Yeow and Mr. Zhang Shoulin.

Members keep abreast of changes to accounting standards and issues impacting the financial statements by means of briefings from the external auditors, and attendance as required at external seminars and conferences.

The key role of the Audit Committee is to assist the Board in meeting its responsibilities relating to financial accounting and reporting obligations; oversight of the external and internal auditors and their work; and adequacy of internal controls and the risk management system.

The Committee reviewed the Group's quarterly results announcements together with the corresponding Management Discussion and Analysis, SGX announcements and any related media releases. It also received and discussed quarterly reports from the Group Chief Financial Officer and the external auditors with respect to the quarterly and full-year results, prior to their publication. Such reviews included consideration of accounting policies and practices, the impact of new accounting standards, and the accounting treatment of any material transactions which took place during the year.

The Committee has also reviewed and agreed with the Group Head of Internal Audit the scope and timing of the internal audit teams work during the year. The Group Head of Internal Audit attends Committee meetings at the invitation of the Committee Chairman and reports on the adequacy of the Group's internal financial, operational, compliance and information technology controls and processes. The Committee also ensures that a review of the effectiveness of the Group's internal controls is conducted at least annually.

In view of the geographical spread of the Group's operations and restructuring of its operations the Committee also monitors tax risk, assets or provisions held for tax and deferred tax. The Group Chief Financial Officer and the external auditors brief the Committee on Group-specific and general tax-related developments throughout the year.

In 2016, at the request of the Board, the Committee specifically assessed the following significant financial reporting matters:

(i) The governance and internal reporting for long term commodity contracts, together with the related accounting policies. This review included an accounting assessment of individual material long term contracts and back testing of gains and losses included in the consolidated income statement.
(ii) The ability of the Group to continue as a going concern, based on forecast cash flows from the Group's operations and capital raising initiatives, sources of available liquidity and liquidity headroom, and debt maturity profile.
(iii) Whether impairment indicators existed in relation to the Group's non-current assets, current assets, and long term loans and relevant impairment assessments were appropriately performed. This work included a review of the work undertaken by the Group Chief Financial Officer and comments from the external auditors.
(iv) The recording of the gain on sale, and related tax liabilities, in respect of completion of the disposal of the Group's interests in COFCO Agri Limited (formerly known as Noble Agri Limited) in March 2016 and Noble Americas Energy Solutions LLC in December 2016.
(v) The recording of the rights issue, and related proceeds, which was completed on 1 August 2016.

The Committee and the external auditors agreed the list of significant matters relevant to the financial statements as well as the key audit matters identified by the external auditors.

The Committee has reviewed the final draft of the Group's 2016 audited financial statements and has advised the Board that it is satisfied that they are fairly presented and has recommended their adoption.

* Mr. Paul Jeremy Brough was appointed as Chairman of the Audit Committee in replacement of Mr. Iain Ferguson Bruce (who remained as a member of the Audit Committee) on 1 March 2017 following the date of this report.

During the year, the Committee's deliberations included:

(i) reviewing the annual audit plan of the external auditors;
(ii) reviewing the results of the external auditors' examination and its cost effectiveness;
(iii) reviewing the Company's quarterly and annual year-end results announcements, the financial statements of the Company and the consolidated financial statements of the Group before submission to the Board for approval of release of the results announcement to SGX;
(iv) reviewing the co-operation given by the Company's officers to the external auditors;
(v) reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
(vi) reviewing the adequacy and effectiveness of the Company's internal controls and risk management policies and systems;
(vii) reviewing the effectiveness of the Company's internal audit function; and
(viii) making recommendations to the Board on the appointment and remuneration of the external auditors.

The Audit Committee reviews from time to time arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Audit Committee's objective in this regard is to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up actions to be taken.

The Audit Committee has explicit authority to investigate any matter within its terms of reference, has full access to and co-operation of management, full discretion to invite any Director or executive officer to attend its meetings, and has reasonable resources to enable it to discharge its functions properly. The Audit Committee meets with the external and internal auditors without the presence of management at least once a year.

The Audit Committee, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The Audit Committee has recommended to the Board the nomination of the auditors, Ernst & Young, for re-appointment at the forthcoming Annual General Meeting of the Company.

3. Remuneration and Options Committee (Principle 7 and Principle 8 of the Code of Corporate Governance)

The members of the Remuneration and Options Committee as at 31 December 2016 were Mr. Christopher Dale Pratt (Chairman and Lead Independent Director), Mr. Robert Tze Leung Chan, Mr. Richard Samuel Elman and Mr. Paul Jeremy Brough. The majority of the Committee members, including the Chairman, are Independent Non-Executive Directors. Mr. Elman (the founder and Chairman of the Company) has an extensive knowledge of the remuneration requirements throughout the diverse operations of the Group, and provides valuable input into the remuneration deliberations and decisions of the Committee.

The Committee reviews all matters concerning the remuneration of senior management, including the bonus schemes, to ensure that they are competitive and sufficient to attract, retain and motivate personnel of the quality required to run the Company successfully.

The Executive Directors are paid a basic salary and a performance-related bonus. The remuneration policy for key management executives takes into consideration the Company's performance and the responsibilities and performance of individual key management executives.

The Company has an incentive remuneration programme, designed to incentivise employees and reward those who, in the view of the Committee, among other things demonstrate a sustained performance over a number of years, show that they possess skills and abilities which the Company values and wishes to encourage, and indicate a potential for higher level promotion. All employees of the Group are eligible to participate in this programme, which consists of an annual discretionary bonus, the amount and timing of which are determined annually by the Remuneration and Options Committee. To further align the financial interests of senior managers with those of shareholders, the Company links incentive compensation for senior management primarily to Group and divisional earnings. The Company may use additional role-specific measures, such as revenue generation, profit margins and building organisational capability, for both senior management and other employees. Performance appraisals are conducted for all employees yearly, and performance results are used to determine remuneration. Senior managers' bonuses may be paid partly in cash and partly in Company shares or, at their option, wholly in cash.

4. Nominating Committee

The members of the Nominating Committee as at 31 December 2016 were Mr. David Gordon Eldon (Chairman), Mr. Richard Paul Margolis (Vice Chairman), Ms. Irene Yun Lien Lee, and Mr. David Yeow. Mr. Christopher Dale Pratt was appointed as a member of the Nominating Committee on 20 February 2017. All of the Committee members, including the Chairman (who is not associated with any substantial shareholder), are Independent Non-Executive Directors.

The Nominating Committee is responsible for evaluating and making recommendations to the Board on all Board appointments and re-appointments. The Committee is also responsible for:

(i) regularly reviewing the structure, size and composition of the Board, and recommending changes as necessary;
(ii) conducting a formal assessment of the effectiveness of the Board and certain Committees, and the contribution by each Director to the effectiveness of the Board;
(iii) considering succession planning of Directors and other senior executives, including the key roles of Chairman and Chief Executive Officer;
(iv) recommending to the Board annually which Directors are independent; and
(v) determining expected time commitments from Directors in discharging their duties, and considering any limitations on listed company board appointments which Directors may hold.

All Directors are required to submit themselves for re-election by shareholders at regular intervals pursuant to the provisions of the Company's bye-laws.

5. Risk Committee (Principle 11 of the Code of Corporate Governance)

The members of the Risk Committee as at 31 December 2016 were Mr. David Gordon Eldon (Chairman), Mr. Christopher Dale Pratt (Vice Chairman and Lead Independent Director), Ms. Irene Yun Lien Lee, Mr. Richard Paul Margolis, Mr. Yu Xubo and Mr. Paul Jeremy Brough.

The Risk Committee provides oversight of, and advice to the Board on, high level risk related matters and risk governance issues, other than those relating to financial reporting matters covered by the Audit Committee; including, as appropriate, consideration of reputational, political and operational risks.

6. Corporate Governance Committee

The members of the Corporate Governance Committee as at 31 December 2016 were Mr. David Gordon Eldon (Chairman), Mr. Richard Paul Margolis (Vice Chairman), Mr. Robert Tze Leung Chan, Mr. Iain Ferguson Bruce, Mr. David Yeow and Mr. Yu Xubo. The majority of the Committee members, including the Chairman, are Independent Non-Executive Directors. The Committee's primary responsibility is to identify, monitor and implement good corporate governance practices and procedures.

7. Delegations of authority by the Board to Committees (Principle 1 of the Code of Corporate Governance)

The Board has delegated authority, including financial authorisation and approval limits, to various Committees to make decisions on certain Board matters. These include delegation of authority to the Audit Committee to approve the appointment and removal of the Head of Internal Audit, and the external auditor's remuneration and terms of engagement; to the Remuneration and Options Committee to approve Group remuneration policies and certain individual remuneration packages; to the Corporate Social Responsibility & Government Relations Committee to approve sponsorship and support for CSR related projects; and to the Investment and Capital Markets Committee to approve certain issues or redemptions of debt or equity financing instruments, and investments and disposals. Material transactions and matters not covered by these delegations are put to the Board for approval.

8. Disclosure on Remuneration (Principle 9 of the Code of Corporate Governance)

Directors' Remuneration during the year

REMUNERATION BAND & NAME OF DIRECTORS	DIRECTORS' FEES %	FIXED SALARY %	BONUS %	SHARE INCENTIVE %	BENEFITS IN KIND %	TOTAL %
S$1,500,000 AND ABOVE						
RICHARD SAMUEL ELMAN	–	66	–	–	34	100
YUSUF ALIREZA[1]	–	93	–	–	7	100
WILLIAM JAMES RANDALL	–	10	47	4	39	100
JEFFREY SCOTT FRASE	–	96	–	–	4	100
BELOW S$250,000						
PAUL JEREMY BROUGH	100	–	–	–	–	100
LAIN FERGUSON BRUCE	100	–	–	–	–	100
ROBERT TZE LEUNG CHAN	100	–	–	–	–	100
DAVID GORDON ELDON	100	–	–	–	–	100
IRENE YUN LIEN LEE	100	–	–	–	–	100
AMBASSADOR BURTON LEVIN[2]	100	–	–	–	–	100
RICHARD PAUL MARGOLIS	100	–	–	–	–	100
CHRISTOPHER DALE PRATT	100	–	–	–	–	100
ALAN HOWARD SMITH[2]	100	–	–	–	–	100
DAVID YEOW	100	–	–	–	–	100
YU XUBO	100	–	–	–	–	100
ZHANG SHOULIN[3]	–	–	–	–	–	–

(1) Resigned on 30 May 2016
(2) Retired on 14 April 2016
(3) Fee waived.

Remuneration of top five key management executives:

REMUNERATION BAND	NO. OF EXECUTIVES
S$1,500,000 AND ABOVE	5
BELOW S$1,499,999	–

In view of the highly competitive industry conditions and of the fact that many of the Company's competitors are private and do not publish remuneration information, and the general sensitivity and confidentiality of remuneration matters, the Board is of the view that detailed disclosure of the remuneration of the Directors, CEO or Co-CEOs (as the case may be) and key management executives (including identification of the top five such executives), and of any performance conditions applicable to incentive remuneration programmes, should not be made as recommended by the Code of Corporate Governance; this would be disadvantageous to the interests of the Company and its subsidiaries as a whole.

Ms. Miriam Elman (who is Mr. Richard Elman's daughter), Mr. Nicolas Ingram (who is Ms. Irene Lee's son) and Mr. Marc Elman (who is Mr. Richard Elman's son), who are employed within the Group, received during the year remuneration within the bands of S$150,000 to S$200,000, S$200,000 to S$250,000 and S$100,000 to S$150,000 respectively. Save as disclosed, there were no employees whose remuneration exceeded S$50,000 during the year who were immediate family members of a Director or the CEO or Co-CEOs (as the case may be) of the Company.

Employee Share Schemes

As mentioned in the section on the Remuneration and Options Committee, the Company grants share options and remuneration share awards. Details are set out in note E6 to the financial statements.

9. Internal controls (Principle 11 of the Code of Corporate Governance)

The Board is of the view that the Group has an adequate and effective system of internal controls which address financial, operational, compliance and information technology controls, and risk management systems. This view is endorsed by the Audit Committee, and is based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management and various Committees.

The Board notes that the system of internal controls maintained by the Group's management provides reasonable, but not absolute, assurance against material financial misstatements or loss, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, the compliance with appropriate legislation, regulation and best practices, and the identification and containment of business risk. The Board further notes that no system of internal controls can provide absolute assurance against human errors including, without limitation, errors in judgment in the course of decision-making. In addition, no such controls can provide absolute protection against fraud or similar misconduct.

The Audit Committee reviews the adequacy of the Group's internal financial, operational, compliance and information technology controls, and risk management policies and systems established by management. The Audit Committee also ensures that a review of the effectiveness of the Group's internal controls is conducted at least annually. Where such review is carried out by the external auditors, the Audit Committee is required to satisfy itself that the independence of the external auditors is not compromised by any other material relationship with the Group.

The Board has received an assurance from the CEO or Co-CEOs (as the case may be) and Group Chief Financial Officer as well as the internal auditor that in their view:

(i) the Group's financial records have been properly maintained, and that the financial statements give a true and fair view of the Group's operations and finances; and
(ii) the Group has an adequate and effective risk management and internal control system.

Further details of the Group's management of risk are set out in an earlier section of the Annual Report, and in the Notes to the Financial Statements.

10. Internal audit (Principle 13 of the Code of Corporate Governance)

The internal audit team reports findings and puts forward recommendations to management and to the Audit Committee.

(i) The Company's internal auditors meet or exceed standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.
(ii) The Audit Committee ensures that the internal audit function is adequately resourced and has appropriate standing within the Company.
(iii) The Audit Committee, at least annually, ensures the adequacy of the internal audit function.

11. Shareholder communications (Principle 10, Principle 14, Principle 15 and Principle 16 of the Code of Corporate Governance)

The Board is mindful of the obligation to provide timely and fair disclosure of material information in accordance with the SGX Corporate Disclosure Policy. When relevant information on the Company is disseminated to SGX, such information is also made available on the Company's website at www.thisisnoble.com. Financial results are reported quarterly.

The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. Present at the Annual General Meeting are the Directors (including the chairmen or vice chairmen of the Audit, Remuneration and Options, and Nominating Committees), senior management and the external auditors to address relevant queries from shareholders. Queries may also be raised with the Group Head of Corporate Affairs via the Company's website.

Steps taken to solicit and understand the views of shareholders include regular meetings with investors, fund managers and analysts, attendance at and participation in Investor Conferences, and responding to queries submitted to the Group Head of Corporate Affairs, via the Company's website.

The quarterly results' presentation and conference call webcast, which is hosted by the CEO or Co-CEOs (as the case may be) and senior executives, is open to anyone in any location who wishes to take advantage of the toll free numbers offered to participate. A recording and transcript of the webcast is publicly available on the Company's website at www.thisisnoble.com.

12. Dealings in securities

The Company has devised and adopted an internal compliance code to provide guidance to its Directors, officers and employees on dealings in the Company's securities, taking into account the principles and best practices on dealings in securities as contained in the SGX Listing Rules. Directors and all staff are regularly informed that they must refrain from dealing in the securities of the Company during the periods commencing one month before and up to the date of announcement of the Company's first, second, third quarter results and full-year results, or while in possession of material price sensitive non-public information. They are also discouraged from dealing in the Company's securities on considerations of a short term nature.

13. Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that the transactions are conducted on an arm's length basis and on normal commercial terms. There were no discloseable Interested Person Transactions during the year.

14. Use of Proceeds

For the purposes of Rule 1207(20) of the SGX Listing Manual, as at the date of this report, the Group had used approximately 20% of the net proceeds from its 2016 rights issue for the repayment of part of its syndicated loan facilities. Such use and percentage was in accordance with the stated use and percentage allocated in the offer information statement dated 28 June 2016.

15. Code of Conduct

The Company has a code of conduct that applies to all employees of the Group, and each of its subsidiaries' Directors and officers. The code sets out principles to guide employees, Directors and officers in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing with the Group, its customers, suppliers, competitors and the community.

The Company is committed to a high standard of ethical conduct; it has adopted and implemented a policy where employees may, in confidence, raise concerns on possible corporate improprieties in matters of unlawful activity, policy or practices, suspected fraud, corruption, dishonest practices or other matters. Any such concerns raised are investigated by either the Head of Internal Audit or the Group General Counsel, and recommended action will be submitted to the CEO or Co-CEOs (as the case may be). A summary of the investigation report, and action taken, will be submitted to the Audit Committee for review.

16. **Sustainability Reporting**

The Company has published an annual sustainability report since 2010. The latest report provides an update on non-financial aspects within the Group's operations and majority owned subsidiaries for the period from July 2015 to May 2016.

Material environment, social and governance ("**ESG**") factors are identified through the Company's engagement mechanism, which takes into account the views of internal and external stakeholders. Performance data is presented along with a brief description of the Company's policies and management systems. Targets and key performance indicators are established in each category of the identified ESG factors.

This report is prepared in accordance with the 'Core Option' of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines. In addition, Ernst & Young has provided independent assurance on the Company's sustainability data disclosure.

The Board has also acknowledged the alignment of the Company's priority issues with strategic objectives and approved the content presented in this report.

The report is available on the Company's website.

17. **Purchase, sale or redemption of listed securities**

The purchases, sales or redemptions of the listed securities of the Company by the Company or any of its subsidiaries during the year are set out in note D5.2 to the financial statements.

18. **Events after the reporting period**

Details of the post-statement of financial position events of the Group are set out in note A8 to the financial statements.

19. **Auditors**

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

20. **Directors' biographies**

Richard Samuel Elman is the founder and Chairman of the Company. Mr. Elman first arrived in Asia during the mid-1960s from England and has more than 50 years' experience in the physical commodities industry. Prior to setting up the Group in 1986, he spent 10 years with Phibro as Regional Director of their Asia operations, including two years in New York as a Board Director.

William James Randall is an Executive Director and Co-Chief Executive Officer of the Company. Mr. Randall's career started with Noble Group in Australia in February 1997, transferring to Asia in 1999 where he established Noble's coal operations, mining and supply chain management businesses. He served as a Director of Noble Energy Inc before being appointed Global Head of Coal & Coke in 2006, and a member of the Noble Group internal management Board in 2008. He was appointed an Executive Director and Head of Hard Commodities in 2012, prior to which he was Head of Energy Coal & Carbon Complex. He holds a Bachelor degree in Business from the Australian Catholic University, majoring in international marketing and finance.

Jeffrey Scott Frase is an Executive Director and Co-Chief Executive Officer of the Company. Mr. Frase joined Noble from JP Morgan in New York where he was Managing Director and Global Head of Oil Trading. Prior to JP Morgan, he spent a year at Lehman Brothers as the Head of Global Oil trading, having previously spent 17 years at Goldman Sachs where he was a Managing Director and Global Head of Crude Oil and Derivatives Trading.

Paul Jeremy Brough is an Independent Non-Executive Director of the Company. Mr. Brough is an Independent Non-Executive Director of GL Limited (listed on the Singapore Stock Exchange) and Vitasoy International Holdings Limited (listed on the Hong Kong Stock Exchange); and an Independent Non-Executive Director of Habib Bank Zurich (Hong Kong) Limited, a Hong Kong restricted licence bank. Mr. Brough came to Hong Kong in 1983 to join KPMG, where he became a Partner in 1991, and later became the Senior Partner of Hong Kong. He retired from KPMG in 2012. Mr. Brough is an associate of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Securities and Investment Institute.

Iain Ferguson Bruce* is an Independent Non-Executive Director of the Company. Mr. Bruce joined KPMG in Hong Kong in 1964 and was elected to its partnership in 1971. He was the Senior Partner of KPMG from 1991 until his retirement in 1996 and served as Chairman of KPMG Asia Pacific from 1993 to 1997. Since 1964, Mr. Bruce has been a member of the Institute of Chartered Accountants of Scotland, and is a fellow of the Hong Kong Institute of Certified Public Accountants, with over 50 years international experience in accounting and consulting. He is a fellow of the Hong Kong Institute of Directors and the Hong Kong Securities and Investment Institute. Mr. Bruce serves as an Independent Non-Executive Director on the Boards of several publicly listed companies in Hong Kong, namely Goodbaby International Holdings Limited, The 13 Holdings Limited (formerly known as Louis XIII Holdings Limited), Tencent Holdings Limited and Wing On Company International Limited. He is also an Independent Non-Executive Director of Yingli Green Energy Holding Company Limited, a company whose shares are traded on the New York Stock Exchange. He is an Independent Non-Executive Director of Citibank (Hong Kong) Limited and MSIG Insurance (Hong Kong) Limited.

Robert Tze Leung Chan is an Independent Non-Executive Director of the Company. He is an experienced banker with 39 years' experience in both commercial and investment banking having worked in London, Malaysia and Singapore. He retired from United Overseas Bank at the end of 2011 after 35 years of service, 25 years of which he was the Chief Executive Officer of United Overseas Bank, Hong Kong. He is an Independent Non-Executive Director of Hutchison Port Holdings Management Pte Limited and Quam Limited, and is a Non-Executive Director of Sibanye Gold Limited. He is Chairman and Non-Executive Director of The Hour Glass (HK) Limited, and a Senior Adviser to Long March Capital Limited, a fund management company based in Beijing and Shanghai in partnership with leading Chinese institutions including the CITIC Group. He is also a Director of Dalton Foundation Limited. He holds degrees in Bachelor of Science (Econ) Hons. and Master of Business Administration, and is a Fellow of the Hong Kong Institute of Directors.

David Gordon Eldon is an Independent Non-Executive Director and Vice Chairman of the Company. He retired as Chairman of The Hongkong and Shanghai Banking Corporation Limited, and as a main Board Director of HSBC Holdings plc, in 2005 after 37 years with the HSBC Group, all of which were spent in the Middle and Far East. He is currently Non-Executive Chairman of HSBC Bank Middle East Limited, of HSBC Bank Oman S.A.O.G., and Octopus Cards Limited in Hong Kong. He was previously Non-Executive Chairman of the Dubai International Financial Centre Authority ("DIFC"), and is presently a member of the DIFC Higher Board. He is a Past Chairman of the Hong Kong General Chamber of Commerce. Mr. Eldon was a Consultant for the Korea National Competitiveness Council – Office of the President, as well as being a Founding Member and past Chairman of the Seoul International Business Advisory Council. He is an Adviser to the CEO of HSBC's Global Commercial Bank, to Singapore based Southern Capital Group and Hong Kong based New Lily International Ltd. He sits on the Advisory Council of the Global Institute for Tomorrow. In addition he has a number of Government and community appointments in Hong Kong. Mr. Eldon is a Fellow of the Chartered Institute of Bankers, and was conferred an Honorary Doctor of Business Administration by the City University of Hong Kong in November 2003. He was named the DHL/SCMP Hong Kong Business Person of the Year for 2003, and in 2004 was awarded the Gold Bauhinia Star by the Government of the Hong Kong SAR. In 2005 he was made a Commander of the Order of the British Empire for his contribution to banking, and awarded Honorary Citizenship of Seoul in recognition of his work for the city. He was awarded the Asian Banker Lifetime Achievement Award in 2006, and received an Honorary Doctorate from the Hong Kong Academy for Performing Arts in 2011. Mr. Eldon is a Justice of the Peace.

Irene Yun Lien Lee is an Independent Non-Executive Director of the Company. Ms. Lee is the Executive Chairman of Hysan Development Company Limited, an Independent Non-Executive Director of Cathay Pacific Airways Limited, CLP Holdings Limited and Hang Seng Bank Limited (all listed on the Hong Kong Stock Exchange); and is an Independent Non-Executive Director of HSBC Holdings plc and The Hongkong and Shanghai Banking Corporation Limited. She has held senior positions in investment banking and funds management in a number of renowned international financial institutions. She has been an Executive Director of Citicorp Investment Bank Limited in New York, London and Sydney; Head of Corporate Finance at Commonwealth Bank of Australia and Chief Executive Officer of Sealcorp Holdings Limited, both based in Sydney. She was also the Non-Executive Chairman of Keybridge Capital Limited (listed on Australian Stock Exchange), a Non-Executive Director of ING Bank (Australia) Limited, QBE Insurance Group Limited, and The Myer Family Company Pty Limited; and a member of the Advisory Council of JP Morgan Australia. She also served as a member of the Australian Government Takeovers Panel. Ms. Lee holds a Bachelor of Arts Degree from Smith College, United States of America, and is a Barrister-at-Law in England and Wales and a member of the Honourable Society of Gray's Inn, United Kingdom.

Richard Paul Margolis is an Independent Non-Executive Director of the Company. Mr. Margolis is a former diplomat, investment banker and businessman with more than 30 years' experience in Greater China. He currently holds senior advisory roles with the Holdingham Group, Rothschild (Investment Bank) and Milestone Capital. Subsequent to his diplomatic service with the Foreign and Commonwealth Office in London, Beijing, Paris and Hong Kong, Mr. Margolis pursued a private sector career in Hong Kong. He was Managing Director, Corporate Finance at Smith New Court Far East, and Head of Strategy and Planning for Asia Pacific at Merrill Lynch. Mr. Margolis served on the boards of China Oilfield Services, Hsin Chong Construction (both listed on the Hong Kong Stock Exchange) and Bank of China International Investment Management Company; and was a member of the Hong Kong Stock Exchange Listing Committee and the Hong Kong Securities and Futures Commission Advisory Committee. From 2003 to 2011, he was the Regional Director, North East Asia for Rolls-Royce.

* Mr. Iain Ferguson Bruce was re-designated as a Non-Executive Director on 1 March 2017 following the date of this report.

Christopher Dale Pratt is the Lead Independent Director of the Company. Mr. Pratt was the Executive Chairman of Swire Pacific Limited from February 2006 until his retirement in March 2014. He was also Chairman of Cathay Pacific Airways Limited, Hong Kong Aircraft Engineering Company Limited, John Swire & Sons (H.K.) Limited and Swire Properties Limited, and a Director of Swire Beverages Limited, Air China Limited and The Hongkong and Shanghai Banking Corporation Limited. He joined the Swire group in 1978 and has worked with the group in Hong Kong, Australia and Papua New Guinea. Mr. Pratt was awarded the CBE (Commander of the Order of the British Empire) in 2000 for Services to the Community in Papua New Guinea. Mr. Pratt is an Independent Non-Executive Director of Johnson Electric Holdings Limited, PureCircle Limited and the Grosvenor Group. He is also a Senior Adviser to Morgan Stanley Asia Pacific Investment Banking.

David Yeow is an Independent Non-Executive Director of the Company. Mr. Yeow is an Independent Non-Executive Director of Bund Center Investment Ltd (listed on the Singapore Stock Exchange) since February 2010. He is a Senior Partner and (since 1999) also an executive committee member of Rajah & Tann LLP. In the past two decades, Mr. Yeow was the primary external legal advisor to the Singapore International Monetary Exchange Limited including on its de-mutualisation into the Singapore Exchange Derivatives Trading Limited (SGX-DT); the primary external Legal Advisor to the Singapore Commodity Exchange Limited (SICOM) following on its privatisation from the then Rubber Association of Singapore. He served as a Member of the Advisory Board, Singapore Mercantile Exchange Limited (SMX) and was its legal advisor in its sale to ICE; and was a member of the Monetary Authority of Singapore's Financial Centre Advisory Group Banking Sub-Committee. Mr. Yeow is on the mediation panel of the Association of Banks Singapore since 2003; and is a member of the Singapore International Arbitration Centre SGX-DT Panel of Arbitrators. Mr. Yeow graduated from the National University of Singapore with a Bachelor of Laws (Honours) degree. Mr. Yeow is an Advocate and Solicitor of the Supreme Court of Singapore.

Yu Xubo is a Non-Executive Director of the Company. Mr. Yu has been the President of COFCO Corporation ("COFCO") since 2007, and he is also the Non-Executive Director of China Agri-Industries Holdings Limited (stock code: 0606 HK), Chairman and Non-Executive Director of China Modern Dairy Holdings Ltd. (stock code: 1117 HK), the managing director of COFCO (Hong Kong) Limited, the chairman of COFCO International Limited and COFCO Agri Ltd., and the chairman of the supervisory board of Nidera B.V.. Mr. Yu joined the agri-commodity import and export department of COFCO in 1988 and started COFCO's commodity futures business in 1992 after working in the Chicago-based JV between COFCO and the Continental Grain Company. He joined COFCO's senior management in 1999 as the Assistant President, and later Vice President and President in 2007. Mr. Yu is an EMBA of China Europe International Business School. He holds Bachelor's degree in Economics from University of International Business & Economics, China.

Zhang Shoulin is a Non-Executive Director of the Company. Mr. Zhang is a Managing Director at CIC Capital, the direct investment arm of CIC, and is responsible for CIC's investments in agriculture, forestry, fishery and livestock industry around the world. Prior to joining CIC, he was a Managing Director at Barclays Capital, responsible for covering government institutions and the natural resource business in China. He has over 30 years of professional investment, M&A, capital markets, banking and business development experience across a portfolio of industries, including natural resources/agriculture, transportation/logistics, business services and commercial and investment banking. Mr. Zhang has a Bachelor of Arts from the Institute of International Relations in Beijing, China; a Bachelor of Electrical Engineering (Computer Systems Engineering) from the University of Queensland, Brisbane; and a Master of Business Administration from Harvard Business School, Boston.

21. Key management staff biographies

The key management staff are Richard Samuel Elman, William James Randall and Jeffrey Scott Frase, whose biographies are given in the section above.

ON BEHALF OF THE BOARD

Chairman
27 February 2017

The table set out below summarises the consolidated results of the Group for each of the 7 years ended 31 December, as extracted from the audited financial statements of the Group.

Income Statement

Year ended 31 December

CONTINUING OPERATIONS	2016 US$'000	2015 US$'000
REVENUE	46,528,338	66,712,404
OPERATING INCOME FROM SUPPLY CHAINS	670,250	115,032
PROFITS/(LOSSES) ON SUPPLY CHAIN ASSETS, NET	134,225	(815,628)
SHARE OF PROFITS AND LOSSES OF:		
JOINT VENTURES	(12,260)	(12,984)
ASSOCIATES	(59,259)	(271,505)
TOTAL OPERATING INCOME/(LOSS)	732,956	(985,085)
OTHER INCOME NET OF OTHER EXPENSES	3,783	1,205
SELLING, ADMINISTRATIVE AND OPERATING EXPENSES	(661,648)	(555,143)
PROFIT/(LOSS) BEFORE INTEREST AND TAX	75,091	(1,539,023)
FINANCE INCOME	48,209	57,404
FINANCE COSTS	(206,003)	(232,000)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(82,703)	(1,713,619)
TAXATION	90,840	43,167
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	8,137	(1,670,452)
NET LOSS FOR THE YEAR FROM AGRICULTURAL DISCONTINUED OPERATIONS	–	–
PROFIT/(LOSS) FOR THE YEAR	8,137	(1,670,452)
ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE PARENT	8,653	(1,672,010)
NON-CONTROLLING INTERESTS	(516)	1,558
	8,137	(1,670,452)

Assets and Liabilities

31 December

	2016 US$'000	2015 US$'000 (RESTATED)
TOTAL ASSETS	12,284,635	17,051,979
TOTAL LIABILITIES	(8,305,071)	(13,754,117)
NON-CONTROLLING INTERESTS	(5,280)	(5,796)
SHAREHOLDERS' EQUITY	3,974,284	3,292,066

	2014 US$'000	2013 US$'000 (RESTATED)	2012 US$'000	2011 US$'000 (RESTATED)	2010 US$'000 (RESTATED)
	85,816,088	82,383,151	94,045,115	80,732,072	56,696,058
	1,490,840	1,584,329	1,503,326	1,480,199	1,632,066
	(290,127)	(46,229)	(488)	111,098	93,378
	(3,192)	1,075	(13,957)	(12,013)	(478)
	(175,050)	(107,945)	(14,820)	(2,610)	(5,981)
	1,022,471	1,431,230	1,474,061	1,576,674	1,718,985
	817	(6,241)	1,260	7,624	21,671
	(565,077)	(479,759)	(698,777)	(714,446)	(711,575)
	458,211	945,230	776,544	869,852	1,029,081
	55,777	26,464	74,199	80,007	54,152
	(236,325)	(211,406)	(415,064)	(446,498)	(360,316)
	277,663	760,288	435,679	503,361	722,917
	(35,736)	(39,944)	29,136	(63,645)	(115,868)
	241,927	720,344	464,815	439,716	607,049
	(109,403)	(481,870)	–	–	–
	132,524	238,474	464,815	439,716	607,049
	132,031	243,477	471,288	431,330	605,560
	493	(5,003)	(6,473)	8,386	1,489
	132,524	238,474	464,815	439,716	607,049

	2014 US$'000 (RESTATED)	2013 US$'000	2012 US$'000 (RESTATED)	2011 US$'000 (RESTATED)	2010 US$'000
	20,089,951	19,712,081	19,703,755	19,942,823	17,337,549
	(15,025,986)	(14,545,170)	(14,545,708)	(14,652,668)	(12,906,360)
	(6,864)	(10,091)	(42,291)	(703,091)	(458,212)
	5,057,101	5,156,820	5,115,756	4,587,064	3,972,977

To the Shareholders of Noble Group Limited
(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Noble Group Limited and its subsidiaries ("the Group") set out on pages 55 to 165, which comprise the statements of financial position of the Group and the Company as at 31 December 2016, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year then ended, and explanatory notes, including the significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2016 and of the Group's consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("the HKICPA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matters below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTER:	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER:

Accounting for long term commodity contracts

Related disclosures in the Financial Statements are included in Note B6 Commodity and Other Derivative Financial Instruments (Pages 91-97).

The Group has a portfolio of individually material long term commodity contracts, which are accounted for as derivatives under IFRS, and recorded at fair value on the statement of financial position.

The Group is required to reassess the fair value of these contracts at each reporting period end date, and the initial and ongoing recognition of gains and losses from these contracts involves significant estimation uncertainty, assumptions about the future and the application of significant judgement.

We evaluated the Group's accounting policies and guidelines including its mark-to-market ("MTM") policy and fair value governance policy relating to long term commodity contracts, and assessed these policies in relation to applicable IFRS requirements and current market practice in the application thereof.

We tested the valuation of individually material long term contracts which included contracts within the greater than four years category in the maturity table and within Level 3 of the fair value hierarchy, as follows:

ASSETS	>4 YEARS	L3
TESTED US$'MILLION	1,224	694
TOTAL US$'MILLION	1,264	696
COVERAGE %	97%	100%

LIABILITIES	>4 YEARS	L3
TESTED US$'MILLION	(2)	(33)
TOTAL US$'MILLION	(6)	(35)
COVERAGE %	33%	94%

These included new and revised contracts signed in 2016.

For each contract:

- We tested whether we agreed with the classification and accounting adopted with reference to the Group's policies and guidelines and IFRSs.
- We tested the valuation of each contract, by assessing the ability of the model to accurately capture the risks of the underlying contract, testing the observable market inputs to third party derived data sources, evaluating other assumptions in the model, and testing the mathematical integrity of the model.

Certain inputs to the models are unobservable, and in these cases we assessed the reasonableness of the Group's estimates of these inputs through understanding how they had been derived and agreeing back to the Group's source data, and testing whether the approach aligned with our understanding of market practice. We also tested the consistency of application of the valuation methodologies across the portfolio.

We understood and evaluated the methodology employed to derive forward price curves for a sample of commodities. We tested the observable inputs to third party sourced data, and corroborated the reasonableness of unobservable inputs by comparing to available data sources, including consensus forecasts for long term prices. We also ensured that the derived curves were internally consistent and made logical sense. We tested the mathematical integrity of the price curve models and that they were appropriately applied to the contracts.

KEY AUDIT MATTER:	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER:
	We employed EY internal valuation specialists to assist us with our audit of the valuation models, the price curves, and of unobservable inputs to those models. We evaluated the rationale for valuation adjustments that were taken at both an individual contract level and for the portfolio as a whole. We assessed the reasonableness of the valuation adjustments based on our understanding of the performance of the contract, the counterparty, and the current market environment. We also assessed the adequacy of the related disclosures in the notes to the financial statements.
Impairment of non-current and current assets Related disclosures in the Financial Statements are included in the following notes: – Note B2 Trade Receivables (Pages 85-87) – Note B3 Prepayments, Deposits and Other Receivables (Page 87-88) – Note B7 Market, Credit, Performance, Political and Country Risk Management (Pages 98-104) – Note C2 Property, Plant and Equipment and Mine Properties (Pages 105-109) – Note C3 Intangible Assets (Pages 110-111) – Note C4 Investments in Joint Ventures and Associates (Pages 112-122) – Note C5 Long Term Equity Investments and Loans (Pages 123-125) The Group has material investments in various non-current assets, including vessels, plant and equipment, mine properties, associates, joint-ventures, equity investments and long term loans. It also has material credit exposures in its portfolio of trade receivables and prepayments. Given the nature of these assets, the assessment of impairment involves significant estimation uncertainty, subjective assumptions and the application of significant judgement. The volatility of commodity markets in 2016 has created economic uncertainty in the commodity sector in general, and increased the required judgement in making these impairment assessments.	***Non-current assets except long term loans*** We reviewed the Group's non-current assets to determine where impairment indicators existed, taking note of third party information where available. Based on existing market conditions, impairment indicators were identified for most categories of the Group's non-current assets. We then audited the impairment assessments. The assets selected included, but were not limited to: – Vessels – Goodwill in North America – Associate investments including Baralaba (formerly "Cockatoo"), Yancoal, and PT Atlas The approach to assessing impairment varied for different assets, and incorporated the following across the portfolio: • We tested whether the impairment model selected for each asset was appropriate for the asset by understanding the model methodology and comparing that to our understanding of the asset. Discounted cashflow models were prepared for all assessments except for some smaller mine assets which used a resource or reserve multiple approach. • We compared key market-derived estimates, including commodity prices, foreign exchange rates and interest rates, against external data, where available. We tested the consistency of the assumptions both across the portfolio for the current period for assets using common market related estimates and for each asset with estimates used in prior periods. • We compared key operational estimates in the models to source data and publicly available information where it existed. • We performed our own sensitivity analyses to assess the range of acceptable valuations. • We assessed the modelling methodologies for compliance with the requirements of IFRS. We tested the mathematical accuracy of the models.

KEY AUDIT MATTER:	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER:
	We employed EY internal valuation specialists to assist us with our audit of the impairment assessment models. We also assessed the adequacy of the related disclosures in the notes to the financial statements. ***Current assets and long term loans*** The focus of our work involved auditing the Group's credit analyses and associated impairment assessments of trade receivables and prepayments that were either in default, significantly overdue, or on watch at 31 December 2016. We obtained and evaluated the Group's credit risk policy, and tested the associated processes used by management to assess credit exposures, assign internal credit ratings, and report on these to the appropriate level of governance to ensure they worked as designed. We developed our understanding of significant credit exposures which were significantly overdue, deemed to be in default, or were on watch through review of credit reports produced by the credit department, review of legal reports produced by the legal department, and analysis of aged receivables and prepayments. We corroborated our understanding with the relevant business divisions and external data where available. The extent of procedures undertaken varied in light of the facts and circumstances of the individual exposures, but across the portfolio of exposures selected for testing, we examined the proposed or existing workout plan, compared these to loan agreements, settlement agreements and repayment schedules, and obtained evidence of cash receipts, where these had been received. We obtained confirmations from the counterparties for selected accounts. Based on the results of the above procedures, we assessed the reasonableness of impairment charges taken for the identified exposures. We also assessed the adequacy of the related disclosures in the notes to the financial statements.

KEY AUDIT MATTER:	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER:
Debt repayment and liquidity *Related disclosures in the Financial Statements are included in Note D3 Bank Debt and Senior Notes (Pages 132-136) and Note D8 Liquidity, Interest Rate and Foreign Currency Risk Management (Pages 141-143).* At 31 December 2016, the Group had US$350,000,000 under its current borrowing based facility due for repayment in May 2017, various bilateral and other bank loans of US$187,043,000 due for repayment in 2017, and unsecured bank debts of US$756,382,000 under its current revolving credit and term loan facilities due for repayment in May 2017. The Group is in the process of executing a refinancing plan for the revolving credit and borrowing based facilities.	We have obtained and reviewed the terms of the debt facilities. We have also reviewed the Group's assessment of compliance with relevant covenants within these facilities. We have obtained a detailed understanding of the refinancing plan, and the progress made on executing against the plan up to the date of this report. We evaluated the refinancing options being considered by the Group, and made our own assessment of the feasibility of each option. We also assessed the adequacy of the related disclosures in the notes to the financial statements.
Working capital financing programmes *Related disclosures in the Financial Statements are included in Note B2 Trade Receivables (Pages 85-87) and Note B4 Inventories (Pages 88-89).* The Group utilises two main types of working capital financing programmes with various financial institutions including (1) accounts receivable discounting programmes, and (2) readily marketable inventory sales programmes. The readily marketable inventory sales programmes typically incorporate an option, not an obligation, for the Group to repurchase the inventory. As at 31 December 2016, the total balances of discounting facilities and inventory sales programmes utilised were US$191,615,000 and US$129,000,000 respectively. De-recognition of assets under these working capital financing programmes requires detailed analyses by the Group to demonstrate that specific criteria outlined in the accounting standards have been met. These analyses involve significant judgement by the Group based on the terms and conditions of the agreements with the financial institutions, as to the extent of the transfer of the risk and rewards of the assets.	We evaluated whether the Group's accounting policy for the treatment of working capital finance programmes complied with the requirements of IFRSs. We obtained a detailed understanding of the Group's internal processes to apply its accounting policy. We read key terms and conditions of inventory sales and discounting agreements with financial institutions and made our own assessment of the transfer of risk and rewards, and the application of the Group's accounting policy to the transactions. We also assessed the adequacy of the related disclosures in the notes to the financial statements.

Other information included in the Annual Report

The Directors are responsible for the other information. The other information comprises the Report of the Directors included in pages 30 to 45, which we obtained prior to the date of this audit report, and the other sections of the Annual Report not including the financial statements and the auditor's report thereon ("the Other Sections"), which are expected to be made available after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so to consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Group's Audit Committee.

Responsibilities of the Directors and the Audit Committee for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with management and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Peter Markey.

Ernst & Young

Certified Public Accountants
Hong Kong
27 February 2017

	NOTES	2016 US$'000	2015 US$'000
REVENUE	A1, A2.3	**46,528,338**	66,712,404
COST OF SALES AND SERVICES	A1, A3.2	**(45,858,088)**	(66,597,372)
OPERATING INCOME FROM SUPPLY CHAINS		**670,250**	115,032
PROFIT/(LOSS) ON SUPPLY CHAIN ASSETS, NET	A1, A3.3	**134,225**	(815,628)
SHARE OF PROFITS AND LOSSES OF:			
JOINT VENTURES	A1, C4.3	**(12,260)**	(12,984)
ASSOCIATES	A1, C4.4	**(59,259)**	(271,505)
TOTAL OPERATING INCOME/(LOSS)		**732,956**	(985,085)
OTHER INCOME NET OF OTHER EXPENSES	A3.4	**3,783**	1,205
SELLING, ADMINISTRATIVE AND OPERATING EXPENSES	A3.5	**(661,648)**	(555,143)
PROFIT/(LOSS) BEFORE INTEREST AND TAX		**75,091**	(1,539,023)
FINANCE INCOME	A4.2	**48,209**	57,404
FINANCE COSTS	A4.2	**(206,003)**	(232,000)
LOSS BEFORE TAX		**(82,703)**	(1,713,619)
TAXATION	A1, A5.3	**90,840**	43,167
PROFIT/(LOSS) FOR THE YEAR	A1	**8,137**	(1,670,452)
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE PARENT		**8,653**	(1,672,010)
NON-CONTROLLING INTERESTS		**(516)**	1,558
		8,137	(1,670,452)

LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

	NOTE	2016 US$	2015 US$ (RESTATED)
– BASIC	A6	**(0.0014)**	(0.1787)
– DILUTED	A6	**(0.0014)**	(0.1787)

The accounting policies and explanatory notes on pages 64 to 165 form an integral part of the financial statements.

	2016 US$'000	2015 US$'000
PROFIT/(LOSS) FOR THE YEAR	**8,137**	(1,670,452)
OTHER COMPREHENSIVE INCOME		
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:		
CASH FLOW HEDGES:		
NET GAINS/(LOSSES) ARISING DURING THE YEAR	**83,694**	(58,788)
NET LOSSES TRANSFERRED TO THE INCOME STATEMENT	**61,898**	114,916
SHARE OF GAINS/(LOSSES) ON CASH FLOW HEDGE OF A JOINT VENTURE	**(7,854)**	1,828
SHARE OF LOSSES ON CASH FLOW HEDGE OF ASSOCIATES	**(5,155)**	(5,610)
NET GAINS ON CASH FLOW HEDGES AFTER TAX	**132,583**	52,346
REVALUATION/REALISATION OF LONG TERM EQUITY INVESTMENTS:		
NET CHANGE IN FAIR VALUE DURING THE YEAR	**6,993**	(14,387)
NET GAINS ON DISPOSAL TRANSFERRED TO THE INCOME STATEMENT	**(2,344)**	–
IMPAIRMENT TRANSFERRED TO THE INCOME STATEMENT (NOTE C5.3)	**–**	8,057
	4,649	(6,330)
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	**(11,240)**	(40,533)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**125,992**	5,483
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**134,129**	(1,664,969)
ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE PARENT	**134,645**	(1,666,527)
NON-CONTROLLING INTERESTS	**(516)**	1,558
	134,129	(1,664,969)

	NOTES	**2016 US$'000**	2015 US$'000 (RESTATED)
NON-CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	C2.3	**759,752**	833,210
MINE PROPERTIES	C2.4	**12,823**	15,776
INTANGIBLE ASSETS	C3.3	**125,077**	331,843
INVESTMENTS IN JOINT VENTURES	C4.3	**196,258**	289,951
INVESTMENTS IN ASSOCIATES	C4.4	**461,346**	502,345
LONG TERM EQUITY INVESTMENTS	C5.3	**28,436**	35,558
LONG TERM LOANS	C5.4	**288,738**	282,425
DEFERRED TAX ASSETS	A5.4	**241,872**	165,116
TOTAL NON-CURRENT ASSETS		**2,114,302**	2,456,224
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	D2.2	**1,170,471**	1,953,270
TRADE RECEIVABLES	B2.3	**2,407,412**	2,434,076
PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	B3.3	**867,010**	1,166,089
FAIR VALUE GAINS ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	B6.3	**3,780,517**	6,204,980
INVENTORIES	B4.2	**1,643,046**	1,791,520
TAX RECOVERABLE		**61,927**	92,237
		9,930,383	13,642,172
ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	E3	**239,950**	205,583
ASSETS IN ASSOCIATES CLASSIFIED AS HELD FOR SALE	E2	–	748,000
TOTAL CURRENT ASSETS		**10,170,333**	14,595,755
CURRENT LIABILITIES			
TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES	B5.2	**3,151,299**	4,726,877
FAIR VALUE LOSSES ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	B6.3	**1,004,098**	3,026,629
BANK DEBTS	D3.2	**1,293,425**	2,127,814
SENIOR NOTES	D3.3	–	360,241
TAX PAYABLE		**23,693**	7,511
		5,472,515	10,249,072
LIABILITIES IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	E3	**12,525**	6,178
LIABILITIES RELATED TO HELD FOR SALE SUBSIDIARIES	E3	**64,449**	64,449
TOTAL CURRENT LIABILITIES		**5,549,489**	10,319,699
NET CURRENT ASSETS		**4,620,844**	4,276,056
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,735,146**	6,732,280

	NOTES	2016 US$'000	2015 US$'000 (RESTATED)
NON-CURRENT LIABILITIES			
BANK DEBTS	D3.2	**1,194,119**	1,846,189
SENIOR NOTES	D3.3	**1,555,309**	1,586,911
DEFERRED TAX LIABILITIES	A5.4	**6,154**	1,318
TOTAL NON-CURRENT LIABILITIES		**2,755,582**	3,434,418
NET ASSETS		**3,979,564**	3,297,862
EQUITY			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
ISSUED CAPITAL	D5.2	**427,008**	216,360
SHARE PREMIUM		**2,323,902**	2,049,677
TREASURY SHARES		**(88,704)**	(102,075)
CAPITAL SECURITIES	D4, D5.3	**397,547**	397,547
RESERVES		**(78,886)**	(278,418)
RESERVES IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	E3	**5,398**	5,609
RETAINED PROFITS		**988,019**	1,003,366
		3,974,284	3,292,066
NON-CONTROLLING INTERESTS		**2,869**	3,114
NON-CONTROLLING INTERESTS ATTRIBUTABLE TO SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	E3	**2,411**	2,682
		5,280	5,796
TOTAL EQUITY		**3,979,564**	3,297,862

Director

Director

The accounting policies and explanatory notes on pages 64 to 165 form an integral part of the financial statements.

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	NOTES	ISSUED CAPITAL US$'000	SHARE PREMIUM US$'000	TREASURY SHARES US$'000	CAPITAL SECURITIES US$'000	SHARE-BASED PAYMENT RESERVE US$'000	SHARE OPTION RESERVE US$'000	CAPITAL REDEMPTION RESERVE US$'000	CASH FLOW HEDGING RESERVE US$'000
		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
						RESERVES			
AT 1 JANUARY 2015									
AS PREVIOUSLY REPORTED		216,357	2,049,617	–	397,547	(145,291)	116,361	6,237	(302,306)
IAS 16 AND IAS 41 AMENDMENTS	F1	–	–	–	–	–	–	–	–
AS RESTATED		216,357	2,049,617	–	397,547	(145,291)	116,361	6,237	(302,306)
PROFIT/(LOSS) FOR THE YEAR		–	–	–	–	–	–	–	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX:		–	–	–	–	–	–	–	52,346
TOTAL COMPREHENSIVE INCOME/(LOSS), NET OF TAX		–	–	–	–	–	–	–	52,346
NON-CONTROLLING INTEREST ARISING FROM BUSINESS COMBINATION		–	–	–	–	–	–	–	–
DISPOSAL OF A SUBSIDIARY		–	–	–	–	–	–	–	–
ISSUE OF SHARES ON EXERCISE OF SHARE OPTIONS		3	60	–	–	–	–	–	–
ACQUISITION OF TREASURY SHARES	D9	–	–	(102,075)	–	–	–	–	–
SHARE-BASED PAYMENT		–	–	–	–	72,070	–	–	–
EQUITY-SETTLED SHARE OPTION EXPENSES		–	–	–	–	–	21,270	–	–
CASH DIVIDEND	D9	–	–	–	–	–	–	–	–
CAPITAL SECURITIES DIVIDEND	D9	–	–	–	–	–	–	–	–
ACQUISITION OF NON-CONTROLLING INTERESTS		–	–	–	–	–	–	–	–
AT 31 DECEMBER 2015 (RESTATED) AND AT 1 JANUARY 2016		216,360	2,049,677	(102,075)	397,547	(73,221)	137,631	6,237	(249,960)
PROFIT/(LOSS) FOR THE YEAR		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**132,583**
TOTAL COMPREHENSIVE INCOME/(LOSS), NET OF TAX		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**132,583**
TRANSFER OF RESERVE TO HELD FOR SALE		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
RIGHTS ISSUE OF SHARES		**210,648**	**290,703**	**–**	**–**	**(4,896)**	**–**	**–**	**–**
SHARE-BASED PAYMENT		**–**	**(16,478)**	**13,371**	**–**	**62,538**	**–**	**–**	**–**
EQUITY-SETTLED SHARE OPTION EXPENSES		**–**	**–**	**–**	**–**	**–**	**11,080**	**–**	**–**
CAPITAL SECURITIES DIVIDEND	**D9**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
DISPOSAL OF A SUBSIDIARY		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
AT 31 DECEMBER 2016		**427,008**	**2,323,902**	**(88,704)**	**397,547**	**(15,579)**	**148,711**	**6,237**	**(117,377)**

The accounting policies and explanatory notes on pages 64 to 165 form an integral part of the financial statements.

LONG TERM INVESTMENT REVALUATION RESERVE US$'000	EXCHANGE FLUCTUATION RESERVE US$'000	ACQUISITION OF NON-CONTROLLING INTERESTS US$'000	RESERVES IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE US$'000	RETAINED PROFITS US$'000	TOTAL US$'000	NON-CONTROLLING INTERESTS US$'000	NON-CONTROLLING INTERESTS ATTRIBUTABLE TO SUBSIDIARIES CLASSIFIED AS HELD FOR SALE US$'000	TOTAL EQUITY US$'000
7,677	(62,096)	–	5,609	2,767,389	5,057,101	3,858	3,006	5,063,965
–	–	–	–	(21,590)	(21,590)	–	(283)	(21,873)
7,677	(62,096)	–	5,609	2,745,799	5,035,511	3,858	2,723	5,042,092
–	–	–	–	(1,672,010)	(1,672,010)	1,599	(41)	(1,670,452)
(6,330)	(40,533)	–	–	–	5,483	–	–	5,483
(6,330)	(40,533)	–	–	(1,672,010)	(1,666,527)	1,599	(41)	(1,664,969)
–	–	–	–	–	–	20	–	20
–	–	–	–	–	–	(186)	–	(186)
–	–	–	–	–	63	–	–	63
–	–	–	–	–	(102,075)	–	–	(102,075)
–	–	–	–	–	72,070	–	–	72,070
–	–	–	–	–	21,270	–	–	21,270
–	–	–	–	(46,423)	(46,423)	–	–	(46,423)
–	–	–	–	(24,000)	(24,000)	–	–	(24,000)
–	–	2,177	–	–	2,177	(2,177)	–	–
1,347	(102,629)	2,177	5,609	1,003,366	3,292,066	3,114	2,682	3,297,862
–	**–**	**–**	**–**	**8,653**	**8,653**	**(245)**	**(271)**	**8,137**
4,649	**(11,240)**	**–**	**–**	**–**	**125,992**	**–**	**–**	**125,992**
4,649	**(11,240)**	**–**	**–**	**8,653**	**134,645**	**(245)**	**(271)**	**134,129**
–	**211**	**–**	**(211)**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**	**496,455**	**–**	**–**	**496,455**
–	**–**	**–**	**–**	**–**	**59,431**	**–**	**–**	**59,431**
–	**–**	**–**	**–**	**–**	**11,080**	**–**	**–**	**11,080**
–	**–**	**–**	**–**	**(24,000)**	**(24,000)**	**–**	**–**	**(24,000)**
–	**6,784**	**(2,177)**	**–**	**–**	**4,607**	**–**	**–**	**4,607**
5,996	**(106,874)**	**–**	**5,398**	**988,019**	**3,974,284**	**2,869**	**2,411**	**3,979,564**

	NOTES	2016 US$'000	2015 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
LOSS BEFORE TAX		**(82,703)**	(1,713,619)
ADJUSTMENTS TO LOSS BEFORE TAX	A9	**210,665**	1,381,792
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		**127,962**	(331,827)
DECREASE/(INCREASE) IN WORKING CAPITAL	B8	**(1,135,461)**	119,193
NET DECREASE/(INCREASE) OF CASH BALANCES WITH FUTURES BROKERS NOT IMMEDIATELY AVAILABLE FOR USE IN THE BUSINESS OPERATIONS		**330,511**	(46,636)
INTEREST RECEIVED		**48,209**	57,404
TAXES REFUNDED/(PAID)		**36,296**	(33,665)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		**(592,483)**	(235,531)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	C9	**1,728,524**	(286,930)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	D9	**(1,598,535)**	1,544,821
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(462,494)**	1,022,360
NET FOREIGN EXCHANGE DIFFERENCES		**(1,459)**	(17,325)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,559,311**	554,276
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,095,358**	1,559,311
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
BANK BALANCES AND SHORT TERM TIME DEPOSITS	D2.2	**817,794**	1,170,078
CASH BALANCES WITH FUTURES BROKERS	D2.2	**352,677**	783,192
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF FINANCIAL POSITION		**1,170,471**	1,953,270
CASH BALANCES ATTRIBUTABLE TO SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	D2.2	**1,420**	3,085
LESS: CASH BALANCES WITH FUTURES BROKERS NOT IMMEDIATELY AVAILABLE FOR USE IN THE BUSINESS OPERATIONS	D2.2	**(66,533)**	(397,044)
LESS: TIME DEPOSIT WITH ORIGINAL MATURITY OF MORE THAN THREE MONTHS WHEN ACQUIRED	D2.2	**(10,000)**	–
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS		**1,095,358**	1,559,311

The accounting policies and explanatory notes on pages 64 to 165 form an integral part of the financial statements.

	NOTES	2016 US$'000	2015 US$'000
NON-CURRENT ASSETS			
INVESTMENTS IN SUBSIDIARIES	E1.2	**3,301,307**	3,731,687
INVESTMENTS IN ASSOCIATES	C4.4	**13,441**	16,303
LONG TERM EQUITY INVESTMENTS	C5.3	**610**	843
DEFERRED TAX ASSETS	A5.4	**22,100**	–
TOTAL NON-CURRENT ASSETS		**3,337,458**	3,748,833
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	D2.2	**302,249**	754,932
DUE FROM SUBSIDIARIES	E1.2	**4,174,522**	5,773,980
PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	B3.3	**40,466**	46,707
FAIR VALUE GAINS ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	B6.3	**103**	394
TOTAL CURRENT ASSETS		**4,517,340**	6,576,013
CURRENT LIABILITIES			
DUE TO SUBSIDIARIES	E1.2	**424,851**	2,044,916
OTHER PAYABLES AND ACCRUED LIABILITIES	B5.2	**182,864**	248,001
FAIR VALUE LOSSES ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	B6.3	**4,648**	62,065
BANK DEBTS	D3.2	**784,270**	1,692,054
SENIOR NOTES	D3.3	**–**	360,241
TOTAL CURRENT LIABILITIES		**1,396,633**	4,407,277
NET CURRENT ASSETS		**3,120,707**	2,168,736
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,458,165**	5,917,569
NON-CURRENT LIABILITIES			
BANK DEBTS	D3.2	**1,137,753**	1,779,775
SENIOR NOTES	D3.3	**1,555,309**	1,586,911
TOTAL NON-CURRENT LIABILITIES		**2,693,062**	3,366,686
NET ASSETS		**3,765,103**	2,550,883
EQUITY			
ISSUED CAPITAL	D5.2	**427,008**	216,360
SHARE PREMIUM	D5.3	**2,323,902**	2,049,677
TREASURY SHARES	D5.3	**(88,704)**	(102,075)
CAPITAL SECURITIES	D4, D5.3	**397,547**	397,547
RESERVES	D5.3	**107,950**	(30,890)
RETAINED PROFITS	D5.3	**597,400**	20,264
TOTAL EQUITY		**3,765,103**	2,550,883

Director

Director

The accounting policies and explanatory notes on pages 64 to 165 form an integral part of the financial statements.

CORPORATE INFORMATION AND APPROVAL OF THE FINANCIAL STATEMENTS

Noble Group Limited ("Noble" or the "Company") is a limited liability company incorporated in Bermuda. The registered office of Noble is located at Clarendon House, Church Street, Hamilton HM 11, Bermuda.

During the year, the principal activities of the Company's subsidiaries, joint ventures and associates comprise managing a global supply chain of industrial and energy products, and managing a diversified portfolio of essential raw materials, integrating the sourcing, marketing, processing, financing and transportation of those materials.

During the year, the Group owned and managed a portfolio of strategic assets, with interests in coal and iron ore mines, fuel terminals and storage facilities, vessels and other key infrastructure facilities.

The Group operates over 39 offices worldwide and employed over 1,000 (2015: over 1,500) employees as at 31 December 2016.

The consolidated financial statements of the Company for the year ended 31 December 2016 were approved and authorised for issue in accordance with a resolution of the Board of Directors on 27 February 2017.

BASIS OF PRESENTATION, PREPARATION AND CONSOLIDATION

Basis of presentation and preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which also include all International Accounting Standards ("IASs") and Interpretations approved by the International Accounting Standards Board (the "IASB"), and the requirements of the Listing Rules of The Singapore Exchange Securities Trading Limited (the "SGX-ST"). All new and revised IFRSs which became effective for the year ended 31 December 2016, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the financial statements.

The financial statements have been prepared using the historical cost convention, except for the periodic re-measurement to fair value of certain items as explained in individual notes and are presented in United States dollars. All values are rounded to the nearest thousand except where otherwise indicated.

Going concern

In preparing the financial statements, the Directors have made an assessment of the ability of the Group to continue as a going concern. This assessment considers the forecasted cash flows for the subsequent year of the Group's business operations, and related assumptions and stress tests, sources of available liquidity and the Group's debt maturity profile.

As at 31 December 2016, the Group's current liabilities include US$1,293,000,000 of bank debt. The Directors are confident in the Group's ability to refinance its bank debt as it falls due in 2017.

In the opinion of the Directors, the Group has sufficient sources of available liquidity to support its continuing operations. As such, the consolidated financial statements of the Group have been prepared on a going concern basis, which assumes that the Group will continue operating for the foreseeable future, and will be able to realise its assets and discharge its liabilities in the normal course of operations as they fall due.

BASIS OF PRESENTATION, PREPARATION AND CONSOLIDATION (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries now comprising the Group for the year ended 31 December 2016. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Please refer to note E1.3 for the list of principal subsidiaries.

Subsidiaries are fully 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.

Non-controlling interests represent the portion of the results and net assets not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position. An acquisition of non-controlling interests is accounted for using the entity concept method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as an equity transaction. When relevant, total comprehensive income within a subsidiary is attributed to a non-controlling interest even if this results in a deficit balance.

There are certain restrictions on the Group's ability to access or use assets, and settle liabilities, of the subsidiaries from non-controlling interests or other parties, including (i) pledged trade receivables and inventories, see notes B2.3 and B4.2; (ii) pledged vessels, see note C2.3; (iii) time deposit with original maturity of more than three months; and (iv) cash balances with futures brokers which is not immediately available for use in the Group's business operations, see note D2.2.

The Group accounted for a number of unconsolidated entities such as joint ventures, associates and long term equity investments. Please refer to notes C4 and C5 for details of the unconsolidated entities' impact on the Group's financial statements.

SECTION A: PERFORMANCE

A1 PROFIT/(LOSS) FROM UNDERLYING BUSINESSES

Income Statement

The Group has used adjusted net profit/(loss) to measure its underlying financial performance. Adjusted net profit/(loss) excludes those items of financial performance that, due to their size and nature, the Group believes should be considered separately to assess its underlying performance. The adjusted income statement aligns to the performance information the Co-Chief Executive Officers ("Co-CEOs") use for day to day management of the Group's business decisions. The segment income statements in note A2 have also been presented on an adjusted basis.

	YEAR ENDED 31 DECEMBER 2016				YEAR ENDED 31 DECEMBER 2015			
	IFRS INCOME STATEMENT US$'000	#1 BUSINESS DEPARTMENTS DISCONTINUING OR TO BE DISCONTINUED US$'000	#2 EXCEPTIONAL NON-CASH ITEMS US$'000	#3 ADJUSTED INCOME STATEMENT US$'000	IFRS INCOME STATEMENT US$'000	#1 BUSINESS DEPARTMENTS DISCONTINUING OR TO BE DISCONTINUED US$'000	#2 EXCEPTIONAL NON-CASH ITEMS US$'000	ADJUSTED INCOME STATEMENT US$'000
REVENUE	46,528,338	(1,004,076)	–	45,524,262	66,712,404	(6,010,665)	–	60,701,739
COST OF SALES AND SERVICES	(45,858,088)	1,111,901	29,700 *1	(44,716,487)	(66,597,372)	5,982,501	1,061,204 *1	(59,553,667)
OPERATING INCOME FROM SUPPLY CHAINS	670,250	107,825	29,700	807,775	115,032	(28,164)	1,061,204	1,148,072
PROFIT/(LOSS) ON SUPPLY CHAIN ASSETS	134,225	9,774	67,596 *2	211,595	(815,628)	10,205	709,580 *2	(95,843)
SHARE OF PROFITS AND LOSSES OF:								
JOINT VENTURES	(12,260)	(12,216)	–	(24,476)	(12,984)	6,464	–	(6,520)
ASSOCIATES	(59,259)	(67)	–	(59,326)	(271,505)	8,555	192,578 *3	(70,372)
TOTAL OPERATING INCOME/(LOSS)	732,956	105,316	97,296	935,568	(985,085)	(2,940)	1,963,362	975,337
SELLING, ADMINISTRATIVE AND OPERATING EXPENSES AND OTHER INCOME, NET	(657,865)	62,919	–	(594,946)	(553,938)	77,938	–	(476,000)
PROFIT/(LOSS) BEFORE INTEREST AND TAX	75,091	168,235	97,296	340,622	(1,539,023)	74,998	1,963,362	499,337
NET FINANCE COSTS	(157,794)	2,855	–	(154,939)	(174,596)	5,746	–	(168,850)
TAXATION	90,840	(22,741)	(1,694) *4	66,405	43,167	(16,576)	(48,676) *4	(22,085)
NET PROFIT/(LOSS) FOR THE YEAR	8,137	148,349	95,602	252,088	(1,670,452)	64,168	1,914,686	308,402

#1 Represents results of businesses which are discontinuing or are to be discontinued in the near future and costs associated with repositioning the Group's cost structure, including headcount reductions. These businesses include certain gas & power product divisions in North America and Europe; certain mining & metals product divisions in North America and Europe; and certain energy product divisions in North America.

#2 Exceptional non-cash items included in the Group's operating income from supply chains along with other non-operational items such as impairment losses on supply chain assets, re-measurement gain on a pre-existing interest in joint venture and share of profits and losses of disposed joint ventures and associates.

A1 PROFIT/(LOSS) FROM UNDERLYING BUSINESSES (continued)

Income Statement (continued)

* 1 These adjustments represent exceptional non-cash losses reflecting valuation adjustments and certain provisions and reserves recorded in the Group's operating income from supply chains.

	2016 US$'000	2015 US$'000
VALUATION ADJUSTMENT DUE TO CHANGES IN COAL ANCHOR PRICE ASSUMPTIONS AND RATINGS-RELATED DISCOUNT RATES *1#	–	(771,372)
WRITE-OFF OF COMMODITY CONTRACTS AND OTHER PROVISIONS *1##	(29,700)	(289,832)
	(29,700)	(1,061,204)

* 1# Long term price curves represent forward prices beyond the observable market and are based on fundamental demand/supply analysis backed by broker consensus. Forward curves beyond the tenor supported by broker consensus are built incorporating CPI inflation derived from market quotes plus a commodity cost adjustment. Forward cashflows in foreign currencies are converted to US$ using observable forward FX curves. These curves are then used as an input into the valuation models used to calculate the fair value of the long-term commodity contracts.

This valuation adjustment for the year ended 31 December 2015 primarily related to a change in the Group's long term coal prices, reflected by a lowering of the "anchor" coal price, used for projecting the years subsequent to those for which observable market data exists. No changes were made to the coal anchor price assumption in 2016.

* 1## Write-offs of commodity contracts and other provisions include write-offs of commodity and other derivative financial instruments as a result of the termination of the underlying commercial agreement, provisions for onerous contracts and provisions related to the closure or curtailment of certain trading operations.

* 2 The adjustment to losses on supply chain assets includes:

	NOTES	2016 US$'000	2015 US$'000
– IMPAIRMENT OF NON-CURRENT ASSETS	A9	(66,461)	(701,759)
– INVESTMENT IN COFCO AGRI LIMITED (FORMERLY NOBLE AGRI LIMITED) ("CAL")		–	(531,615)
– INVESTMENT IN OTHER ASSOCIATES		(4,888)	(96,317)
– MINE PROPERTIES		(2,845)	(23,742)
– LONG TERM EQUITY INVESTMENTS		(8,231)	(11,140)
– INVESTMENTS IN JOINT VENTURES		(44)	(8,735)
– PROPERTY, PLANT AND EQUIPMENT		(50,453)	(30,210)
– IMPAIRMENT OF PREPAYMENTS		(5,380)	(7,821)
– RE-MEASUREMENT GAIN ON A PRE-EXISTING INTEREST IN JOINT VENTURE	A9	4,245	–
		(67,596)	(709,580)

* 3 Share of loss of CAL (note E2.2)
Share of loss of CAL represented the 49% share of net assets under the equity method of accounting.

* 4 Taxation
Taxation related to the tax effect of the adjustments.

A1 PROFIT/(LOSS) FROM UNDERLYING BUSINESSES (continued)

Income Statement (continued)

#3 Adjusted net profit for the year ended 31 December 2016 includes gain on disposal of Noble America Energy Solutions ("NES") of US$291,485,000 reported in profit/(loss) on supply chain assets and NES underlying profit before interest and tax of US$113,900,000 from 1 January 2016 to date of disposal on 1 December 2016.

Statement of cash flows

As a result of the adjustments to the income statement mentioned above the IFRS statement of cash flows is adjusted as follows:

	YEAR ENDED 31 DECEMBER 2016			YEAR ENDED 31 DECEMBER 2015		
	IFRS STATEMENT OF CASH FLOWS* US$'000	EXCEPTIONAL NON-CASH ITEMS US$'000	ADJUSTED STATEMENT OF CASH FLOWS US$'000	IFRS STATEMENT OF CASH FLOWS* US$'000	EXCEPTIONAL NON-CASH ITEMS US$'000	ADJUSTED STATEMENT OF CASH FLOWS US$'000
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGE	**127,962**	**16,500**	**144,462**	(331,827)	1,061,204	729,377
DECREASE/(INCREASE) IN WORKING CAPITAL	**(1,135,461)**	**(16,500)**	**(1,151,961)**	119,193	(1,061,204)	(942,011)

* Included cash flows impact of businesses departments discontinuing or to be discontinued.

A2 SEGMENT INFORMATION

A2.1 Description of the segments

For management purposes, the Group is organised into business units based on their products and services and has four reporting operating segments as follows:

(a) Energy: The Group's Energy segment includes the following product divisions: Energy Coal, which trades and provides supply chain and risk management services on bituminous and sub-bituminous energy coal, and Oil Liquids, which trades and offers expertise in crude oil, distillates, gasoline, naphtha, ethanol and other refined products.

(b) Gas & Power: The Group's Gas & Power segment includes the following product divisions: Gas & Power, which trades and provides supply chain management services on gas, LNG, power and input coal, and Energy Solutions, which offers supply and risk management services to retail customers on power and gas. On 1 December 2016, the Group announced the disposal was completed and the Group no longer holds any units in NES. Please refer to note C7.2 for details.

(c) Mining & Metals: The Group's Mining & Metals segment includes the following product divisions: Metals, which trades and provides supply chain management services on aluminum, alumina and bauxite, copper, zinc, lead, nickel and other raw materials, and Carbon Steel Materials, which trades and provides risk management and logistics services on iron ore, met coal, met coke and specialty ores and alloys.

(d) Corporate: The Group's Corporate segment incorporates: Logistics, which provides internal and external customers with ocean transport in the dry bulk segment, long term freight solutions and freight market guidance; Financial Services, which leverages the origination and customer solution activities of the businesses of the Group; certain investments in associates and joint ventures which include Yancoal Australia Limited ("Yancoal"), Harbour Energy, L.P. ("Harbour"); and other corporate activities.

A2 SEGMENT INFORMATION (continued)

A2.2 Operating segments

The following tables present revenue and adjusted profit/(loss) information regarding the Group's operating segments for the years ended 31 December 2016 and 2015.

	ENERGY		GAS & POWER	
	2016	2015 (RESTATED)	**2016**	2015 (RESTATED)
TONNAGE (MT'000)	**154,911**	150,360	**N/A**	N/A
VOLUME (MWh'000)*	**N/A**	N/A	**357,373**	388,346
	US$'000	US$'000	**US$'000**	US$'000
REVENUE	**39,670,302**	50,810,130	**603,243**	716,764
COST OF SALES AND SERVICES	**(39,331,432)**	(49,899,953)	**(345,906)**	(322,001)
OPERATING INCOME/(LOSS) FROM SUPPLY CHAINS #	**338,870**	910,177	**257,337**	394,763
PROFIT/(LOSS) ON SUPPLY CHAIN ASSETS, NET #	**(8,013)**	(3,355)	**291,394**	(43)
SHARE OF PROFITS AND LOSSES OF:				
JOINT VENTURES	**406**	394	**–**	–
ASSOCIATES #	**(2,446)**	(3,417)	**(4,404)**	(7,053)
TOTAL OPERATING INCOME/(LOSS) #	**328,817**	903,799	**544,327**	387,667
PROFIT/(LOSS) BEFORE INTEREST AND TAX #	**90,600**	670,187	**419,335**	247,255

* Volume conversions from MMBtu to MWh based on current market heat rates

\# Adjusted for business departments discontinuing or to be discontinued and exceptional non-cash items

MINING & METALS		CORPORATE		ADJUSTMENTS		NOTES	CONSOLIDATED PER IFRS	
2016	2015 (RESTATED)	**2016**	2015 (RESTATED)	**2016**	2015 (RESTATED)		**2016**	2015
27,304	32,380	**39,984**	87,116	**367**	1,485		**222,566**	271,341
N/A	N/A	**N/A**	N/A	**382,546**	606,432		**739,919**	994,778
US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000		**US$'000**	US$'000
4,917,921	7,872,749	**332,796**	1,302,096	**1,004,076**	6,010,665	A1	**46,528,338**	66,712,404
(4,721,495)	(7,973,972)	**(317,654)**	(1,357,741)	**(1,141,601)**	(7,043,705)	A1	**(45,858,088)**	(66,597,372)
196,426	(101,223)	**15,142**	(55,645)	**(137,525)**	(1,033,040)		**670,250**	115,032
(6,247)	11,429	**(65,539)**	(103,874)	**(77,370)**	(719,785)	A1	**134,225**	(815,628)
(5,012)	(6,370)	**(19,870)**	(544)	**12,216**	(6,464)	A1	**(12,260)**	(12,984)
(4,925)	(16,303)	**(47,551)**	(43,599)	**67**	(201,133)	A1	**(59,259)**	(271,505)
180,242	(112,467)	**(117,818)**	(203,662)	**(202,612)**	(1,960,422)		**732,956**	(985,085)
86,992	(212,176)	**(256,305)**	(205,929)	**(265,531)**	(2,038,360)		**75,091**	(1,539,023)

A2 SEGMENT INFORMATION (continued)

A2.2 Operating segments (continued)

	ENERGY		GAS & POWER		MINING & METALS		CORPORATE		CONSOLIDATED	
	2016 US$'000	2015 US$'000	**2016 US$'000**	2015 US$'000	**2016 US$'000**	2015 US$'000	**2016 US$'000**	2015 US$'000 (RESTATED)	**2016 US$'000**	2015 US$'000 (RESTATED)
SEGMENT ASSETS OTHER THAN INVESTMENTS IN JOINT VENTURES AND ASSOCIATES	**5,246,551**	5,813,845	**719,323**	3,660,156	**2,997,738**	3,291,425	**2,663,419**	2,746,257	**11,627,031**	15,511,683
INVESTMENTS IN:										
YANCOAL (ASSOCIATE)	**–**	–	**–**	–	**–**	–	**180,427**	230,325	**180,427**	230,325
HARBOUR (JOINT VENTURE)	**–**	–	**–**	–	**–**	–	**42,958**	150,414	**42,958**	150,414
CAL (ASSOCIATE HELD FOR SALE)	**–**	–	**–**	–	**–**	–	**–**	748,000	**–**	748,000
OTHER ASSOCIATES AND JOINT VENTURES	**123,475**	136,860	**92,554**	85,967	**138,564**	110,784	**79,626**	77,946	**434,219**	411,557
SEGMENT ASSETS**	**5,370,026**	5,950,705	**811,877**	3,746,123	**3,136,302**	3,402,209	**2,966,430**	3,952,942	**12,284,635**	17,051,979
SEGMENT LIABILITIES**	**(2,736,481)**	(4,349,819)	**(464,387)**	(2,272,563)	**(142,247)**	(605,625)	**(4,961,956)**	(6,526,110)	**(8,305,071)**	(13,754,117)
CAPITAL EXPENDITURE#	**52,370**	23,933	**9,037**	2,593	**11,154**	15,709	**41,663**	40,457	**114,224**	82,692
** INCLUDED IN SEGMENT ASSETS/ LIABILITIES ARE:										
NET FAIR VALUE GAINS/(LOSSES) ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS										
– GAINS	**1,699,951**	2,482,287	**387,807**	2,074,699	**1,264,322**	1,173,495	**428,437**	474,499	**3,780,517**	6,204,980
– LOSSES	**(620,102)**	(935,793)	**(221,561)**	(1,491,850)	**(98,487)**	(164,767)	**(63,948)**	(434,219)	**(1,004,098)**	(3,026,629)
PERCENTAGE OF SEGMENT TOTAL OVER GROUP TOTAL										
– GAINS	**45%**	40%	**10%**	33%	**33%**	19%	**12%**	8%	**100%**	100%
– LOSSES	**62%**	31%	**22%**	50%	**10%**	5%	**6%**	14%	**100%**	100%

Capital expenditure consists of additions to property, plant and equipment and mine properties.

A2 SEGMENT INFORMATION (continued)

A2.3 Geographical information

	INCOME STATEMENT		STATEMENT OF FINANCIAL POSITION	
	REVENUE FROM EXTERNAL CUSTOMERS		SPECIFIED NON-CURRENT ASSETS	
	2016 US$'000	2015 US$'000	**2016 US$'000**	2015 US$'000
HONG KONG (PLACE OF DOMICILE)	**–**	–	**410,672**	455,957
PRC (EXCLUDING HONG KONG)	**2,927,405**	4,265,278	**247**	683
INDIA	**1,054,659**	1,203,278	**2,329**	2,387
AUSTRALIA	**25,277**	21,730	**254,909**	276,036
ASIA PACIFIC (EXCLUDING HONG KONG, PRC, INDIA AND AUSTRALIA)	**2,717,017**	6,332,360	**227,966**	261,359
NORTH AMERICA	**31,873,214**	44,361,241	**416,998**	716,767
SOUTH AMERICA	**410,783**	771,442	**207,718**	226,620
AFRICA	**404,556**	1,099,775	**21**	32
EUROPE	**7,115,427**	8,657,300	**34,396**	33,284
	46,528,338	66,712,404	**1,555,256**	1,973,125

The determining factor of the above selected geographical information in income statement and statement of financial position is as follows:

Account	Determining factor
Revenue from external customers	Location at which the services were provided or the goods delivered
Specified non-current assets:	
– Property, plant and equipment, mine properties, intangible assets, investments in associates and joint ventures	Location of operation

A3 PROFIT/(LOSS) BEFORE INTEREST AND TAX

A3.1 Significant accounting policies

Revenue recognition

Revenue from supply of products (including inventory sales) is recognised when it is probable that the economic benefit will flow to the Group, when the revenue can be measured reliably and when the significant risks and rewards of ownership of the products have been passed to the buyer and third parties.

For certain commodities, the sales price is determined on a provisional basis at the date of sale as the final selling price is subject to movements in market prices up to the date of final pricing. Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. The revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative. Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognised as an adjustment to revenue. In all cases, fair value is estimated by reference to forward market prices.

Operating income from supply chains

Operating income from supply chains represents the difference between revenue and cost of sales and services and does not take into account the gains and losses relating to the disposal of supply chain assets and the share of profit and losses of joint ventures and associates.

Cost of sales and services primarily includes:

(i) realised cost of commodity purchase contracts, unrealised fair value adjustments of commodity contracts and inventories, recognised gains and losses from hedging instruments;

(ii) direct costs of other production activities such as freight, taxes, tariffs, operating lease payments, depreciation and amortisation, and staff costs; and

(iii) direct costs of other trading activities such as impairment of long term loans and impairment of trade receivables.

Profits/losses on supply chain assets

Supply chain assets are assets that are important and conducive to the development of value from the Group's integrated supply chains. These include investments in subsidiaries, joint ventures, associates and long term equity investments, property, plant and equipment such as storage facilities, port facilities and transportation facilities and mine properties.

Profits and losses are generated from supply chain assets investment and disposal activities, and following a change in control of these assets through business combinations, disposal of supply chain assets or valuation of options and rights for supply chain investments. Expenses incurred for generating profit on supply chain assets include primarily (1) salaries, bonuses and staff benefits, (2) legal and professional fees for supply chain assets activities, (3) hedging exchange gains or losses on supply chain assets activities, and (4) other expenses.

Other income net of other expenses

Other income includes dividends from long term equity investments which are recognised when the shareholders' right to receive payment has been established.

Other income also includes gains or losses on disposal of property, plant and equipment and equity investments and exchange differences on trading activities.

A3 PROFIT/(LOSS) BEFORE INTEREST AND TAX (continued)

A3.2 Cost of sales and services

	NOTES	2016 US$'000	2015 US$'000
COST OF INVENTORIES SOLD AND UNREALISED MARK-TO-MARKET MOVEMENTS		**45,278,391**	64,711,329
FREIGHT EXPENSES		**183,288**	1,118,406
OPERATING LEASE PAYMENTS ON LAND AND BUILDINGS		**70,817**	83,429
OPERATING LEASE PAYMENTS ON VESSELS		**212,421**	578,618
AMORTISATION OF INTANGIBLE ASSETS	C3.3	**18,090**	22,195
DEPRECIATION RELATED TO PRODUCTION ACTIVITIES		**68,133**	64,645
EMPLOYEE BENEFIT EXPENSES:			
SALARIES AND BONUSES		**1,714**	9,126
PENSION SCHEME CONTRIBUTIONS		**28**	20
IMPAIRMENT OF LONG TERM LOANS	C5.4	**1,800**	6,200
IMPAIRMENT OF TRADE RECEIVABLES	B2.3	**12,006**	3,404
IMPAIRMENT OF TRADE PREPAYMENTS		**11,400**	–
		45,858,088	66,597,372

A3.3 Profit/(loss) on supply chain assets

	NOTES	2016 US$'000	2015 US$'000
IMPAIRMENT OF NON-CURRENT ASSETS	A9		
– CAL		**–**	(531,615)
– OTHERS EXCLUDING CAL		**(66,461)**	(170,144)
IMPAIRMENT OF PREPAYMENTS		**(5,380)**	(7,821)
NET GAINS/(LOSSES) ON DISPOSAL OF NON-CURRENT ASSETS			
– NES	C7.2	**291,485**	–
– OTHERS EXCLUDING NES		**(10,820)**	7,924
RE-MEASUREMENT GAIN ON A PRE-EXISTING INTEREST IN JOINT VENTURE	C7.2	**4,245**	–
CORPORATE OVERHEAD ATTRIBUTABLE TO CAL[1]	E2.3	**–**	(17,700)
EXPENSES [2]		**(78,844)**	(96,272)
		134,225	(815,628)

1 Corporate overhead was based on the approximate time spent on corporate function of the Group and was absorbed by the Group as a result of CAL and its subsidiaries ("CAL Group") disposal.

2 Expenses for supply chain assets recycling activities include primarily (1) salaries, bonus provision and staff benefits for supply chain assets activities, (2) legal and professional fee for supply chain assets activities and (3) hedging exchange gains and losses on supply chain assets activities.

A3 PROFIT/(LOSS) BEFORE INTEREST AND TAX (continued)

A3.4 Other income net of other expenses

	2016 US$'000	2015 US$'000
DIVIDEND INCOME FROM LONG TERM EQUITY INVESTMENTS	**859**	263
GAIN ON DISPOSAL OF LONG TERM EQUITY INVESTMENTS	**1,273**	71
LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	**(1,935)**	(121)
EXCHANGE DIFFERENCES AND OTHERS, NET	**3,586**	992
	3,783	1,205

A3.5 Selling, administrative and operating expenses

	2016 US$'000	2015 US$'000
EMPLOYEE BENEFIT EXPENSES:		
SALARIES AND BONUSES	**393,712**	275,199
PENSION SCHEME CONTRIBUTIONS	**7,801**	10,087
SHARE-BASED PAYMENT EXPENSE, NET	**51,505**	74,402
EQUITY-SETTLED SHARE OPTION EXPENSES	**8,831**	21,270
AUDIT FEE	**9,490**	8,364
OTHER FEES PAID TO AUDITORS	**2,942**	389
DEPRECIATION	**36,168**	30,539
OPERATING LEASE PAYMENTS ON LAND AND BUILDINGS	**28,834**	27,342
OTHERS	**122,365**	107,551
	661,648	555,143

A4 FINANCE INCOME AND COSTS

A4.1 Significant accounting policies

Interest income and expense are recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash flows through the expected life of the financial instruments to the net carrying amount of the instruments.

A4.2 Net finance costs

	2016 US$'000	2015 US$'000
INTEREST INCOME:		
BANK DEPOSITS	**(12,652)**	(15,148)
LONG TERM LOANS	**(35,557)**	(42,256)
	(48,209)	(57,404)
INTEREST EXPENSE AND AMORTISATION:		
BANK DEBTS	**109,862**	95,201
SENIOR NOTES	**96,141**	136,799
	206,003	232,000
NET FINANCE COSTS	**157,794**	174,596

A5 TAXATION

A5.1 Significant accounting policies

Income tax comprises current and deferred tax. Income tax relating to items recognised outside the income statement is recognised either in other comprehensive income or directly in equity. Income tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current tax

Current 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 reporting date in the countries where the Group operates and generates taxable income.

Deferred tax

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

Currently enacted tax rates are used to determine deferred tax assets and liabilities. The principal temporary differences arise primarily from tax losses carried forward, compensation and other accruals, tax depreciation and amortisation in excess of related book accounting, and joint venture investment. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or 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.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when 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, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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:

- When 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.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and 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 each reporting date 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 re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits 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 reporting date.

A5 TAXATION (continued)

A5.2 Significant accounting judgements and estimates

Income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes worldwide. There are certain transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit 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 recorded, such differences will impact the income tax provisions in the income statement in the period in which such determination is made.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

A5.3 Tax

The Group's taxes on assessable profits have been calculated at tax rates prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Tax credit in the consolidated income statements comprises the following:

	2016 US$'000	2015 US$'000
PROVISION FOR THE CURRENT YEAR	**(17,318)**	37,625
PROVISION FOR PRIOR YEARS	**40,093**	(19,086)
NET DEFERRED TAX PROVISION	**68,065**	24,628
	90,840	43,167

A reconciliation of the tax credit of the Group applicable to loss before tax at applicable rates to the tax credit for the year at the effective tax rate is as follows:

	2016 US$'000	2015 US$'000
LOSS BEFORE TAX	**(82,703)**	(1,713,619)
TAX CREDIT AT THE APPLICABLE RATES IN THE COUNTRIES CONCERNED	**30,161**	266,544
INCOME NOT SUBJECT TO TAX	**118,029**	17,589
UNRECOGNISED DEFERRED TAXES	**(65,658)**	(230,179)
NON-DEDUCTIBLE EXPENSES	**(58,801)**	(11,955)
PROVISION FOR PRIOR YEARS	**40,093**	(19,086)
TAX CREDITS	**39,582**	34,846
OTHERS	**(12,566)**	(14,592)
TAX CREDIT FOR THE YEAR	**90,840**	43,167

The share of tax benefit attributable to joint ventures and associates amounted to US$14,796,000 (2015: tax charge of US$8,920,000) and was included in "Share of profits and losses of joint ventures and associates" in the consolidated income statement.

A5 TAXATION (continued)

A5.4 Deferred tax assets and liabilities

Deferred tax assets have been recognised at 31 December 2016 in respect of tax losses arising in different tax jurisdictions that are available for offsetting against future taxable profits of the group companies in which the losses arose.

In addition to the deferred tax assets recorded for tax losses, deferred tax assets and liabilities have been provided at 31 December 2016 and 2015 mainly for temporary differences arising from compensation and other accruals, tax depreciation and amortisation in excess of related book accounting, and investment calculated at prevailing applicable tax rates.

In evaluating whether it is probable that taxable profits will be earned in future accounting periods prior to any tax loss expiry, all available evidence was considered, including approved budgets, forecasts, business plans and analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes. Following this evaluation, the Group believes that it is probable that sufficient profits will be available to allow recognised deferred tax assets to be recovered. Jurisdictions for which significant deferred tax assets are recognised include: Hong Kong, Jamaica, and UK which allow indefinite carry forward of tax losses, and the US which allows 20 year carry forward of tax losses and tax credits. Although the Group believes that as of 31 December 2016 it is probable that sufficient profits will be available to allow recognised deferred tax assets to be recovered, it is possible that some, or all, of these deferred tax assets could be derecognised in a future period if the Group's forecasts and business plans are not achieved.

The Group has determined that it is not considered probable that sufficient taxable profits will be available against which to utilise all its tax losses. A summary is as follows:

	2016 US$'000	2015 US$'000
TAX LOSSES NOT BENEFITED	**2,059,161**	1,908,282
DEFERRED TAX ASSETS NOT RECOGNISED IN RESPECT OF SUCH TAX LOSSES	**433,332**	399,447

The Group has determined that it is not considered probable that sufficient taxable profits will be available against which to utilise certain tax losses in jurisdictions such as Australia, Brazil, Hong Kong, Indonesia and UK. These unrecognised tax losses may be carried forward indefinitely, except for Indonesia which may be carried forward for five years.

The movements of the Group's deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	TAX LOSSES AND CREDITS CARRIED FORWARD US$'000	COMPENSATION ACCRUAL AND OTHERS US$'000	TOTAL US$'000
AT 1 JANUARY 2015	115,537	93,789	209,326
BENEFIT RECOGNISED/(UTILISED) DURING YEAR:			
IN THE INCOME STATEMENT	50,814	1,816	52,630
IN EQUITY	–	(127)	(127)
AT 31 DECEMBER 2015 AND AT 1 JANUARY 2016	**166,351**	**95,478**	**261,829**
BENEFIT RECOGNISED/(UTILISED) DURING YEAR:			
IN THE INCOME STATEMENT	**20,426**	**22,810**	**43,236**
IN EQUITY	**–**	**(2,386)**	**(2,386)**
AT 31 DECEMBER 2016	**186,777**	**115,902**	**302,679**

	2016 US$'000	2015 US$'000
DEFERRED TAX ASSETS PER ABOVE	**302,679**	261,829
OFFSETS FOR STATEMENT OF FINANCIAL POSITION PRESENTATION*	**(60,807)**	(96,713)
DEFERRED TAX ASSETS AFTER OFFSETS	**241,872**	165,116

A5 TAXATION (continued)

A5.4 Deferred tax assets and liabilities (continued)

Deferred tax liabilities

	PROPERTY, PLANT & EQUIPMENT AND INTANGIBLES US$'000	INVESTMENT AND OTHER US$'000	TOTAL US$'000
AT 1 JANUARY 2015	49,187	25,505	74,692
LIABILITY RECOGNISED/(DISCHARGED) DURING YEAR:			
IN THE INCOME STATEMENT	14,559	9,718	24,277
IN EQUITY	–	(938)	(938)
AT 31 DECEMBER 2015 AND AT 1 JANUARY 2016	**63,746**	**34,285**	**98,031**
LIABILITY DISCHARGED DURING YEAR:			
IN THE INCOME STATEMENT	**(30,023)**	**(795)**	**(30,818)**
IN EQUITY	**–**	**(252)**	**(252)**
AT 31 DECEMBER 2016	**33,723**	**33,238**	**66,961**

	2016 US$'000	2015 US$'000
DEFERRED TAX LIABILITIES PER ABOVE	**66,961**	98,031
OFFSETS FOR STATEMENT OF FINANCIAL POSITION PRESENTATION*	**(60,807)**	(96,713)
DEFERRED TAX LIABILITIES AFTER OFFSETS	**6,154**	1,318

* Offsets for statement of financial position presentation represent the netting of deferred tax assets and liabilities where a legally enforceable right exists to set off such assets and liabilities of the same subsidiary in the same taxation jurisdiction.

The movements of the Company's deferred tax assets during the year are as follows:

Deferred tax assets

	TAX LOSSES AND CREDITS CARRIED FORWARD US$'000
AT 1 JANUARY 2015, AT 31 DECEMBER 2015 AND AT 1 JANUARY 2016	**–**
BENEFIT RECOGNISED DURING YEAR IN THE INCOME STATEMENT	**22,100**
AT 31 DECEMBER 2016	**22,100**

A6 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic loss per share amounts are calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the parent less capital securities dividend by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The computations of basic and diluted loss per share are based on:

	2016 US$'000	2015 US$'000
LOSS		
PROFIT/(LOSS) ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT FOR BASIC AND DILUTED EARNINGS PER SHARE	**8,653**	(1,672,010)
LESS: CAPITAL SECURITIES DIVIDEND	**(24,000)**	(24,000)
ADJUSTED LOSS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT FOR BASIC AND DILUTED EARNINGS PER SHARE	**(15,347)**	(1,696,010)

	2016 SHARE'000	2015 SHARE'000 (RESTATED)
SHARES		
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	**10,831,359**	9,488,855
DILUTIVE EFFECT OF SHARE OPTIONS	**–**	–
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES ADJUSTED FOR THE DILUTIVE EFFECT	**10,831,359**	9,488,855

Note: The effect of the bonus element resulting from the rights issue has been included in the calculation of basic and diluted loss per share and prior year basic and diluted loss per share is adjusted in order to provide a comparable basis for the rights issue in the current year.

The basic and diluted loss per share are as follows:

	2016 US$	2015 US$ (RESTATED)
– BASIC	**(0.0014)**	(0.1787)
– DILUTED	**(0.0014)**	(0.1787)

A7 OPERATING LEASE COMMITMENTS

A7.1 Significant accounting policies

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

A7.2 Details of operating lease commitments

Future minimum lease receivables as lessor and payables as lessee of the unexpired leases under non-cancellable operating leases as at 31 December 2016 and 2015 were as follows:

	VESSELS	OFFICE AND FACILITIES PREMISES	TERMINALS AND EQUIPMENTS	TOTAL	VESSELS	OFFICE AND FACILITIES PREMISES	TERMINALS AND EQUIPMENTS	TOTAL
	2016				2015			
AS LESSOR								
LEASE TERM	**N/A**	**UP TO 3 YEARS**	**N/A**		1 MONTH TO 5 MONTHS	UP TO 4 YEARS	N/A	
	US$'000	**US$'000**	**US$'000**	**US$'000**	US$'000	US$'000	US$'000	US$'000
WITHIN ONE YEAR	**–**	**749**	**–**	**749**	8,360	709	–	9,069
IN THE SECOND TO FIFTH YEARS, INCLUSIVE	**–**	**275**	**–**	**275**	–	490	–	490
	–	**1,024**	**–**	**1,024**	8,360	1,199	–	9,559
AS LESSEE								
LEASE TERM	**1 YEAR TO 9 YEARS**	**UP TO 9 YEARS**	**1 MONTH TO 6 YEARS**		1 MONTH TO 10 YEARS	UP TO 10 YEARS	1 MONTH TO 6 YEARS	
	US$'000	**US$'000**	**US$'000**	**US$'000**	US$'000	US$'000	US$'000	US$'000
WITHIN ONE YEAR	**62,878**	**16,970**	**43,436**	**123,284**	66,203	20,356	43,100	129,659
IN THE SECOND TO FIFTH YEARS, INCLUSIVE	**190,824**	**47,290**	**186,566**	**424,680**	143,293	58,598	180,030	381,921
AFTER FIVE YEARS	**52,648**	**9,261**	**49,853**	**111,762**	65,924	12,381	98,255	176,560
	306,350	**73,521**	**279,855**	**659,726**	275,420	91,335	321,385	688,140

A8 EVENTS AFTER THE REPORTING PERIOD

On 17 February 2017, the Group closed a US$1,000,000,000 borrowing base facility, to be utilised by Noble Clean Fuels Limited, a wholly owned subsidiary of the Group, to support its business requirements. The facility allows for the issuance of trade finance instruments such as letters of credit, as well as for the drawdown of loans.

A9 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS – ADJUSTMENTS TO PROFIT/(LOSS) BEFORE TAX

	NOTES	2016 US$'000	2015 US$'000
DEPRECIATION	C2.3	**104,301**	95,184
AMORTISATION OF INTANGIBLE ASSETS	C3.3	**18,090**	22,195
LOSS/(GAIN) ON REDEMPTION OF SENIOR NOTES		**(13,315)**	941
IMPAIRMENT OF NON-CURRENT ASSETS*	A1	**66,461**	701,759
IMPAIRMENT OF PREPAYMENTS	B3.3	**16,780**	7,821
IMPAIRMENT OF LONG TERM LOANS	A3.2, C5.4	**1,800**	6,200
IMPAIRMENT OF TRADE RECEIVABLES	A3.2, B2.3	**12,006**	3,404
NET LOSSES/(GAINS) ON DISPOSAL OF NON-CURRENT ASSETS			
– NES	C7.2	**(291,485)**	–
– OTHERS		**11,482**	(7,874)
RE-MEASUREMENT GAIN ON A PRE-EXISTING INTEREST IN JOINT VENTURE	A1	**(4,245)**	–
SHARE OF PROFITS AND LOSSES OF JOINT VENTURES/ASSOCIATES (EXCLUDING CAL)	C4.3, C4.4	**71,519**	91,911
SHARE OF LOSS OF CAL	E2.2	**–**	192,578
SHARE-BASED PAYMENT AND EQUITY-SETTLED SHARE OPTION EXPENSES		**60,336**	93,340
DIVIDEND INCOME FROM LONG TERM EQUITY INVESTMENTS	A3.4	**(859)**	(263)
NET FINANCE COSTS	A4.2	**157,794**	174,596
		210,665	1,381,792

* Impairment of non-current assets of US$66,461,000 (2015: US$701,759,000), being property, plant and equipment of US$50,453,000 (2015: US$30,210,000) (see note C2.3), mine properties of US$2,845,000 (2015: US$23,742,000) (see note C2.4), associates of US$4,888,000 (2015: US$627,932,000) (see note C4.5), joint ventures of US$44,000 (2015: US$8,735,000) (see note C4.5) and long term equity investments of US$8,231,000 (2015: US$11,140,000) (see note C5.3).

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

B1 WORKING CAPITAL MANAGEMENT

B1.1 Overview

Set out below are the Group's primary strategies to manage its working capital:

Monitoring trade receivables and use of trade receivables discounting programmes, see note B2.4

The Group closely monitors its outstanding trade receivables and seeks opportunities to monetise them using discounting facilities with banks. Certain subsidiaries of the Company have bilateral or club facilities in place with certain banks under which trade receivables are discounted, with or without recourse. Certain facilities may involve a direct true sale of invoices to the bank or use credit insurance to mitigate risk.

Prefinancing, see note B3.3

In an environment where bank or capital market funding to suppliers is scarce, and in situations where the Group can broaden its sourcing capabilities, it may elect to prepay suppliers to secure future deliveries. The Group will identify banks to fund these prepayments with or without recourse. The Group manages the associated credit and performance risk and may also elect to support this by adding insurance.

Monitoring inventories and use of inventories sales programmes, see note B4.2

As part of its working capital management, the Group may elect to sell some of its commodity inventories to certain financial institutions, under a risk and reward transfer. The Group often has the option, not an obligation, to repurchase the goods at a later time.

Supplier financing, see note B5.2

Occasionally, the Group, via its banks, will issue letters of credit to suppliers, with 30 to 90 day payment terms. This creates an account payable and enables the Group to settle its payment obligations at a later date (whilst its suppliers are often able to discount the related receivable of the Group at sight).

Borrowing base facility, see note D3.2

Some of the Group's subsidiaries in the US use a borrowing base facility with certain banks to finance some of its working capital. These entities provide a general lien over their assets to the banks providing the facility. Drawings in the form of loans and letters of credit (including stand-by letters of credit) are provided against specific eligible collateral, which include inventory and receivables.

Revolving credit facilities, see note D3.2

The Company uses short to medium term revolving credit facilities to partially fund its working capital. The facilities are available for general corporate purposes. These facilities are committed, unsecured, generally issued with tenors between 1 and 3 years and are supported by a wide range of global and regional banks. The Company generally refinances the maturing tranches, annually.

	NOTES	**2016 US$'000**	2015 US$'000
TRADE RECEIVABLES	B2.3	**2,407,412**	2,434,076
PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	B3.3	**867,010**	1,166,089
NET FAIR VALUE GAINS ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	B6.3	**2,776,419**	3,178,351
INVENTORIES	B4.2	**1,643,046**	1,791,520
TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES	B5.2	**(3,151,299)**	(4,726,877)
WORKING CAPITAL		**4,542,588**	3,843,159

B2 TRADE RECEIVABLES

B2.1 Significant accounting policies

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and including fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the trade receivables are derecognised or impaired, as well as through the amortisation process. Please refer to note F2 for the accounting policy for the derecognition of financial assets which includes trade receivables.

The carrying amounts of trade receivables approximate to their fair values.

B2.2 Significant accounting judgements and estimates

Impairment

Impairment is determined based on the periodic evaluation of collectability and ageing analysis of each receivable. This involves significant management judgement in assessing factors such as financial difficulties of the debtor, default or significant delay in payments, dispute with the debtor and other market conditions. Where there is objective evidence of impairment, the ultimate realisation of the receivables is estimated based on the current creditworthiness and the past repayment history of the relevant debtor. If the financial condition of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Derecognition

Derecognition is determined based on the evaluation of the probability of credit default risk of each receivable and on management's judgement. A considerable amount of judgement is required in estimating the transfer of risk and rewards of the receivable, including the current creditworthiness and the past repayment history of the relevant debtor. If the Group has neither transferred nor retained substantially all the risks and rewards of the receivable, the receivable is recognised to the extent of continuing involvement if the transferee does not have the practical ability to sell the receivable.

B2.3 Details of trade receivables

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

			PAST DUE BUT NOT IMPAIRED				
	TOTAL US$'000	NEITHER PAST DUE NOR IMPAIRED US$'000	< 31 DAYS US$'000	31-60 DAYS US$'000	61-90 DAYS US$'000	91-120 DAYS US$'000	>120 DAYS US$'000
2016	**2,407,412**	**2,087,448**	**168,289**	**13,893**	**12,534**	**12,830**	**112,418**
2015	2,434,076	1,982,014	247,218	67,064	25,815	14,111	97,854

Trade receivables of US$352,501,000 (2015: US$17,911,000) were pledged to banks for borrowing base facilities of US$2,030,000,000 (2015: US$1,110,000,000).

The Group has in place provisioning procedures for financial assets, under which trade receivables will be assessed for recoverability at the end of each reporting period as to whether there is any objective evidence that such receivable is impaired. As stated in note B7.1, the Product Credit Committees are responsible for impairment reviews and for recommending credit provisions to the Global Credit Committee for approval. Additional information on the credit risk management of the Group is provided in note B7.3.

B2 TRADE RECEIVABLES (continued)

B2.3 Details of trade receivables (continued)

As at 31 December 2016, trade receivables of US$31,309,000 were impaired and fully provided for as detailed below:

	2016 US$'000	2015 US$'000
AT 1 JANUARY	**21,895**	27,525
IMPAIRMENT	**12,006**	3,404
AMOUNTS WRITTEN OFF	**(2,150)**	(9,034)
DISPOSAL OF SUBSIDIARIES	**(442)**	–
AT 31 DECEMBER	**31,309**	21,895

B2.4 Receivable purchase programmes

	PROGRAMME SIZE US$'000	2016 US$'000	2015 US$'000
OIL LIQUIDS, ENERGY COAL AND METALS BUSINESSES	230,000	**191,615**	133,793
ENERGY RETAIL BUSINESS	–	**–**	209,020
OIL LIQUIDS AND GAS AND POWER BUSINESSES	–	**–**	304,324

Oil Liquids, Energy Coal and Metals businesses

On 23 December 2015, the Group entered into a receivable purchase programme of US$230,000,000 with associated credit insurance. The Group utilised this programme to discount a portion of its receivables within the Oil Liquids, Energy Coal and Metals businesses under a true sale agreement.

As at 31 December 2016, trade receivables, with a credit period of up to 180 days, of US$191,615,000 (2015: US$133,793,000) were discounted. Pursuant to the Group's derecognition accounting policy as described in note F2, US$179,115,000 (2015: US$121,293,000) was derecognised on receipt of the associated financing, and US$12,500,000 (2015: US$12,500,000) continues to be recorded in trade receivables. The Group does not retain any rights over the remaining trade receivables, except for the potential future cash receipt from the cash reserve account mentioned below. The remaining financing of US$12,500,000 (2015: US$12,500,000) was recorded as bank borrowings at the statement of financial position date. Of the cash receipts, US$179,115,000 (2015: US$121,293,000) was recorded as cash and US$12,500,000 (2015: US$12,500,000) was held in a separate cash reserve account and was recognised within other receivables at the statement of financial position date. The separate cash reserve account is maintained to fund any credit losses or delayed payment interest on the portfolio of trade receivables. Any credit loss in excess of US$12,500,000 (2015: US$12,500,000) will be covered by the credit insurance programme. The credit insurance programme has a term of one year and can be renewed upon expiry. The balance of the cash reserve account will be released to the Group upon termination of the financing facility. Under the terms of the financing facility, the Group will have to repurchase the receivables at the original invoice amount upon the occurrence of defined repurchase events, including as a result of a commercial dispute between the Group and the receivable payer as well as in the event the credit insurer should become insolvent prior to the termination of the receivable programme. Based on historic experience the Group believes the likelihood of a repurchase event occurring to be remote.

B2 TRADE RECEIVABLES (continued)

B2.4 Receivable purchase programmes (continued)

Energy Retail business

In 2013, the Group entered into a receivable purchase programme of US$250,000,000 with associated credit insurance. The Group utilises this programme to discount a portion of its receivables within the Energy Retail business under a true sale agreement.

As at 31 December 2015, trade receivables, with a credit period of up to 180 days, of US$209,020,000 were discounted. Pursuant to the Group's derecognition accounting policy as mentioned in note F2, US$188,700,000 were derecognised on receipt of the associated funding, and US$20,320,000 continued to be recorded in trade receivables. The Group does not retain any rights over the remaining trade receivables, except for the potential future cash receipt from the cash reserve account mentioned below. Of the cash receipt, US$1,000,000 was held in a separate cash reserve account and was recognised within other receivables at the statement of financial position date. The separate cash reserve account is maintained to fund any credit losses or delayed payment interest on the portfolio of trade receivables. Any credit loss in excess of US$3,000,000 will be covered by the credit insurance programme. The credit insurance programme has a term equal to the receivable purchase programme. The balance of the cash reserve account will be released to the Group upon termination of the receivable programme. Under the terms of the programme, the Group will have to repurchase the receivables at the original invoice amount upon the occurrence of defined repurchase events, including as a result of a commercial dispute between the Group and the receivable payer. Based on historic experience the Group believes the likelihood of a repurchase event occurring to be remote.

This receivable purchase programme ceased in 2016.

Oil Liquids and Gas and Power businesses

In 2015, the Group entered into a US$400,000,000 receivable purchase programme in which the Group sold receivables within the Oil Liquids and Gas and Power businesses. Under the terms of the programme, receivables are purchased at 100% and are fully insured for credit losses. The Group will have to repurchase the receivables at the original invoice amount upon occurrence of defined repurchase events, including as a result of a commercial dispute between the Group and the receivable payer as well as in the event the credit insurer should become insolvent prior to the termination of the receivable programme. Based on historical experience the Group believes the likelihood of a repurchase event occurring to be remote.

This receivable purchase programme ceased in 2016.

B3 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

B3.1 Significant accounting policies

Prepayments, deposits and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts. The carrying amounts of prepayments, deposits and other receivables approximate to their fair values because of short term maturity. Please refer to note F2 for the accounting policy of impairment of financial assets which includes prepayments.

B3.2 Significant accounting judgements and estimates

Impairment is determined based on the evaluation of collectability and ageing analysis of deposits, other receivables and on the operation risk of the prepayment. A considerable amount of judgement is required in estimating the ultimate realisation of the prepayments, deposits and other receivables, including the current creditworthiness, the past repayment history of the relevant debtor and the operation risk of the counterparty. If the financial condition of debtors or counterparty of the Group were to deteriorate, resulting in an impairment of their ability to make payments, perform service, or provide products, additional allowances may be required.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of the prepayments, deposits or other receivables is reversed only if there has been a change in the estimates used to determine their recoverable amount, but not to an amount higher than the carrying amount that would have been determined if no impairment loss had been recognised for the prepayments, deposits or other receivables in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

B3 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

B3.3 Details of prepayments, deposits and other receivables

	GROUP		COMPANY	
	2016 US$'000	2015 US$'000	**2016 US$'000**	2015 US$'000
PREPAYMENTS TO SUPPLIERS	**214,333**	328,475	**–**	–
TRADE PREPAYMENTS	**81,089**	123,375	**–**	–
NON-TRADE PREPAYMENTS	**25,324**	20,619	**12,419**	2,441
DEPOSITS AND OTHER RECEIVABLES	**263,131**	358,455	**15,325**	31,312
CONTRACTS IN PROGRESS	**42,070**	58,852	**–**	–
CURRENT PORTION OF LONG TERM LOANS (NOTE C5.4)	**96,520**	138,375	**–**	–
CASH RESERVE (NOTE B2.4)	**12,500**	13,500	**12,500**	12,500
AMOUNT DUE FROM JOINT VENTURES/ASSOCIATES	**132,043**	124,438	**222**	454
	867,010	1,166,089	**40,466**	46,707

Prepayments to suppliers and trade prepayments represent advances to counterparties with whom the Group has off-take or other agreements under which the prepayments will be recovered from the production outputs of the counterparties. These prepayments are assessed for recoverability at the end of each reporting period as to whether there is any objective evidence that such receivables are impaired. During the year, a prepayment of US$16,780,000 (2015: US$7,821,000) was impaired.

B4 INVENTORIES

B4.1 Significant accounting policies

General

Inventories principally comprise commodities held for trading and inventories that form part of the Group's normal purchase, sale or usage requirements for its manufacturing or processing activities.

All the inventories of the Group for commodity trading are measured at fair value less costs to sell, with changes in fair value less costs to sell recognised in the income statement in the period of the change. All the other inventories are stated at the lower of cost and net realisable value.

Inventory sales programme with repurchase option

Revenue recognition policy of the inventory sales programme is set out in note A3.1.

B4 INVENTORIES (continued)

B4.2 Details of inventories

	2016 US$'000	2015 US$'000
COMMODITY INVENTORIES AT FAIR VALUE		
– LEVEL 1	**59,307**	125,104
– LEVEL 2	**1,573,083**	1,648,818
	1,632,390	1,773,922
OTHER INVENTORIES AT THE LOWER OF COST AND NET REALISABLE VALUE	**10,656**	17,598
	1,643,046	1,791,520

Inventories of US$1,053,608,000 (2015: US$704,460,000) and US$109,476,000 (2015: US$28,652,000) were pledged to banks for borrowing base facilities of US$2,030,000,000 (2015: US$1,110,000,000) and bilateral bank borrowings, respectively.

Upon the occurrence and during the continuance of an event of default, the Group is not allowed to withdraw, transfer, sell, redeem, pledge, rehypothecate or otherwise deliver or dispose the pledged inventories without the prior written consent of the administrative agent of the bank facilities.

Readily marketable inventories ("RMI")

RMI are certain commodity inventories (hedged or presold) which are readily convertible to cash because of their commodity characteristics, widely available markets and international pricing mechanisms. RMI is not a defined IFRS concept.

At 31 December 2016, RMI amounted to US$1,526,251,000 (2015: US$1,710,185,000), which represented 93% (2015: 95%) of total inventories, of which inventories in transit to customers were US$2,651,000 (2015: US$616,621,000).

Inventory sales programme with repurchase option

In the normal course of the Group's business, the Group may enter into structured transactions with financial institutions to sell some of its commodity inventories with repurchase options, but not an obligation, to repurchase the inventories. These inventories are treated as sales after the transfer of risk and reward. Inventory repurchase options are marked-to-market as commodity trading contracts.

Inventory sales under the programme gradually decreased during the year as the Group tightened management of its inventory levels, particularly in its metals businesses and because of the reduction of commodity prices, as evidenced by the decrease in total inventories of US$1,643,046,000 (2015: US$1,791,520,000). As at 31 December 2016, inventory sales amounted to US$129,000,000 (2015: US$475,000,000).

B5 TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES

B5.1 Significant accounting policies

General

Trade and other payables are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method.

The carrying amounts of trade and other payables approximate to their fair values because of their immediate or short term maturity.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

B5 TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES (continued)

B5.1 Significant accounting policies (continued)

Financial guarantee contracts

Financial guarantee contracts within the scope of IAS 39 are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract, except when such contracts are recognised at fair value through profit or loss. Subsequent to initial recognition, the Group measures financial guarantee contracts at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the statement of financial position date; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 Revenue.

Provisions

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

B5.2 Details of trade and other payables and accrued liabilities

	GROUP		COMPANY	
	2016 US$'000	2015 US$'000	**2016 US$'000**	2015 US$'000
TRADE PAYABLES (NON-INTEREST BEARING)	**2,504,430**	3,731,013	**–**	–
ACCRUED PURCHASES	**54,793**	327,388	**–**	–
ACCRUED TRADE LIABILITIES	**172,723**	268,369	**10,586**	85
ACCRUED FINANCE COSTS	**40,655**	61,948	**38,515**	59,339
ACCRUED NON-TRADE LIABILITIES	**310,369**	259,320	**133,763**	188,577
EXCESS OF PROGRESS BILLINGS OVER CONTRACT COSTS	**49,258**	64,146	**–**	–
AMOUNT DUE TO JOINT VENTURES/ASSOCIATES	**19,071**	14,693	**–**	–
	3,151,299	4,726,877	**182,864**	248,001

Accrued liabilities include provisions to cover legal and tax contingencies which are detailed as below:

	2016 US$'000	2015 US$'000
AT 1 JANUARY	**132,175**	133,482
ADDITIONAL PROVISIONS MADE	**18,427**	8,923
PROVISION UTILISED	**(38,349)**	(4,059)
WRITE BACK OF PROVISION	**(6,503)**	(6,171)
AT 31 DECEMBER	**105,750**	132,175

B6 COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS

B6.1 Significant accounting policies

Derivative instruments

As a supply chain business operator the Group enters into transactions in respect of commodity and other derivative instruments such as foreign exchange contracts ("FX") and interest rate swaps ("IRS"). Derivative instruments include commodity contracts which do not form part of the Group's manufacturing or processing activities. All derivative instruments are initially recognised at fair value on the date on which the contracts are entered and are subsequently re-measured at fair value. Derivative instruments are carried as receivables when the fair value is positive and as payables when the fair value is negative. Any gains or losses arising from changes in the fair value of a derivative instrument are recorded in the income statement in the cost of sales and services in the period of change unless the derivative instrument is designated as a cash flow hedge. If a derivative instrument is a cash flow hedge, changes in the fair value of the derivative instrument are recognised in a separate component of equity until the hedged item is recognised in earnings. Any ineffective portion of a hedging derivative's change in fair value is recognised in the income statement.

Commodity contracts

There are two categories of commodity contracts:

1. Physical settled commodity contracts ("physical contracts"), which include commodity forward purchase and sales contracts, offtake agreements and other commodity contracts.

2. Cash-settled commodity contracts ("cash-settled contracts"), which include commodity futures, options, swaps and forward freight agreements. In rare circumstances the Group may deliver physical commodities to settle these contracts.

Certain business divisions of the Group are involved in the mining, manufacturing and processing of commodities. Commodity contracts that form part of the Group's normal purchase, sale or usage requirements for these activities are accounted for as executory contracts and are recorded as revenue or cost of sales and services when the delivery of the commodities has taken place. These contracts are not included as commodity derivatives on the statement of financial position.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: based on quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: based on valuation techniques for which all inputs that are significant to the fair value measurement are observable, either directly or indirectly
Level 3: based on valuation techniques for which one or more inputs that are significant to the fair value measurement are unobservable

Transfer between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are determined to have occurred at the end of each reporting period.

B6.2 Significant accounting judgements and estimates

In determining the appropriate fair value of commodity and other derivative instruments classified as Level 2 or Level 3 in the fair value hierarchy, the Group makes use of valuation models. Following the requirements of IFRS, the Group makes maximum use of observable market data as inputs to these valuation models. Where observable market data is not available, the Group has to make use of management estimates for unobservable inputs to the models, and seeks to corroborate the estimates to available market data, or through back-testing against historical experience. The Group's governance process over the valuation process is described in detail in note B6.5.

The most significant unobservable inputs to the models of Level 3 instruments and the sensitivities of the valuations to reasonable changes in these inputs are disclosed in note B6.4.

The Group books valuation adjustments for model uncertainty and these reflect the Group's view of what a market participant would consider when measuring a contract at fair value. As the Group has many contracts and each contract is different, the Group policy is to make transaction specific valuation adjustments to reflect transaction specific risk.

When assessing whether a valuation is allocated to Level 2 or Level 3 in the fair value hierarchy the Group assesses the significance of unobservable inputs in each transaction's valuation model, and where deemed significant allocates the transaction to Level 3. The approach adopted involves stressing the inputs and comparing the impact on the overall valuation at both an individual input and an aggregate basis when there is more than one unobservable input against a significance threshold. The Group uses a 15% significance threshold for this purpose.

B6 COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS (continued)

B6.3 Details of commodity and other derivative financial instruments

The following table shows the breakdown of the Group's fair value gains and losses on commodity contracts and derivative financial instruments recorded in current assets and liabilities as at 31 December 2016 and 2015:

		ANALYSIS BY MATURITY (IN US$'000)					ANALYSIS BY FAIR VALUE HIERARCHY (IN US$'000)			
		< 1 YEAR	1 TO 2 YEARS	2 TO 3 YEARS	3 TO 4 YEARS	> 4 YEARS	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2016										
CURRENT ASSETS:										
TRADING	**PHYSICAL CONTRACTS**	**1,153,396**	**429,817**	**279,518**	**229,678**	**1,258,251**	**–**	**2,670,201**	**680,459**	**3,350,660**
	CASH-SETTLED CONTRACTS	**(43,368)**	**272,057**	**105,374**	**30,797**	**1,393**	**205,766**	**145,436**	**15,051**	**366,253**
	FX/IRS	**57,120**	**1,753**	**–**	**467**	**4,188**	**49,337**	**14,191**	**–**	**63,528**
CASH FLOW HEDGE	**CASH-SETTLED CONTRACTS**	**96**	**(122)**	**–**	**–**	**–**	**–**	**(26)**	**–**	**(26)**
	IRS	**–**	**–**	**–**	**27**	**75**	**–**	**102**	**–**	**102**
TOTAL		**1,167,244**	**703,505**	**384,892**	**260,969**	**1,263,907**	**255,103**	**2,829,904**	**695,510**	**3,780,517**
CURRENT LIABILITIES:										
TRADING	**PHYSICAL CONTRACTS**	**(687,075)**	**(46,592)**	**(3,362)**	**(1,099)**	**(1,958)**	**–**	**(704,624)**	**(35,462)**	**(740,086)**
	CASH-SETTLED CONTRACTS	**(128,659)**	**(83,606)**	**(4,196)**	**2,201**	**243**	**(106,757)**	**(107,260)**	**–**	**(214,017)**
	FX/IRS	**(53,083)**	**(1,908)**	**–**	**(247)**	**(3,991)**	**(44,308)**	**(14,921)**	**–**	**(59,229)**
CASH FLOW HEDGE	**CASH-SETTLED CONTRACTS**	**5,050**	**4,790**	**2,406**	**(3)**	**–**	**8,246**	**3,997**	**–**	**12,243**
	FX/IRS	**(4,458)**	**1,551**	**–**	**(27)**	**(75)**	**1,638**	**(4,647)**	**–**	**(3,009)**
TOTAL		**(868,225)**	**(125,765)**	**(5,152)**	**825**	**(5,781)**	**(141,181)**	**(827,455)**	**(35,462)**	**(1,004,098)**
NET FINANCIAL ASSETS		**299,019**	**577,740**	**379,740**	**261,794**	**1,258,126**	**113,922**	**2,002,449**	**660,048**	**2,776,419**
PERCENTAGE OF TOTAL NET FINANCIAL ASSETS		**11%**	**21%**	**14%**	**9%**	**45%**	**4%**	**72%**	**24%**	**100%**
2015										
CURRENT ASSETS:										
TRADING	PHYSICAL CONTRACTS	2,149,743	727,706	387,421	288,389	1,373,443	–	4,251,385	675,317	4,926,702
	CASH-SETTLED CONTRACTS	592,185	219,909	93,440	136,753	37,144	657,494	280,975	140,962	1,079,431
	FX/IRS	141,525	8,238	6,272	2,173	19,038	137,398	39,848	–	177,246
CASH FLOW HEDGE	PHYSICAL CONTRACTS	5,290	1,920	130	–	–	4,146	3,194	–	7,340
	CASH-SETTLED CONTRACTS	5,897	7,970	–	–	–	898	12,969	–	13,867
	IRS	–	–	–	–	394	–	394	–	394
TOTAL		2,894,640	965,743	487,263	427,315	1,430,019	799,936	4,588,765	816,279	6,204,980
CURRENT LIABILITIES:										
TRADING	PHYSICAL CONTRACTS	(1,469,701)	(337,913)	(170,012)	(36,893)	(47,923)	–	(1,860,995)	(201,447)	(2,062,442)
	CASH-SETTLED CONTRACTS	(461,647)	(96,673)	(46,913)	(36,055)	(12,926)	(540,266)	(113,948)	–	(654,214)
	FX/IRS	(123,909)	(2,220)	(1,281)	(2,173)	(18,134)	(140,827)	(6,890)	–	(147,717)
CASH FLOW HEDGE	CASH-SETTLED CONTRACTS	(57,482)	(5,323)	(19)	(30)	–	(23,635)	(39,219)	–	(62,854)
	FX/IRS	(86,346)	(562)	–	–	(12,494)	(340)	(99,062)	–	(99,402)
TOTAL		(2,199,085)	(442,691)	(218,225)	(75,151)	(91,477)	(705,068)	(2,120,114)	(201,447)	(3,026,629)
NET FINANCIAL ASSETS		695,555	523,052	269,038	352,164	1,338,542	94,868	2,468,651	614,832	3,178,351
PERCENTAGE OF TOTAL NET FINANCIAL ASSETS		22%	17%	8%	11%	42%	3%	78%	19%	100%

During the years ended 31 December 2016 and 2015, there were no transfers between Level 1 and Level 2 fair value measurements.

B6 COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS (continued)

B6.3 Details of commodity and other derivative financial instruments (continued)

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Please refer to note B6.6 for details.

Cash flow hedges

As at 31 December 2016 and 2015, the Group entered into oil swaps designated as hedges for the operating costs of vessels; interest rate swaps designated as hedges for finance costs on bank and capital market debt; and forward freight agreements designated as hedges of operating freight costs. Please refer to note F2 for the accounting policy on hedge accounting.

The following table shows the breakdown of the Company's fair value gains and losses on commodity contracts and derivative financial instruments recorded in current assets and liabilities as at 31 December 2016 and 2015:

		ANALYSIS BY MATURITY (IN US$'000)					ANALYSIS BY FAIR VALUE HIERARCHY (IN US$'000)			
		< 1 YEAR	1 TO 2 YEARS	2 TO 3 YEARS	3 TO 4 YEARS	> 4 YEARS	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2016										
CURRENT ASSETS:										
CASH FLOW HEDGE	**FX/IRS**	**–**	**–**	**–**	**28**	**75**	**–**	**103**	**–**	**103**
CURRENT LIABILITIES:										
CASH FLOW HEDGE	**FX/IRS**	**(92)**	**–**	**–**	**(703)**	**(3,853)**	**–**	**(4,648)**	**–**	**(4,648)**
NET FINANCIAL LIABILITIES		**(92)**	**–**	**–**	**(675)**	**(3,778)**	**–**	**(4,545)**	**–**	**(4,545)**
PERCENTAGE OF TOTAL NET FINANCIAL LIABILITIES		**2%**	**N/A**	**N/A**	**15%**	**83%**	**N/A**	**100%**	**N/A**	**100%**
2015										
CURRENT ASSETS:										
CASH FLOW HEDGE	IRS	–	–	–	–	394	–	394	–	394
CURRENT LIABILITIES:										
CASH FLOW HEDGE	IRS	(52,433)	(612)	–	–	(9,020)	–	(62,065)	–	(62,065)
NET FINANCIAL LIABILITIES		(52,433)	(612)	–	–	(8,626)	–	(61,671)	–	(61,671)
PERCENTAGE OF TOTAL NET FINANCIAL LIABILITIES		85%	1%	N/A	N/A	14%	N/A	100%	N/A	100%

During the years ended 31 December 2016 and 2015, there were no transfers between Level 1 and Level 2 fair value measurements.

B6 COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS (continued)

B6.4 Fair value disclosures

The following table provides information about the fair valuation techniques and inputs used:

VALUATION METHOD	UNDERLYING FINANCIAL INSTRUMENTS	KEY INPUTS
LEVEL 1 QUOTED PRICES IN ACTIVE MARKETS	CASH-SETTLED CONTRACTS/ FX/IRS	QUOTED PRICES IN ACTIVE MARKET.
LEVEL 2 DISCOUNTED CASH FLOW	PHYSICAL CONTRACTS/CASH-SETTLED CONTRACTS	VOLUME OF THE CONTRACT AND THE FORWARD PRICE WHICH IS EITHER A FLAT PRICE OR A BASIS (PREMIUM OR DISCOUNT) PLUS THE RESPECTIVE COMMODITY INDEX PRICE APPLICABLE TO THE CONTRACTS. THE FUTURE CASH FLOW ARE DISCOUNTED BY A RISK ADJUSTED DISCOUNT RATE.
DISCOUNTED CASH FLOW	CASH-SETTLED CONTRACTS	CURRENT COMMODITY PRICE AND CREDITWORTHINESS OF THE COUNTERPARTIES WHICH ARE OBSERVABLE IN THE MARKET.
DISCOUNTED CASH FLOW	FX/IRS	OBSERVABLE QUOTED RATES. PRICES ARE ADJUSTED BY A DISCOUNT RATE WHICH CAPTURES THE TIME VALUE OF MONEY, COUNTERPARTY AND CREDIT CONSIDERATIONS.

VALUATION METHOD	UNDERLYING FINANCIAL INSTRUMENTS	KEY INPUTS	RANGE OF INPUT	SENSITIVITY ANALYSIS FAVOURABLE 2016 US$'M	SENSITIVITY ANALYSIS FAVOURABLE 2015 US$'M	SENSITIVITY ANALYSIS UNFAVOURABLE 2016 US$'M	SENSITIVITY ANALYSIS UNFAVOURABLE 2015 US$'M
LEVEL 3 DISCOUNTED CASH FLOW	PHYSICAL CONTRACTS/ CASH-SETTLED CONTRACTS	INFLATION RATE*1	0.5%	**197**	228	**(204)**	(225)
		FORWARD PRICE CURVE*2	US$2.1/MT TO US$390/MT				
		PREMIUM FOR QUALITY AND LOCATION*3	2.5% TO 16.7%				
		DISCOUNT FOR QUALITY AND LOCATION*3	4.0% TO 6.0%				
		CONVERSION PRICE RATIO OF ALUMINA FROM ALUMINIUM*4	16.3%				

Level 3 analysis

The paragraphs below describe key unobservable inputs to Level 3 contracts:

* 1 For the valuation of long term contracts where observable prices are not available, the Group estimates that nominal prices will move in accordance with inflation rates. The sensitivity analysis above shows the impact of a +/- change of 1% in inflation rate.

* 2 Forward price curves for long dated and illiquid commodities have been projected based on the Group's best estimates. Where possible, broker consensus, third party consensus, market publications, and a combination of above sources have been used in developing these forward price curves.

* 3 Premium or discounts for quality and location reflect a price adjustment for specific characteristics of a commodity that more accurately depicts the asset or liability being measured. For certain commodity contracts, this adjustment is unobservable and significant to the overall valuation of the contract. The Group makes use of historical data and available market data to make appropriate estimates on a consistent basis for its contracts.

* 4 Conversion price ratio of alumina to aluminium represents the correlation between alumina and aluminium which is a significant input in the fair valuation of alumina contracts.

B6 COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS (continued)

B6.4 Fair value disclosures (continued)

Level 3 analysis (continued)

Favourable and unfavourable changes are determined on the basis of sensitivity analysis. The sensitivity analysis measures the impact on the Level 3 contract fair values with regard to reasonable alternative assumptions for unobservable inputs. The Group takes into account the nature of the valuation technique employed and exercises judgement on the available observable and historical data in arriving at reasonable alternative assumptions.

When the fair value is affected by more than one unobservable assumption, the above table reflects the most favourable or the most unfavourable change from varying the reasonable alternative assumptions individually.

Level 3 contracts require recurring fair value measurement. The change in Level 3 balances during the year was as follows:

	2016 US$'000	2015 US$'000
AT 1 JANUARY	**614,832**	1,045,780
ADDITIONS	**(4,389)**	1,564
DISPOSALS	**(87,158)**	(34,470)
REALISED DURING THE YEAR	**(19,086)**	(49,671)
UNREALISED GAIN/(LOSS) INCLUDED IN THE INCOME STATEMENT	**126,225**	(465,195)
ASSETS TRANSFER INTO LEVEL 3, NET	**5,706**	377,236
LIABILITIES/(ASSETS) TRANSFER OUT OF LEVEL 3, NET	**23,918**	(260,412)
AT 31 DECEMBER	**660,048**	614,832

The Group's current policy is to reassess and make any required transfers between levels in the fair value hierarchy at the end of each reporting period.

Contracts with a fair value of US$5,706,000 (2015: US$377,236,000) were transferred into Level 3 primarily due to the increase in sensitivity of the unobservable components of the transactions. The volatility in commodity prices during the year increased the sensitivity of contract valuation and introduced additional project risks. These volatilities and risks increased the significance of the unobservable input of certain contracts, and the Group has transferred these contracts from Level 2 to Level 3.

Contracts with a fair value loss of US$23,918,000 (2015: fair value gain of US$260,412,000) were transferred out of Level 3 primarily due to the decrease in sensitivity to unobservable inputs. During the year, additional market based data became available which reduced the sensitivity of the overall valuation for certain contracts.

B6.5 Governance over valuation processes

Governance structure

The Group has a structured governance and oversight framework in respect of the fair valuation of financial instruments and commodity contracts. It manages its fair valuation methodology and key inputs through governance committees at Business and Management Committee level:

Curve Review Committee

The Curve Review Committee ("CR Committee") consists of representatives from the Business, Finance, Market Risk, Credit Risk, Strats and Research teams. It reviews the following key inputs to the fair valuation models:

- Anchor prices and nominal escalators
- Simulated forward curves
- Premiums and discounts used to derive price curves from reference curves

Output of the CR Committee is submitted to the MTM Review Committee ("MTMRC"). Any unresolved issues at the committee are resolved by the MTMRC.

B6 COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS (continued)

B6.5 Governance over valuation processes (continued)

Governance structure (continued)

MTMRC

The MTMRC was established to provide leaders of each business an opportunity to review all of the large contracts in their prospective books with their controllers, Strats team and CFOs. This committee includes representatives from the Management Committee, Finance and Strats team and provides oversight of the CR Committee. It reviews the following reports and items related to fair valuation of derivative financial instruments:

- Deal restructuring and highlight of any issues with back-testing, key risks on each transaction and any potential operational issues
- Large deal valuations and adjustments to the profit and losses and reserves of the Group
- Stress test reports
- Scenario simulation for the longer dated curves
- Unresolved issues from CR Committee

Audit Committee ("AC")

The AC reviews the fair value information pack on a quarterly basis. The pack covers an analysis of the portfolio by maturity and accounting classification (Level 2 and 3 as defined by IFRS 13), standardised depiction of the gross value of cash flows, the unadjusted net present value and the reserves taken in deriving the adjusted net present value for major contracts.

Accounting and valuation policy

The Group has established its accounting and valuation policy for its commodity and other derivative financial instruments. These policies are approved by the Group CFO and Group Controller. Please refer to note B6.1 for a detailed description of the accounting policy and note B6.2 for the management judgements and estimates required to apply the accounting and valuation policy of commodity and other derivative financial instruments.

Regular reporting and management review

All adjustments in fair valuation are reviewed by senior finance management on a quarterly basis. Individual finance managers are required to validate their valuation adjustments on a monthly basis and ensure that these adjustments are recalculated appropriately. Valuation adjustments and reserves for the structured transactions are presented as part of the monthly management reporting pack. This is distributed to senior finance management on a monthly basis and reviewed in detail at a quarterly meeting prior to the quarterly AC meeting. Any exceptions to the fair valuation policy are also noted in the management review pack. All new and material changes to reserves and valuation adjustments have to be presented to and approved monthly by the MTMRC.

Segregation of duties

Different departments in the Group are involved in producing inputs to the valuations and taking steps to ensure the accuracy of both inputs and outputs:

- Front Office executes the transactions and works with Product Control, Strats and Market Risk to agree a fair valuation methodology.
- Product Control team is responsible for the daily forward curve update process and validating the fair valuation by agreeing with third party sources.
- Market Risk team reviews the trader's fair value information submission which incorporates the updated forward curves against the reported risk position. Any significant variances will be investigated.
- All variances are reviewed and agreed by the Front Office on a daily basis. Significant exceptions are reported to Group Business Finance with variance commentary.

B6 COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS (continued)

B6.6 Master netting or similar agreements

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Pursuant to IAS 32 *Financial Instruments: Presentation – offsetting financial assets and financial liabilities*, recognised financial instruments that are subject to master netting agreements are as follows:

	GROSS AMOUNT US$'000	GROSS AMOUNT SET OFF IN THE STATEMENT OF FINANCIAL POSITION US$'000	NET AMOUNT IN THE STATEMENT OF FINANCIAL POSITION US$'000	RELATED AMOUNTS NOT SET OFF IN THE STATEMENT OF FINANCIAL POSITION US$'000
31 DECEMBER 2016				
FINANCIAL ASSETS				
COMMODITY CONTRACTS	**3,994,126**	**(3,682,546)**	**311,580**	**–**
FOREIGN EXCHANGE CONTRACTS	**105,704**	**(27,161)**	**78,543**	**–**
	4,099,830	**(3,709,707)**	**390,123**	**–**
FINANCIAL LIABILITIES				
COMMODITY CONTRACTS	**(3,928,772)**	**3,682,546**	**(246,226)**	**–**
FOREIGN EXCHANGE CONTRACTS	**(100,590)**	**27,161**	**(73,429)**	**–**
	(4,029,362)	**3,709,707**	**(319,655)**	**–**
31 DECEMBER 2015				
FINANCIAL ASSETS				
COMMODITY CONTRACTS	3,517,954	(1,852,289)	1,665,665	–
FOREIGN EXCHANGE CONTRACTS	–	(5)	(5)	–
	3,517,954	(1,852,294)	1,665,660	–
FINANCIAL LIABILITIES				
COMMODITY CONTRACTS	(3,046,164)	1,852,289	(1,193,875)	–
FOREIGN EXCHANGE CONTRACTS	(5)	5	–	–
	(3,046,169)	1,852,294	(1,193,875)	–

B7 MARKET, CREDIT, PERFORMANCE, POLITICAL AND COUNTRY RISK MANAGEMENT

B7.1 Governance of risk management

Governance structure

The Group uses a multi-tiered organisational approach to risk management, comprising these entities and roles:

- The Board Risk Oversight Committee ("BROC"), a committee of the Board of Directors, bearing the ultimate responsibility for the Group's capital strength and risk appetite, loss of shareholder value, overarching strategy and umbrella risk policy.
- Two Risk Committees:
  - The Corporate Risk Committee ("CRC") oversees the Group's market risk by discussing its market exposures on a weekly basis. Voting members of the CRC are the Co-CEOs, CFO, CRO, COO, and Head of Market Risk who chairs this committee; furthermore, divisional and business heads, senior analysts and relevant guests participate to this forum.
  - Capital and Risk Committees at the platform and Group level oversee the approval of complex transactions and the Group's credit risk through monthly and ad hoc meetings; members of these committees vary by level; at the group level, voting members are the Co-CEOs, CFO, CRO, Treasurer, Head Counsel, Head of Financial Services and the COO. Guest members, such as senior function managers and commercial heads may be invited as needed.
- The day to day risk management is under the responsibility of the Market Risk function ("MRF"), led by the Group Head of Market Risk, and the Credit Risk function, led by the Group Head of Credit Risk. The Chief Risk Officer is in charge of both these functions.

Key roles fulfilled by the BROC are:

- Determining the broader approach to risk governance for the Group including the umbrella risk policy and a clear mandate and culture for the Risk function;
- Ensuring the adequacy of resources for Risk;
- Monitoring the aggregate risk exposure and the presence of action plans to mitigate them in order for the Group to pursue its strategy, reputation and long-term viability; and
- Allocating risk capital in line with stated goals for the growth, risk tolerance, intended credit rating and shareholder return amongst other parameters.

Key roles of CRC are:

- Legislating market risk policies stipulated by the Board-approved umbrella policy;
- Overseeing market risk by identifying and ensuring the appropriate risk content of the global Group portfolio at all times;
- Developing the market risk strategy through assigning acceptable levels of exposure to specific risk types for each division;
- Ensuring the effective risk monitoring and reporting through the Market Risk function; and
- Enforcing policy with the help of the MRF.

The Capital and Risk Committees are responsible for:

- Developing the Group credit risk strategy by clearly communicating the acceptable levels of credit exposure to specific counterparties;
- Approving credit limits for prepayments, mark-to-market and accounts receivable risk that exceed the credit authority of the Head of Credit Risk;
- Reviewing and approving credit provisions and write-offs recommended by the Product Credit Committees;
- Monitoring adherence to the Group's credit risk guidelines;
- Providing guidance on all matters relating to the credit function; and
- Analysing and evaluating credit exposures associated with new products and new businesses.

B7 MARKET, CREDIT, PERFORMANCE, POLITICAL AND COUNTRY RISK MANAGEMENT (continued)

B7.1 Governance of risk management (continued)

Governance structure (continued)

Key roles of the Risk function are:

The Market Risk function is relied upon for the assessment and communication of market risk so as to minimise the Group's uncertainty in reaching its goals and is responsible for the following:

Trading:

- Developing a strong control environment relevant to the changing market conditions;
- Day-to-day analysis, risk identification, monitoring, and reporting of risk across the Group;
- Actively seeking to address uncertainty in partnership with the commercial side;
- Aiding management in relevant decision making;
- Reporting on the observance of any limits and constraints specified by relevant policies, including the risk capital policy, the authorised trader mandate and the deal review policy.

Business development:

- Assisting with the business development by providing strong risk systems, assumption vetting and valuation models;
- Reviewing structured transactions and valuing them independently (including modelling, assumptions, liquidity considerations and data used);
- Assisting management with analysis of strategic decisions.

Policy:

- Participating in the initial definition and regular updating of the Group's risk policies;
- Undertaking the implementation of existing policies and regulations;
- Documenting policy acknowledgements by those subject to such policies;
- Ensuring a clear understanding of policy implications;
- Ensuring there are appropriate processes in place for dealing with limit violations.

Key roles of the Credit Risk function are:

- The Credit Risk function is responsible for managing counterparty and credit risk on a regional basis and analysing and approving credit limits for counterparties, including regular counterparty review and credit and tenor limit determination;
- Determining the Internal Credit Rating ("ICR") for counterparty based on qualitative (e.g. market position, access to capital, management, Noble relationship), quantitative (financial ratios) and structural (e.g. collateral) criteria;
- Management of daily transaction flow and originated transactions;
- Credit risk exposure measurement and reporting;
- Serve as a strategic partner to key corporate functions and the commercial organisation;
- Support in due diligence efforts for potential acquisitions and investments;
- Contract negotiation and management;
- Over-the-counter margin calls and overall collateral management;
- Active watch list management through identification and oversight of high risk counterparties and delays in payments or performance.

B7 MARKET, CREDIT, PERFORMANCE, POLITICAL AND COUNTRY RISK MANAGEMENT (continued)

B7.2 Market risk

Market risk represents the exposure to volatility in the valuation of the Group's trading/asset/structured positions, explicit or implied, due to changes in financial prices or rates.

The vast majority of the Group's purchase and sales transactions arising from its trading activities are denominated in US dollars, which represents the functional currency for a majority of the business operations of the Group. In transactions denominated in currencies other than the functional currency, the specific future cash flows are hedged through foreign currency hedging instruments. Accordingly, the impact arising from foreign currency risk on the Group's trading activities is minimal. Please refer to note D8.3 for the details of foreign exchange risk management.

Market risk framework

The Group's Market Risk function is responsible for the identification, quantification and review of all exposures that are caused by price movement. The framework is based upon four pillars:

Pillar 1: Continually review business units to identify the key drivers of risk; this includes all transactional activities;

Pillar 2: A centralised, analytical enterprise-wide, risk management system capable of a standardised generation of risk numbers to monitor all exposures against limits set by the CRC;

Pillar 3: Risk Management ensures compliance with limits as set by the Board and Risk committees. Empowered risk managers at regional offices are responsible for ensuring integrity of produced data, correct modelling of risk and understanding of strategies deployed;

Pillar 4: Provision of advice on hedging strategies for all types of exposures, including plain vanilla and structured transactions.

This information is delivered to key stakeholders, such as the relevant commercial entities, key market risk personnel and CRC members.

The Market Risk team has the responsibility of monitoring and understanding the strategies employed by the business and of correctly characterising the risks associated with those strategies. This requires the risk managers, the Head of Market Risk and the CRO to conduct regular reviews of positions and activities with traders, originators and trading managers.

The process for allocating risk capital is described in the risk capital allocation policy. A list of Value at Risk ("VaR") limits and Maximum Draw Down Limits ("MDDL") are maintained on a central register. These limits are regularly reviewed by the Market Risk team.

In the event of a breach of either the VaR limit or a MDDL, there is a clear escalation procedure so that breaches of limits are dealt with promptly.

Market risk measurement

The Group's current risk measurement framework comprises 5 key market risk assessment approaches which are used to (a) bracket and report the Group's market risk on a daily basis and (b) review individual strategies on a weekly and an ad hoc basis.

1. A probability based measure, such as VaR, is used to provide a simple means of aggregating risk consistently across the firm's business units, allowing comparison between business units, publication of risk deployed to external stakeholders and as the basis for risk capital allocation. Delta-normal VaR is estimated:
    - At the 95th percentile confidence level;
    - Over 75 trading days (which is approximately the most recent 100 calendar days); and
    - With an exponentially weighted moving average weighting which applies roughly half of the weight to the most recent 12 days of history.

2. Principal Component Analysis ("PCA") to provide a more sophisticated measure.

3. Stress testing capabilities to provide management with additional assurance using "low probability and high impact" scenarios.

B7 MARKET, CREDIT, PERFORMANCE, POLITICAL AND COUNTRY RISK MANAGEMENT (continued)

B7.2 Market risk (continued)

Market risk measurement (continued)

4. Back-testing of strategies to examine strategies' performance and profit and loss volatility in historic circumstances.

5. Scenario analysis, which is contributed by the desks, Risk and Research team. Historically derived scenarios, as well as mathematically derived stochastic ones, are used for this purpose.

Finally, back-testing our assessment of the VaR against actual profit or loss is also undertaken to ensure the effectiveness of risk measurement methodologies and their calibration in the light of actual market movements.

At the portfolio level, VaR is then compared against the approved predefined market risk limits and enables management to review the risk deployed in one simple statistic. VaR is also the number used in communication with external stakeholders. VaR is calculated on a daily basis and covers short-term, observable risk. For an exposure to be included in VaR, the following must apply:

- Reasonably liquid daily observable market prices
- The position has to be marked-to-market and the daily profit or loss has to be produced

If the above conditions are not satisfied, the relevant exposure will typically be excluded from the VaR process. The exclusion will be communicated to relevant stakeholders at the onset and noted for discussions with external parties such as rating agencies and banks.

At the strategy level,

- PCA allows for a better assessment of risk for the reasons mentioned above
- Back-testing of trades ensures the understanding of trade behaviour in a historical context
- Stress (and sensitivity) tests allow for introducing consideration of risks not encountered in the historical data available
- Scenario analysis, as contributed by various groups, allows for the assessment of potential losses under potential situations which could affect one or multiple desks

The following table lists the Group's VaRs as a percentage of prevailing shareholders' equity for the years of 2016 and 2015:

	2016	2015
AS AT 31 DECEMBER	**0.36%**	0.31%
DAILY AVERAGE	**0.44%**	0.31%
HIGHEST	**1.16%**	0.46%
LOWEST	**0.25%**	0.19%

Commodity contracts which are not captured by VaR, as outlined above, are managed separately by management through the use of position limits.

The actual price movement may exceed that which has been used to show the sensitivity.

B7 MARKET, CREDIT, PERFORMANCE, POLITICAL AND COUNTRY RISK MANAGEMENT (continued)

B7.2 Market risk (continued)

Market illiquidity

Market illiquidity is both a risk in itself and can act as a significant aggravating factor of other market risks. It is changing in time, implying the need for continuous vigilance, reassessment and adjustment. Factors influencing liquidity on the market are:

- Elasticity of demand and supply for a product;
- Fluctuating number and size of market participants;
- Credit rating of the product issuer;
- Size of individual positions relative to total market;
- Bid-offer spread as an indication of typical liquidity of individual securities;
- Daily turnover; and
- Other exogenous events.

A weekly summary is provided to the CRC of all positions that are deemed to be illiquid and would take more than 5 days to unwind or would have a substantial profit or loss impact due to inability to exit a position promptly. The primary knowledge and therefore responsibility rests with the commercial side (traders and originators). Risk, nevertheless, has oversight and acts as a secondary control mechanism.

The Risk team will outline the estimated profit or loss impact of these positions for the estimated time period it would take to unwind the exposure.

The Group has established the following blanket limits to safeguard against illiquidity:

- No position should exceed 15% of open interest
- No position should exceed 15% of daily traded volume

Special considerations are made when financial instruments are used to hedge underlying physical exposures. It is the responsibility of traders to prove that their position remains within these sizing limits by presenting transactional proof as requested by the Risk team.

If a commercial team needs to exceed the prescribed volumes, a request has to be presented to the Head of Market Risk in writing. Such requests can be escalated to the CRC for approval.

Excessively sized positions will be brought to the attention of the CRC and will typically result in reserves and partial liquidation of the positions in question.

For the estimation of reserves, Risk performs a PCA-based calculation indicating the potential adverse profit or loss move over the estimated liquidation period. That result is discussed amongst the Head of Market Risk, Finance and the Risk teams and final decision is taken by the Finance team.

B7.3 Credit risk

Concentrations of credit risks exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group’s total credit exposure. The Group’s exposure to credit risk is broadly diversified along industry, product and geographic lines, and transactions are entered into with a diverse group of counterparties.

Credit risk framework (“CRF”)

Counterparty and credit risk is managed on a regional basis with Credit Managers given responsibility for specific regions across different business units. The Group employs credit staff in each of the key trading offices. Consequently the team is concentrated in Stamford, London, Singapore and Hong Kong. The Credit team report to the Head of Credit.

The main responsibility of the Credit Department’s (“Credit”) is to analyse and approve credit limits for the counterparts the Group trades with and determine if those counterparts have sufficient financial/operational means to pay and/or perform under the contract which the Group’s commercial desk wants to/has enter(ed) into. A regular review is done that focuses on qualitative (e.g. market position, access to capital, management, Noble relationship), quantitative (financial ratios) and structural (e.g. collateral) criteria.

B7 MARKET, CREDIT, PERFORMANCE, POLITICAL AND COUNTRY RISK MANAGEMENT (continued)

B7.3 Credit risk (continued)

Credit risk framework ("CRF") (continued)

The regular counterparty review then also determines the ICR for the counterpart and the ICR is further adjusted for structural mitigants/ weaknesses. All counterparties for which credit limits are established under a Group credit limit or a counterparty limit will have an ICR and both limits and ICR will be recorded in the approval memo and credit system.

Credit limits are being used to manage and control counterparty credit risks.

The credit limit set as a group limit at the parent level will be sufficient to cover:

1. The parent's own counterparty limit
2. The counterparty limit of any subsidiary
3. The sum total of all counterparty limits in the Group

Limits are set and differentiated as follows:

1. Prefinance limits
2. Mark-to-market limits
3. Open account receivable limits
4. Potential future exposure limits
5. Tenor credit limits

Written highlights of the Group's commercial activities and the risk they entail are presented to the Board Risk Oversight Committee. In-depth discussions between the Board Risk Oversight Committee and risk management occur periodically as well.

Risk mitigation

Financial assets which potentially expose the Group to credit risk consist of:

1. Cash and cash equivalents

   The Group's bank balances and short term deposits are placed with a diversified group of high quality financial institutions. Credit limits are established to ensure concentration risk is managed and are linked to credit default swap prices that are viewed as the best "early warning signal" in the market. Only minimal cash levels are maintained with institutions that are non-investment grade.

2. Receivables, prepayments and derivatives

   Counterparty credit risk arises from the Group's normal business operations involving purchase and sales transactions, and thus receivables, may involve financing risk.

   Given the nature of the Group's business operations, which involves a diversified counterparty base across a global business platform, the impact of individual risk exposure is limited. Further, trade receivables related payment risk is mitigated as a significant proportion of trade receivables are either investment grade or the Group has received letters of credit from an investment grade financial institution.

B7 MARKET, CREDIT, PERFORMANCE, POLITICAL AND COUNTRY RISK MANAGEMENT (continued)

B7.3 Credit risk (continued)

Risk mitigation (continued)

3. Credit risk associated with hedging activities

   Risk is largely managed through trading on established commodity exchanges. Hedging activities in the over-the-counter market are largely confined to investment grade counterparties.

   The maximum exposure to credit risk before the consideration of collateral or other credit enhancements received is represented by the carrying amounts of the financial assets that are carried in the statement of financial position, including commodity contracts and derivatives with positive market value.

   The Group also obtains guarantees, collaterals, credit enhancements, and insurances to manage, reduce or minimise credit risk. As at 31 December 2016, the fair value of such collateral and credit enhancements, including cash deposits, parent company guarantees, letters of credit and credit insurances, was US$8,250,942,000 (2015: US$9,242,209,000).

   The Group has a diverse customer base, with no customer representing more than 5% (2015: 5%) of its trade receivables (on a gross basis taking into account credit enhancements) or accounting for more than 5% of its revenues over the year ended 31 December 2016 (2015: 5%).

   Credit limits are established to manage exposure to individual counterparties and concentration risk. Trade receivables related payment risk is mitigated as a significant proportion is of investment grade quality. For non-investment grade clients, a letter of credit is generally received to cover the payment risk. Credit insurance is frequently obtained.

4. Long term capital commitments

   Long term capital commitments such as long term loans with a tenor over 2 years and equity participations require additional approval by the Group's Capital and Investment Committee. The CRF manages the subsequent day-to-day oversight of these commitments once fully approved.

B7.4 Performance risk

Performance risk (part of the broader credit risk subject matter as discussed above) is inherent in contracts, with agreements in the future, to physically purchase or sell commodities with fixed price attributes, and arises from the possibility that counterparties may not be willing or able to meet their future contractual physical sale or purchase obligations to/from the Group. The Group undertakes the assessment, monitoring and reporting of performance risk within its overall credit management process. The commodity industry has trended towards shorter-term fixed price contract periods, in part to mitigate such potential performance risk, but also due to the development of more transparent and liquid spot markets.

B7.5 Political and country risk

The Group trades its products in many countries and manages its exposure to country risk through its insurance department located in Hong Kong and Singapore. The Group mitigates political and country risk by transferring such risk to or otherwise covering such risk with major financial institutions and in the political risk insurance market. The Group may be required to retain a small portion of the risk in conjunction with the transfer of the risk.

B8 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS – WORKING CAPITAL CHANGES

	2016 US$'000	2015 US$'000
DECREASE/(INCREASE) IN TRADE RECEIVABLES	**(330,859)**	1,281,182
DECREASE IN PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	**239,876**	400,791
DECREASE IN NET FAIR VALUE GAINS/LOSSES IN COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	**234,234**	1,411,567
DECREASE IN INVENTORIES	**148,069**	519,396
DECREASE IN TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES	**(1,426,781)**	(3,493,743)
	(1,135,461)	119,193

SECTION C: INVESTMENTS

C1 INVESTMENT ACTIVITIES

The Group's investment in supply chain assets includes investment in property, plant and equipment, mine properties, joint ventures, associates and equity.

C2 PROPERTY, PLANT AND EQUIPMENT AND MINE PROPERTIES

C2.1 Significant accounting policies

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land	$2^1/_2$% or over the terms of the leases, if shorter
Leasehold improvements	Over the terms of the leases
Vessels	4% to 10%
Plant and equipment	5% to $33^1/_3$%
Motor vehicles	20% to $33^1/_3$%

Depreciation related to vessels, mine, alumina and production activities is charged to the cost of sales and services in the income statement. Depreciation other than those used for production activities is charged to the selling, administrative and operating expenses in the income statement.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at least at each statement of financial position date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Assets under development represent vessels, warehouses under construction and computer systems under development, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Assets under development are reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

C2 PROPERTY, PLANT AND EQUIPMENT AND MINE PROPERTIES (continued)

C2.1 Significant accounting policies (continued)

Mine properties

Mine development expenditure represents the costs incurred in preparing mines for production, and includes stripping and waste removal costs incurred before production commences. These costs are capitalised to the extent they are expected to be recouped through successful exploitation of the ore bodies. Once production commences, these costs are amortised on a units of production basis (tonnes mined) over the life of the mine based on the estimated economically recoverable reserves and resource to which they relate, or are written off if the mine property is abandoned.

Stripping activity asset

Stripping activity cost incurred during the production stage are expensed to cost of production unless it can be shown that they improve access to a component of the ore body and will generate futures economic benefit. In such cases they are capitalised as Stripping Activity Assets. Stripping ratios are a function of the quantity of ore mined compared to the quantity of overburden, or waste required to be moved to mine the ore. For each interim pit or individual pit ("component"), the actual strip ratio is compared to the life of component strip ratio and the costs are capitalised to the extent that the current period ratio exceeds the life of component strip ratio.

The Group is required to amortise the stripping activity asset over the expected useful life of the identified component of the ore body that has been made more accessible by the activity. The Group amortises the stripping activity asset on a unit of production basis over the economically recoverable reserves of the component concerned. The unit of measure is tonnes of ore mined.

The life of component and the component stripping ratio are estimated based on proven and probable ore reserves. Any changes to the expected life of component stripping ratio are accounted for prospectively. Stripping activity assets are included in the cost base of assets when determining a cash-generating unit ("CGU") for impairment assessment purposes.

Exploration and evaluation expenditure

Exploration and evaluation costs related to an area of interest are expensed as incurred except where they may be carried forward as an item in the consolidated statement of financial position where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and/or evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the asset relates. Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied.

All capitalised exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that an impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to development properties.

Note F2 sets out the accounting policy of impairment of non-financial assets which includes property, plant and equipment and mine properties.

C2 PROPERTY, PLANT AND EQUIPMENT AND MINE PROPERTIES (continued)

C2.2 Significant accounting judgements and estimates

Property, plant and equipment and mine properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognised in the income statement. Future cash flow estimates which are used to calculate the asset's fair value are discounted using asset specific discount rates and are based on expectations about future operations. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management.

C2.3 Property, plant and equipment

	LAND AND BUILDINGS US$'000	LEASEHOLD IMPROVE-MENTS US$'000	VESSELS US$'000	PLANT AND EQUIPMENT US$'000	MOTOR VEHICLES US$'000	ASSETS UNDER DEVELOPMENT US$'000	TOTAL US$'000
COST:							
AT 1 JANUARY 2015	206,712	21,351	428,933	404,359	10,098	99,593	1,171,046
ADDITIONS	5,972	2,338	1,728	15,402	412	56,840	82,692
ASSET TRANSFERS	–	–	–	73,609	–	(73,609)	–
DISPOSALS	(1,920)	(10)	(8,787)	(21,559)	(595)	(755)	(33,626)
IMPAIRMENT*	(1,362)	–	(25,000)	(3,840)	(8)	–	(30,210)
ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	–	–	–	–	–	(7,274)	(7,274)
EXCHANGE ADJUSTMENTS	(240)	(116)	–	(3,657)	(65)	(168)	(4,246)
AT 31 DECEMBER 2015 AND 1 JANUARY 2016	**209,162**	**23,563**	**396,874**	**464,314**	**9,842**	**74,627**	**1,178,382**
ADDITIONS	**46,265**	**199**	**2,478**	**9,124**	**–**	**56,158**	**114,224**
ASSET TRANSFERS	**–**	**–**	**38,433**	**43,445**	**39**	**(81,917)**	**–**
DISPOSALS	**(2,211)**	**(1,753)**	**–**	**(27,307)**	**(524)**	**(1,453)**	**(33,248)**
DISPOSAL OF SUBSIDIARIES	**–**	**(1,293)**	**–**	**(35,311)**	**–**	**(796)**	**(37,400)**
IMPAIRMENT*	**(535)**	**(16)**	**(49,900)**	**–**	**(2)**	**–**	**(50,453)**
ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**(499)**	**–**	**–**	**(75)**	**–**	**(21,552)**	**(22,126)**
EXCHANGE ADJUSTMENTS	**475**	**(77)**	**–**	**(1,126)**	**(14)**	**(906)**	**(1,648)**
AT 31 DECEMBER 2016	**252,657**	**20,623**	**387,885**	**453,064**	**9,341**	**24,161**	**1,147,731**
ACCUMULATED DEPRECIATION:							
AT 1 JANUARY 2015	7,398	12,942	79,155	169,781	6,303	–	275,579
PROVIDED DURING THE YEAR	17,742	2,658	19,435	54,114	1,235	–	95,184
DISPOSALS	(1,878)	–	–	(21,395)	(562)	–	(23,835)
EXCHANGE ADJUSTMENTS	(33)	(60)	–	(1,602)	(61)	–	(1,756)
AT 31 DECEMBER 2015 AND 1 JANUARY 2016	**23,229**	**15,540**	**98,590**	**200,898**	**6,915**	**–**	**345,172**
PROVIDED DURING THE YEAR	**19,392**	**2,112**	**18,897**	**62,805**	**1,095**	**–**	**104,301**
DISPOSALS	**(1,022)**	**(1,630)**	**–**	**(26,309)**	**(497)**	**–**	**(29,458)**
DISPOSAL OF SUBSIDIARIES	**–**	**(1,217)**	**–**	**(29,572)**	**–**	**–**	**(30,789)**
EXCHANGE ADJUSTMENTS	**(1,051)**	**(6)**	**–**	**(188)**	**(2)**	**–**	**(1,247)**
AT 31 DECEMBER 2016	**40,548**	**14,799**	**117,487**	**207,634**	**7,511**	**–**	**387,979**
NET BOOK VALUE:							
AT 31 DECEMBER 2015	185,933	8,023	298,284	263,416	2,927	74,627	833,210
AT 31 DECEMBER 2016	**212,109**	**5,824**	**270,398**	**245,430**	**1,830**	**24,161**	**759,752**

* The recoverable amount of vessels were determined based on a value in use calculation at a discount rate of 6.4% (2015: 6.4%).

C2 PROPERTY, PLANT AND EQUIPMENT AND MINE PROPERTIES (continued)

C2.3 Property, plant and equipment (continued)

Land and buildings – at cost

	2016			2015		
	FREEHOLD US$'000	LEASEHOLD US$'000	TOTAL US$'000	FREEHOLD US$'000	LEASEHOLD US$'000	TOTAL US$'000
COUNTRY						
JAMAICA	174,198	–	174,198	171,837	–	171,837
INDONESIA	23,189	–	23,189	32,676	–	32,676
USA/AUSTRALIA/UAE/INDIA/MONGOLIA	9,468	45,802	55,270	1,776	2,873	4,649
	206,855	45,802	252,657	206,289	2,873	209,162

Vessels

As at 31 December 2016, vessels with a net carrying amount of approximately US$267,712,000 (2015: US$235,482,000) were pledged to secure certain vessels loans. The Group has an obligation to repay the loans and there are no other significant terms and conditions associated with the use of collateral.

Assets under development – at cost

	2016 US$'000	2015 US$'000
COMPUTER SYSTEMS UNDER DEVELOPMENT	3,368	43,264
LAND AND BUILDINGS	18,585	12,408
VESSELS	–	10,320
ETHANOL PLANT	–	5,020
OTHER PLANT AND EQUIPMENT	2,208	3,615
	24,161	74,627

C2 PROPERTY, PLANT AND EQUIPMENT AND MINE PROPERTIES (continued)

C2.4 Mine properties

	MINERAL RESERVES AND RESOURCES US$'000	DEFERRED MINING COSTS US$'000	MINE DEVELOPMENT US$'000	TOTAL US$'000
COST:				
AT 1 JANUARY 2015	21,154	23,722	49,319	94,195
IMPAIRMENT* (NOTE A1)	–	(5,649)	(18,093)	(23,742)
EXCHANGE ADJUSTMENTS	(5,252)	(1,419)	(2,246)	(8,917)
AT 31 DECEMBER 2015 AND 1 JANUARY 2016	**15,902**	**16,654**	**28,980**	**61,536**
IMPAIRMENT* (NOTE A1)	**(2,845)**	**–**	**–**	**(2,845)**
DISPOSALS	**(7,953)**	**(3,828)**	**(18,996)**	**(30,777)**
EXCHANGE ADJUSTMENTS	**(632)**	**208**	**330**	**(94)**
AT 31 DECEMBER 2016	**4,472**	**13,034**	**10,314**	**27,820**
ACCUMULATED AMORTISATION:				
AT 1 JANUARY 2015	12,917	7,518	30,362	50,797
EXCHANGE ADJUSTMENTS	(3,205)	(450)	(1,382)	(5,037)
AT 31 DECEMBER 2015 AND 1 JANUARY 2016	**9,712**	**7,068**	**28,980**	**45,760**
DISPOSALS	**(7,953)**	**(3,828)**	**(18,996)**	**(30,777)**
EXCHANGE ADJUSTMENTS	**(524)**	**208**	**330**	**14**
AT 31 DECEMBER 2016	**1,235**	**3,448**	**10,314**	**14,997**
NET BOOK VALUE:				
AT 31 DECEMBER 2015	6,190	9,586	–	15,776
AT 31 DECEMBER 2016	**3,237**	**9,586**	**–**	**12,823**

* Impairment of US$2,845,000 (2015: US$23,742,000) related to an iron ore mine in Australia of US$2,845,000 (2015: US$5,362,000) and a coal mine in Indonesia of US$Nil (2015: US$18,380,000).

Mine properties are located in Australia and Indonesia. There were no mining activities and no amortisation was charged to the income statement during the years ended 31 December 2016 and 2015.

The mine operations in Australia and Indonesia were assessed for impairment by comparing the carrying amount to the estimated recoverable amount and were impaired in 2016 and 2015.

The recoverable amount was measured at fair value less costs of disposal of the mines. The fair value measurement is a Level 3 valuation using comparable valuation information. The approach requires the calculation of comparable companies' enterprise values which are then adjusted for scale and development risk, country risk and stage of materiality risk to give the face value of our mine properties.

C3 INTANGIBLE ASSETS

C3.1 Significant accounting policies

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment determined in accordance with IFRS 8 *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the CGU, or groups of CGUs, to which the goodwill relates. Where the recoverable amount of the CGU, or groups of CGUs, is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU, or groups of CGUs, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the CGU retained.

On disposal of subsidiaries, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains and any relevant reserves, as appropriate.

Intangible assets other than goodwill

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and any expenditure is charged to the income statement in the year which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life 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 are accounted for by changing the amortisation period or method, as appropriate, and treated as change in the accounting estimates. The amortisation expense from intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset. The principal annual rates used for this purpose are as follows:

Railroad & market leases	Over the terms of the leases
Customer lists	5% to 20%
Information technology	5% to 20%

Intangible assets with indefinite useful lives are tested for impairment annually either individually or as part of a CGU. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Gains or losses arising from derecognition 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 the income statement when the asset is derecognised.

C3 INTANGIBLE ASSETS (continued)

C3.2 Significant accounting judgements and estimates

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the fair value less costs of disposal or value in use of the CGUs to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

C3.3 Details of intangible assets

	GOODWILL US$'000	RAILROAD & MARKET LEASES US$'000	CUSTOMER LISTS US$'000	INFORMATION TECHNOLOGY US$'000	TOTAL US$'000
COST:					
AT 1 JANUARY 2015, 31 DECEMBER 2015 AND 1 JANUARY 2016	**252,420**	**107,635**	**38,900**	**22,500**	**421,455**
ADDITIONS ON ACQUISITION OF SUBSIDIARIES	**–**	**4,200**	**3,320**	**–**	**7,520**
ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**(5,922)**	**–**	**–**	**–**	**(5,922)**
DISPOSAL OF SUBSIDIARIES	**(175,038)**	**–**	**(38,900)**	**(22,500)**	**(236,438)**
AT 31 DECEMBER 2016	**71,460**	**111,835**	**3,320**	**–**	**186,615**
ACCUMULATED AMORTISATION AND IMPAIRMENT:					
AT 1 JANUARY 2015	23,122	9,337	16,208	18,750	67,417
AMORTISATION	–	14,555	3,890	3,750	22,195
AT 31 DECEMBER 2015 AND 1 JANUARY 2016	**23,122**	**23,892**	**20,098**	**22,500**	**89,612**
AMORTISATION	**–**	**14,524**	**3,566**	**–**	**18,090**
DISPOSAL OF SUBSIDIARIES	**–**	**–**	**(23,664)**	**(22,500)**	**(46,164)**
AT 31 DECEMBER 2016	**23,122**	**38,416**	**–**	**–**	**61,538**
NET CARRYING AMOUNT:					
AT 31 DECEMBER 2015	229,298	83,743	18,802	–	331,843
AT 31 DECEMBER 2016	**48,338**	**73,419**	**3,320**	**–**	**125,077**

The carrying amount of goodwill as at 31 December 2016 mainly represents goodwill arising from the acquisition of Noble Petro Inc. in 2010 ("NPI Goodwill") which has been allocated as a standalone CGU for impairment testing. The carrying amount of goodwill as at 31 December 2015 also included goodwill arising from the acquisition of NES in 2010 ("NES Goodwill"). The NES Goodwill was disposed when NES was sold to Calpine Corporation on 1 December 2016. Please refer to note C7.2 for details.

The recoverable amounts of the NPI Goodwill were determined based on a value in use calculation using cash flow projections derived from financial forecasts covering five-year periods and approved by senior management.

Key assumptions used in the value in use calculation for 31 December 2016 are as follows:

Projected gross profit – The projected gross profit was calculated based on assumptions of volumes, prices, cost per unit, expenses and other factors, which in turn were based on historical or market comparable figures.

Discount rates – the Group has utilised its weighted average cost of capital to discount future cash flows. The pre-tax discount rate applied to the cash flow projection of the NPI CGU is 10%.

The values assigned to other assumptions are primarily based on historical data.

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

C4.1 Significant accounting policies

An associate is an entity in which the Group has a long term interest and over which it is in a position to exercise significant influence. Significant influence is the ability to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is an arrangement whereby the parties participating in control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures are included in the consolidated income statement and consolidated statement of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the income statement.

The results of associates and joint ventures are included in the Group's income statement. The Group's investments in associates and joint ventures are treated as non-current assets and are stated at cost less any impairment losses.

On disposal of joint ventures or associates, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains and any relevant reserves, as appropriate.

Note F2 sets out the accounting policy for impairment of non-financial assets which includes impairment of joint ventures and associates.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.2 Significant accounting judgements and estimates

Investment in associates

The Group has exercised judgement in determining whether it has significant influence over its investees where its equity interest is less than 20% based on a number of different factors including but not limited to the following:

(a) representation on the Board of Directors or equivalent governing body of the investee;
(b) participation in the policy-making processes;
(c) material transactions between the Group and the investee;
(d) an interchange of managerial personnel; or
(e) provision of essential technical information.

Impairment assessment on investment in joint ventures and associates

According to the impairment assessment there is no material impairment in the Group's investment in joint ventures.

Yancoal

The investment in Yancoal was assessed for impairment by comparing the carrying amount to the value in use estimated based on a discounted cash flow model.

Judgement is exercised in determining the model and in making appropriate key assumptions in preparing the model such as expected sales and production volumes, future sales prices, expected future costs and expenses, discount rate and foreign exchange rate. Changing the assumptions could materially affect the value in use and consequently the impairment assessment.

Baralaba Coal Company Limited (formerly "Cockatoo Coal Limited") ("Baralaba")

The investment in Baralaba was assessed for impairment by comparing the carrying amount to the estimated recoverable amount.

The investment in Baralaba was fully impaired in 2015 due to uncertainty over the recovery of the investment. In the second quarter of 2016 Baralaba introduced a strategic investor and underwent a restructuring. The carrying value of the investment in Baralaba was reassessed and an impairment loss of US$40,000,000 taken in 2015 was reversed.

Goodwill on investments in joint ventures and associates

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the fair value less costs of disposal or value in use of the CGUs to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.3 Investments in joint ventures

		LONG TERM BALANCES*			
	SHARE OF NET ASSETS US$'000	DUE FROM JOINT VENTURES US$'000	DUE TO JOINT VENTURES US$'000	GOODWILL ON ACQUISITION US$'000	TOTAL US$'000
GROUP:					
AT 1 JANUARY 2015	198,192	28,711	(80)	39,128	265,951
ADDITIONS	5,049	–	–	–	5,049
SHARE OF LOSS	(12,984)	–	–	–	(12,984)
SHARE OF OTHER COMPREHENSIVE INCOME	1,828	–	–	–	1,828
IMPAIRMENT**	(75)	(8,660)	–	–	(8,735)
CHANGE IN LONG TERM BALANCES	–	50,132	(11,454)	–	38,678
OTHERS	164	–	–	–	164
AT 31 DECEMBER 2015 AND AT 1 JANUARY 2016	**192,174**	**70,183**	**(11,534)**	**39,128**	**289,951**
ADDITIONS	**2,350**	**–**	**–**	**–**	**2,350**
DISPOSAL	**(96,869)**	**–**	**–**	**–**	**(96,869)**
SHARE OF LOSS	**(12,260)**	**–**	**–**	**–**	**(12,260)**
SHARE OF OTHER COMPREHENSIVE LOSS	**(10,096)**	**–**	**–**	**–**	**(10,096)**
IMPAIRMENT**	**–**	**(44)**	**–**	**–**	**(44)**
CHANGE IN LONG TERM BALANCES	**–**	**13,495**	**10,251**	**–**	**23,746**
OTHERS	**(520)**	**–**	**–**	**–**	**(520)**
AT 31 DECEMBER 2016	**74,779**	**83,634**	**(1,283)**	**39,128**	**196,258**
COMPANY:					
AT 1 JANUARY 2015	–	–	–	–	–
ADDITIONS	49	–	–	–	49
IMPAIRMENT	(49)	–	–	–	(49)
AT 31 DECEMBER 2015, AT 1 JANUARY 2016 AND AT 31 DECEMBER 2016	**–**	**–**	**–**	**–**	**–**

* These balances are unsecured, interest-free and have no fixed terms of repayment.

** Please refer to note C4.5 for the details of impairment assessment on investments in joint ventures.

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.3 Investments in joint ventures (continued)

Particulars of the joint ventures, which are indirectly held by the Company, are as follows:

NAME	STATUTORY AUDITOR	PLACE OF INCORPORATION/ REGISTRATION	PERCENTAGE OF OWNERSHIP INTEREST	PERCENTAGE OF VOTING POWER	PERCENTAGE OF PROFIT SHARING	PRINCIPAL ACTIVITIES
ACME VENTURE LIMITED	*2	HONG KONG	50	50	50	SHIP OPERATOR
COALRIDGE LIMITED	*1	BVI	50	50	50	INVESTMENT HOLDING
EKHGOVIIN CHULUU LLC	*9	MONGOLIA	50	50	50	EXPLORATION AND MINING
HARBOUR	*2	CAYMAN ISLANDS	55	50	55	OIL AND GAS INVESTMENT
GAS NATURAL GANAMEX, S. DE R.L. DE C.V.	*1	MEXICO	50	50	50	CNG/LNG FUEL SOLUTION PROVIDER
K NOBLE HONG KONG LIMITED	*4	HONG KONG	51	50	51	SHIP OPERATOR
K-NOBLE PTE. LTD.	*3	SINGAPORE	51	50	51	SHIP OPERATOR
NICE VENTURE LIMITED	*2	HONG KONG	50	50	50	SHIP OPERATOR
PADMA SHIPPING LIMITED	*4	HONG KONG	50	50	50	SHIP OPERATOR
PANACORE INVESTMENTS LIMITED	*5	MAURITIUS	65	50	65	SHIP OPERATOR
PT BORNEO SEJAHTERA MULYA	*1	INDONESIA	45	50	45	INVESTMENT HOLDING
PT OPTIMA COAL	*8	INDONESIA	50	50	50	COKING COAL TRADING
TRIUMPH ALLIANCE PTE. LTD.	*4	SINGAPORE	49	50	49	COAL EXPORT TERMINAL IN RUSSIA
WATT POWER LIMITED	*6	UNITED KINGDOM	75	50	75	DEVELOPER OF POWER GENERATION ASSETS
TAILAI COAL (SHANGHAI) COMPANY LIMITED	*9	THE PRC	50	50	50	COAL TRADING
YN ENERGY PTY LTD	*7	AUSTRALIA	50	50	50	COAL SUPPLY AND TRADING

List of statutory auditors

* 1 No statutory audit requirement
* 2 PwC
* 3 Entrust Public Accounting Corporation
* 4 Ernst & Young
* 5 BDO
* 6 Scott Moncrieff
* 7 Deloitte Touche Tohmatsu
* 8 Mirawati Sensi Idris
* 9 In the process of re-appointing auditor

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.3 Investments in joint ventures (continued)

Material joint venture

Harbour

Pursuant to a joint venture agreement on 14 July 2014, the Group and EIG Global Energy Partners ("EIG") formed a joint venture and the Group invested US$150,000,000 for a 75% ownership interest. The Group shares in 75% of the profits; the Group and EIG share equal control of the Board of Directors and EIG is the manager of day-to-day operations. Noble is the preferred marketer for Harbour's acquired assets. Given the Group has joint control of the operations through the decisions made by EIG requiring mutual consensus the investment is accounted for as a joint venture.

On 18 July 2016, Harbour repurchased certain shares from the Group at a consideration of US$90,000,000. The Group's ownership interest in Harbour dropped to 55% but the Group retains the joint control of the operations. Subsequent to the statement of financial position date, the Group invested US$90,000,000 into Harbour on 17 January 2017 and increased its ownership interest to 75%.

As at the date of this report, Harbour had not yet issued its audited financial statements for the year ended 31 December 2016. For the purpose of equity accounting, the management financial statements of Harbour have been used to estimate the full year results of this investment. Harbour's full year audited results may be different from the Group's estimate. Any difference will be adjusted for by the Group in 2017.

Highlights of the joint venture's income statement are as follows:

	2016 US$'000	2015 US$'000
REVENUE INCLUDING INTEREST INCOME RECEIVED BY THE PARTNERSHIP	**3**	91
LOSS FOR THE YEAR	**(23,655)**	(36,510)
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(23,655)**	(36,510)
DIVIDEND RECEIVED	**–**	–

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.3 Investments in joint ventures (continued)

Material joint venture (continued)

Harbour *(continued)*

In 2015, pursuant to the joint venture agreement the Group shares in 75% of the profits; however, EIG absorbs 100% of the first US$50,000,000 of accumulated losses, after which the Group shares in 75% of any loss. Following a share buy-back in 2016, the Group now shares in 55% of any loss once it exceeds a US$50,000,000 threshold.

The accumulated loss as at 31 December 2015 was US$43,155,000, accordingly the Group did not take any share of such loss.

In 2016, after Group's interest in Harbour dropped to 55%, the accumulated loss exceeded the loss protection provided by EIG, therefore the Group's share of such loss amounted to US$17,456,000.

Reconciliations of the Group's interest in the joint venture to its statement of financial position are as follows:

	2016 US$'000	2015 US$'000
CURRENT ASSETS	27,775	28,646
NON-CURRENT ASSETS	14,587	127,540
CURRENT LIABILITIES	(68)	(237)
NET ASSETS	42,294	155,949
GOODWILL RECORDED IN HARBOUR'S FINANCIAL STATEMENTS	–	–
NET ASSETS, EXCLUDING GOODWILL	42,294	155,949
PROPORTION OF THE GROUP'S OWNERSHIP	55%	75%
GROUP'S SHARE OF NET ASSETS OF THE JOINT VENTURE	23,262	116,962
ACCOUNTING ADJUSTMENTS (SEE BELOW)	19,696	33,452
CARRYING AMOUNT OF THE INVESTMENT	42,958	150,414

The accounting adjustments include the Group's ownership share of losses covered by common unit holders. Losses of the joint venture are borne by the common unit holders up to the common unit equity amount.

Other joint ventures

The following table summarises the aggregate financial information of the joint ventures which management considered are not individually material:

	2016 US$'000	2015 US$'000
SHARE OF PROFITS/(LOSSES) OF JOINT VENTURES OTHER THAN HARBOUR	5,196	(12,984)
SHARE OF OTHER COMPREHENSIVE INCOME/(LOSSES) OF JOINT VENTURES OTHER THAN HARBOUR	(10,096)	1,828
SHARE OF TOTAL COMPREHENSIVE LOSSES OF JOINT VENTURES OTHER THAN HARBOUR	(4,900)	(11,156)

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.4 Investment in associates

			LONG TERM BALANCES*			
	NOTE	SHARE OF NET ASSETS US$'000	DUE FROM ASSOCIATES US$'000	DUE TO ASSOCIATES US$'000	GOODWILL ON ACQUISITION US$'000	TOTAL US$'000
GROUP:						
AT 1 JANUARY 2015		1,666,721	19,162	(27,464)	328,355	1,986,774
ADDITIONS		98,772	12,592	13,123	–	124,487
DISPOSALS		(152)	–	–	–	(152)
SHARE OF LOSS**		(271,505)	–	–	–	(271,505)
SHARE OF OTHER COMPREHENSIVE LOSS**		(1,623)	–	–	–	(1,623)
IMPAIRMENT***		(338,623)	–	–	(289,309)	(627,932)
CAL RECLASSIFIED AS HELD FOR SALE	E2	(748,000)	–	–	–	(748,000)
OTHERS		40,296	–	–	–	40,296
AT 31 DECEMBER 2015 AND AT 1 JANUARY 2016		**445,886**	**31,754**	**(14,341)**	**39,046**	**502,345**
ADDITIONS		**3,802**	**–**	**–**	**–**	**3,802**
DISPOSALS		**(862)**	**–**	**–**	**–**	**(862)**
SHARE OF LOSS		**(59,259)**	**–**	**–**	**–**	**(59,259)**
SHARE OF OTHER COMPREHENSIVE LOSS		**(8,870)**	**–**	**–**	**–**	**(8,870)**
RECOVERY OF IMPAIRMENT/(IMPAIRMENT)		**39,633**	**(4,521)**	**–**	**–**	**35,112**
CHANGE IN LONG TERM BALANCES		**–**	**(13,216)**	**4,340**	**–**	**(8,876)**
OTHERS		**(2,046)**	**–**	**–**	**–**	**(2,046)**
AT 31 DECEMBER 2016		**418,284**	**14,017**	**(10,001)**	**39,046**	**461,346**
COMPANY:						
AT 1 JANUARY 2015		618	15,844	–	–	16,462
CHANGES IN LONG TERM BALANCES		–	(159)	–	–	(159)
AT 31 DECEMBER 2015 AND AT 1 JANUARY 2016		**618**	**15,685**	**–**	**–**	**16,303**
IMPAIRMENT		**–**	**(4,521)**	**–**	**–**	**(4,521)**
CHANGES IN LONG TERM BALANCES		**–**	**1,659**	**–**	**–**	**1,659**
AT 31 DECEMBER 2016		**618**	**12,823**	**–**	**–**	**13,441**

* These balances are unsecured, interest-free and have no fixed terms of repayment.

** These numbers include the share of loss and other comprehensive income or loss of CAL. Please refer to note E2 for details.

*** Please refer to note C4.5 for the details of impairment assessment on investments in associates.

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.4 Investment in associates (continued)

Particulars of the associates, which are indirectly held by the Company, are as follows:

NAME	STATUTORY AUDITOR	PLACE OF INCORPORATION/ REGISTRATION	PERCENTAGE OF EQUITY ATTRIBUTABLE TO THE GROUP		PRINCIPAL ACTIVITIES	MARKET VALUE BASED ON LISTED STOCK PRICE AS AT 31 DECEMBER	
			2016	2015		**2016 US$'000**	2015 US$'000
LISTED							
ASPIRE MINING LIMITED	*3	AUSTRALIA	**10**	11	COAL EXPLORATION	**2,116**	571
BARALABA#	*4	AUSTRALIA	**36**	41	COAL MINING	**22,438**	N/A
EAST ENERGY RESOURCES LIMITED ("EER")	*9	AUSTRALIA	**41**	41	COAL EXPLORATION	**843**	533
PT ATLAS RESOURCES TBK. ("ATLAS")	*6	INDONESIA	**10**	10	COAL MINING	**11,716**	8,797
RESOURCE GENERATION LIMITED ("RESGEN")	*7	AUSTRALIA	**14**	14	COAL MINING	**4,311**	2,676
XANADU MINES LTD ("XML")	*1	AUSTRALIA	**8**	8	COAL EXPLORATION	**6,071**	2,835
YANCOAL	*8	AUSTRALIA	**13**	13	COAL MINING	**46,311**	9,564
UNLISTED							
INFLECTION ENERGY LLC	*5	UNITED STATES OF AMERICA	**17**	18	NATURAL GAS EXPLORATION	**N/A**	N/A
CAL (HELD FOR SALE) (NOTE E2)	*1	BERMUDA	**N/A**	49	AGRICULTURAL SUPPLY CHAIN MANAGEMENT	**N/A**	N/A
TERMINALES PORTUARIAS DEL PACIFICO, S.A.P.I. DE C.V.	*2	MEXICO	**20**	25	MINERAL AND STEEL TERMINAL	**N/A**	N/A
PT SRIWIJAYA MULTI TERMINAL	*10	INDONESIA	**49**	49	FUEL STORAGE, SUPPLY AND DISTRIBUTION	**N/A**	N/A
PT KARIMATA BARU TERMINAL	*10	INDONESIA	**49**	49	FUEL STORAGE, SUPPLY AND DISTRIBUTION	**N/A**	N/A

List of statutory auditors

* 1 Ernst & Young
* 2 PwC
* 3 HLB Mann Judd
* 4 KPMG
* 5 BDO
* 6 Mulyamin Sensi Suryanto & Lianny
* 7 Deloitte Touche Tohmatsu
* 8 ShineWing Hall Chadwick
* 9 Regency Audit Pty Ltd
* 10 Mirawati Sensi Idris
\# The stock was suspended from trading as at 31 December 2015. Trading was resumed in 2016.

Although the Group held less than 20% of the ownership interest and voting rights in certain of the above associates, it has considered that it exercises significant influence through its material commercial and financial transactions and representation on the Board of Directors and Board committees of these associates.

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.4 Investment in associates (continued)

Material acquisition

Baralaba

The Group acquired 18,751,294,000 ordinary shares in the share placement of Baralaba on 19 February 2015 and further acquired 7,936,459,000 ordinary shares on 11 March 2015. Total consideration for these acquisitions was A$53,376,000 (equivalent to US$41,686,000). The Group did not acquire further interest in Baralaba in 2016.

Material associates

Yancoal

After the consummation of the merger of Gloucester Coal Limited and Yancoal on 27 June 2012, the Group obtained a 13% shareholding in Yancoal. As the Group provides essential technical information to Yancoal and is the second largest shareholder with its own representative on the Board of Directors and has material transactions with Yancoal, the Group's management determined that it exercised significant influence over Yancoal and has accounted for the investment as an associate.

As of the date of this report, Yancoal had not issued its financial statements for the year ended 31 December 2016. For the purpose of the Group's equity accounting, the projected consolidated financial statements of Yancoal for the year ended 31 December 2016 have been used and appropriate adjustments have been made for the effects of significant transactions between the Group and Yancoal. Yancoal's full year audited financial statements may be different from the Group's estimate. Any difference will be adjusted for by the Group in 2017.

Highlights of the associate's income statement and the Group's share of total comprehensive loss are as follows:

	2016 US$'000	2015 US$'000
REVENUE	**920,838**	990,631
LOSS FOR THE YEAR	**(168,879)**	(218,688)
OTHER COMPREHENSIVE INCOME/(LOSS)	**47,072**	(239,341)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(121,807)**	(458,029)
DIVIDEND RECEIVED	**–**	–
SHARE OF LOSS FOR THE YEAR#	**(42,596)**	(40,542)
SHARE OF OTHER COMPREHENSIVE LOSS FOR THE YEAR^	**(5,155)**	(424)
SHARE OF TOTAL COMPREHENSIVE LOSS	**(47,751)**	(40,966)

\# Share of loss of Yancoal was net of amortisation of mine properties and the difference from prior years' audited financial statements against the Group's estimate of its share of loss.

^ Share of other comprehensive loss includes the difference from prior years' audited financial statements against the Group's estimate of its share of other comprehensive loss.

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.4 Investment in associates (continued)

Material associates (continued)

Yancoal (continued)

Reconciliations of the Group's interest in the associate to its statement of financial position are as follows:

	2016 US$'000	2015 US$'000
CURRENT ASSETS	**533,507**	1,552,430
NON-CURRENT ASSETS	**4,997,834**	4,198,173
CURRENT LIABILITIES	**(359,547)**	(466,423)
NON-CURRENT LIABILITIES	**(4,195,624)**	(4,050,493)
NET ASSETS	**976,170**	1,233,687
GOODWILL RECORDED IN FINANCIAL STATEMENTS	**(43,521)**	(44,039)
SUBORDINATE CAPITAL NOTE ("SCN") NET DISTRIBUTION TO SCN HOLDERS AND TRANSACTION COST	**(1,452,484)**	(1,465,992)
NET LIABILITIES, EXCLUDING GOODWILL AND SCN	**(519,835)**	(276,344)
PROPORTION OF THE GROUP'S OWNERSHIP	**13.16%**	13.16%
GROUP'S SHARE OF NET LIABILITIES OF THE ASSOCIATE	**(68,410)**	(36,367)
ACQUISITION FAIR VALUE AND OTHER ADJUSTMENTS#	**248,837**	266,692
CARRYING AMOUNT OF THE INVESTMENT	**180,427**	230,325

These adjustments include the fair value adjustment of mine properties on acquisition less accumulated amortisation and impairment and the reclassification of trading balance to short term.

Other associates

The following table summarises the aggregate financial information of the associates which management considered are not individually material:

	2016 US$'000	2015 US$'000
SHARE OF LOSSES OF ASSOCIATES EXCLUDING MAJOR ASSOCIATES	**(16,663)**	(38,385)
SHARE OF OTHER COMPREHENSIVE INCOME/(LOSSES) OF ASSOCIATES EXCLUDING MAJOR ASSOCIATES	**(3,715)**	2,038
SHARE OF TOTAL COMPREHENSIVE LOSSES OF ASSOCIATES EXCLUDING MAJOR ASSOCIATES	**(20,378)**	(36,347)

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.5 Impairment assessment on investments in joint ventures and associates

The Group performs impairment tests on its investments in joint ventures and associates when an indicator of impairment exists on a regular basis or if the investment included goodwill on an annual basis. These impairment tests take into account the joint ventures' and associates' operational performance, market values and carrying amounts. Set out below are the details of the impairment charge/(reversal of impairment) during 2016 and 2015 together with the details of impairment assessment.

DESCRIPTION	**2016 US$'000**	2015 US$'000	DETAILS OF IMPAIRMENT ASSESSMENT
ASSOCIATES			
CAL	**N/A**	531,615	THE RECOVERABLE AMOUNT WAS DETERMINED BASED ON THE FAIR VALUE LESS COST OF SALE ("FVLCS") WHICH WAS CALCULATED BASED ON THE AGREED SALE CONSIDERATION LESS TRANSACTION COST, WHICH IS A LEVEL 2 VALUATION. THE IMPAIRMENT CHARGE WAS DRIVEN BY THE SALE OF THE 49% INTEREST IN CAL IN 2015. PLEASE REFER TO NOTE E2 FOR FURTHER DETAILS. THE GROUP'S INTEREST IN CAL WAS DISPOSED IN 2016.
YANCOAL	**–**	30,000	THE RECOVERABLE AMOUNT WAS DETERMINED BASED ON A VALUE IN USE CALCULATION AT A DISCOUNT RATE OF 10% (2015: 9%). NO IMPAIRMENT WAS RECORDED IN 2016. THE CARRYING AMOUNT OF THE ASSOCIATE IS US$180,427,000 AS AT 31 DECEMBER 2016 (2015: US$230,325,000).
BARALABA	**(40,000)**	51,929	AN IMPAIRMENT LOSS WAS RECOGNISED FOR A COAL MINING ASSOCIATE WHICH ENTERED INTO VOLUNTARY ADMINISTRATION IN 2015, AND THE ENTIRE EQUITY CARRYING AMOUNT OF THE ASSOCIATE WAS WRITTEN DOWN TO ZERO AS AT 31 DECEMBER 2015 DUE TO UNCERTAINTY OVER RECOVERY OF THE INVESTMENT. BARALABA INTRODUCED A STRATEGIC INVESTOR AND UNDERWENT A RESTRUCTURING IN SECOND QUARTER OF 2016. THE GROUP REASSESSED THE CARRYING VALUE OF ITS INVESTMENT IN BARALABA AND REVERSED US$40,000,000 OF THE IMPAIRMENT LOSS TAKEN IN 2015. THE RECOVERABLE AMOUNT WAS DETERMINED BASED ON A VALUE IN USE CALCULATION AT DISCOUNT RATE OF 20%. THE CARRYING AMOUNT OF THE ASSOCIATE IS US$37,153,000 AS AT 31 DECEMBER 2016.
EER	**4,888**	14,388	AN IMPAIRMENT LOSS OF US$14,388,000 WAS RECOGNISED IN 2015. THIS FAIR VALUE MEASUREMENT IS CLASSIFIED AS A LEVEL 2 VALUATION BASED ON A COMPARABLE VALUATION APPROACH. THE VALUATION TAKES INTO ACCOUNT ACQUISITION COSTS FOR COMPARABLE TRANSACTIONS AS WELL AS APPLYING A SIGNIFICANT HAIRCUT TO REFLECT CURRENT MARKET SENTIMENT AND MARKET PRICES. IN 2016 THE GROUP HAS MADE A PROVISION OF US$4,888,000 WHICH IS MAINLY RELATED TO THE LONG TERM LOAN DUE FROM EER DUE TO THE CONTINUED DOWNTURN IN THE THERMAL MARKET. THE PROVISION FOR THE LONG TERM LOAN WAS CALCULATED BASED ON 25% OF THE CREDIT EXPOSURE OUTSTANDING. THE CARRYING AMOUNT OF THE ASSOCIATE IS US$17,055,000 AS AT 31 DECEMBER 2016 (2015: US$21,073,000).
	(35,112)	627,932	
JOINT VENTURES	**44**	8,735	THESE IMPAIRMENT CHARGES WERE DRIVEN BY THE GROUP'S REASSESSMENT OF EXPECTED FUTURE INCOME STREAMS.

C5 LONG TERM EQUITY INVESTMENTS AND LOANS

C5.1 Significant accounting policies

Long term equity investments

Long term equity investments are those non-derivative financial assets that are designated as available-for-sale investments and are initially recognised at fair value plus transaction costs. After initial recognition, these long term equity investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investments are derecognised or until the investments are determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

For investments actively traded in recognised financial markets, fair value is generally determined by reference to stock exchange quoted market prices, which is a Level 1 input, at the close of business on the statement of financial position date. For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of a substantially similar instrument, or is calculated based on the expected future cash flows of the underlying net asset base of the investment. Unlisted equity investments where there is no quoted market price in an active market and where the fair value cannot be reliably measured are stated at cost less any impairment losses.

The Group values certain of its unlisted long term equity investments at fair value. Estimating the value of long term equity investments requires the Group to make certain estimates and assumptions, and hence the values are judgemental. These estimates and assumptions are based on Level 2 inputs.

If a long term equity investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as long term equity investments are not reversed through the income statement.

Unlisted long term equity investments are generally carried at cost as their fair values could not be reliably measured. Note F2 sets out the accounting policy for the derecognition of financial assets which includes long term equity investments.

Long term loans

Loan receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and including fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loan receivables are derecognised or impaired, as well as through the amortisation process. Reversals of impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement. Note F2 sets out the accounting policy for the derecognition of financial assets which includes long term loans.

C5.2 Significant accounting judgements and estimates

Impairment assessment

(a) Long term equity investments

The Group determines that long term equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is a significant or prolonged decline requires judgment. In making this judgement, the Group evaluates among other factors, the normal market price volatility in respect of the relevant long term equity investments. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

(b) Long term loans

Impairment is determined based on the evaluation of collectability and ageing analysis of each receivable and on management's judgement. A considerable amount of judgement is required in estimating the ultimate realisation of the receivables, including the current creditworthiness and the past repayment history of each receivable. If the financial condition of debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

C5 LONG TERM EQUITY INVESTMENTS AND LOANS (continued)

C5.3 Long term equity investments

	GROUP		COMPANY	
	2016 US$'000	2015 US$'000	**2016 US$'000**	2015 US$'000
LISTED EQUITY SECURITIES, AT LEVEL 1 FAIR VALUATION BASED ON OBSERVABLE MARKET PRICES:				
ENERGY	**11,357**	12,903	**–**	–
MINING & METALS	**9,031**	4,797	**–**	–
CORPORATE	**199**	3,270	**195**	428
	20,587	20,970	**195**	428
UNLISTED EQUITY INVESTMENTS, AT COST				
ENERGY	**8,763**	8,763	**–**	–
MINING & METALS	**35,320**	35,722	**–**	–
CORPORATE	**8,572**	8,901	**415**	415
	52,655	53,386	**415**	415
LESS ACCUMULATED IMPAIRMENT IN:				
ENERGY	**(6,572)**	–	**–**	–
MINING & METALS	**(30,658)**	(31,022)	**–**	–
CORPORATE	**(7,576)**	(7,776)	**–**	–
	7,849	14,588	**415**	415
TOTAL OF LISTED AND UNLISTED EQUITY INVESTMENTS	**28,436**	35,558	**610**	843

The Group's long term equity investments were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate. During 2016, the change in fair value of the Group's long term equity securities recognised in other comprehensive income amounted to a gain of US$6,993,000 (2015: loss of US$12,557,000). An impairment loss of US$Nil (2015: loss of US$8,057,000) was transferred from other comprehensive income to the income statement.

The Group performs impairment tests on these investments on an annual basis and when an indicator of impairment exists. The Group considers the investees' operational performance and carrying amount when reviewing for indicators of impairment.

No impairment was recognised in 2016. In 2015, impairment of US$3,083,000 was recognised in the income statement for an unlisted mine exploration company. The recoverable amount of the investment in this company is determined based on the estimated future cash flows using a Level 3 valuation.

C5 LONG TERM EQUITY INVESTMENTS AND LOANS (continued)

C5.4 Long term loans

The Group has made long term loans to trade counterparties to secure strategic business partnerships and long term purchase contracts in the ordinary course of business. Interests on the loans are at market rates. Operating segments to which the loans are related are set out below:

	2016 US$'000	2015 US$'000
LONG TERM LOANS:		
ENERGY	**116,423**	112,492
GAS & POWER	**–**	37,113
MINING & METALS	**270,635**	277,395
	387,058	427,000
LESS CURRENT PORTION OF LONG TERM LOANS (NOTE B3.3)	**(96,520)**	(138,375)
	290,538	288,625
LESS IMPAIRMENT RELATED TO LOAN RESTRUCTURING WITH SUPPLIERS (NOTE A3.2):		
GAS & POWER	**–**	(4,200)
MINING & METALS	**(1,800)**	(2,000)
	(1,800)	(6,200)
	288,738	282,425

The maturity profile of the Group's long term loans at the end of the reporting period is as follows:

	2016 US$'000	2015 US$'000
WITHIN ONE YEAR (NOTE B3.3)	**96,520**	138,375
1 – 2 YEARS	**58,985**	57,066
2 – 5 YEARS	**89,852**	81,336
> 5 YEARS	**139,901**	144,023
TOTAL	**385,258**	420,800

C6 CAPITAL COMMITMENTS

At 31 December 2016, the Group has entered into contracts to acquire certain vessels and construction assets of US$33,991,000 (2015: Vessels, construction assets and computer equipment of US$71,131,000) which have not been provided for in the financial statements. The Group also has an outstanding commitment to purchase 9,000,000 additional Series A preferred units from Harbour for a purchase price per unit of US$10.

C7 ACQUISITION AND DISPOSAL/LOSS OF CONTROL OF SUBSIDIARIES

C7.1 Significant accounting policies

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at fair value, consisting of the fair values of assets transferred, and any new liabilities assumed and any equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with subsequent changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Non-controlling interests in subsidiaries are identified separately from the Group's equity and are initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having 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 derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (provided it does not exceed goodwill) if it was incurred during the measurement period or recognised in the income statement.

C7 ACQUISITION AND DISPOSAL/LOSS OF CONTROL OF SUBSIDIARIES (continued)

C7.2 Details of acquisition and disposal/loss of control of subsidiaries

2016 Acquisitions

On 30 September 2016, the Group has increased its equity interest in Noble Commodities Services, LLC ("Noble Commodities", formerly known as Noble Mansfield Renewable Energy, LLC), previously a joint venture of the Group, from 50% to 100% at cash consideration of US$6,257,000. Following the acquisition, Noble Commodities became a wholly-owned subsidiary of the Group. The provisional fair value of the identifiable assets and liabilities of Noble Commodities as at the date of acquisition are detailed below:

	FAIR VALUE RECOGNISED ON ACQUISITION US$'000
INTANGIBLE ASSETS	7,520
CASH AND CASH EQUIVALENTS	891
PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	23,151
INVENTORIES	417
TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES	(16,710)
TAX PAYABLES	(647)
INTANGIBLE LIABILITIES	(4,120)
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	10,502
RE-MEASUREMENT GAIN ON A PRE-EXISTING INTEREST IN JOINT VENTURE	(4,245)
CASH CONSIDERATION PAID IN 2016	(2,477)
CASH CONSIDERATION TO BE SETTLED IN FUTURE YEARS	(3,780)
CASH CONSIDERATION PAID IN 2016	(2,477)
CASH AND CASH EQUIVALENTS OF ACQUIRED SUBSIDIARY	891
NET CASH OUTFLOW	(1,586)

From the date of acquisition, Noble Commodities generated revenue of US$139,599,000 and recorded a net profit US$594,000 for the year ended 31 December 2016. If the combination had taken place at the beginning of the year, revenue and net profit attributable to the Group would have been US$578,691,000 and US$2,515,000 respectively for the year ended 31 December 2016.

2016 Disposals

On 10 October 2016, the Group announced that it had entered into a purchase agreement with Calpine Energy Services Holdco II LLC and Calpine Energy Financial Holdings LLC in connection with (i) the proposed sale of all of the issued and outstanding membership interests (the "Units") of NES and (ii) the proposed assignment by the Company of the rights and the post-closing obligations under an ISDA 2002 Master Agreement dated 1 January 2016 and related Master Confirmation dated 1 August 2016 entered into between NGL and NES (the "Disposal"). On 1 December 2016, the Group announced that the disposal was completed and that the Group no longer holds any units in NES.

C7 ACQUISITION AND DISPOSAL/LOSS OF CONTROL OF SUBSIDIARIES (continued)

C7.2 Details of acquisition and disposal/loss of control of subsidiaries (continued)

2016 Disposals (continued)

The carrying value of the assets and liabilities of NES at 1 December 2016 are detailed below:

	US$'000
ASSETS	
PROPERTY, PLANT AND EQUIPMENT	6,611
INTANGIBLE ASSETS	190,274
LONG TERM LOANS	6,402
CASH AND CASH EQUIVALENTS	164,110
TRADE RECEIVABLES	341,800
PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	12,170
FAIR VALUE GAINS ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	656,003
INVENTORIES	1,323
TOTAL ASSETS	1,378,693
LIABILITIES	
TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES	(141,062)
FAIR VALUE LOSS ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	(382,712)
TOTAL LIABILITIES	(523,774)
EQUITY VALUE ATTRIBUTABLE TO THE GROUP	854,919
GAIN ON DISPOSAL	291,485
SATISFIED BY CASH	1,146,404

Pursuant to the announcement on 10 October 2016, the cash consideration for the Disposal comprised:

i) US$800,000,000;
ii) plus the net working capital of NES on the day immediately preceding the closing date; and
iii) minus indebtedness of NES on the day immediately preceding the closing date.

The consideration is subject to adjustment based on an unaudited consolidated statement of financial position of NES and its subsidiaries, a calculation of net working capital and a calculation of the aggregate amount of all indebtedness prepared within 90 calendar days following the closing date. According to the pricing mechanism mentioned above, the cash consideration will be finalised on 28 February 2017.

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of NES is as follows:

	US$'000
CASH CONSIDERATION	1,146,404
CASH AND CASH EQUIVALENTS DISPOSED AS OF 1 DECEMBER 2016	(164,110)
NET INFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE DISPOSAL	982,294

C7 ACQUISITION AND DISPOSAL/LOSS OF CONTROL OF SUBSIDIARIES (continued)

C7.2 Details of acquisition and disposal/loss of control of subsidiaries (continued)

2015 Acquisitions

On 23 April 2015, the Group acquired a 100% equity interest in MR Coal Marketing & Trading LLC ("MR Coal") at a total cash consideration of US$23,913,000. The fair value of the identifiable assets and liabilities of MR Coal as at the date of acquisition are detailed below:

	FAIR VALUE RECOGNISED ON ACQUISITION US$'000
TRADE RECEIVABLES	14,263
INVENTORIES	22,906
TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES	(13,256)
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	23,913
CASH CONSIDERATION PAID IN 2015	23,913

MR Coal's main activities are coal trading and marketing.

From the date of acquisition, MR Coal generated revenue of US$146,684,000 and recorded a net profit US$4,141,000 for the year ended 31 December 2015. If the combination had taken place at the beginning of the year, net loss attributable to the Group would have been higher by US$1,058,000 for the year ended 31 December 2015.

C8 CONTINGENT LIABILITIES ASSOCIATED WITH INVESTING ACTIVITIES

Significant accounting judgements and estimates

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 accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Please refer to note E2.3 contingent liabilities for investing activities in CAL.

Contingent liabilities for NES

The Group has provided certain representations and warranties in connection with the disposal of NES. The Group has made adequate provision for all probable liabilities as at the statement of financial position date.

C9 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS – CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES

	NOTE	**2016 US$'000**	2015 US$'000 (RESTATED)
ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT		**(114,224)**	(87,190)
PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		**5,230**	9,558
INVESTMENTS IN JOINT VENTURES/ASSOCIATES		**(6,151)**	(59,187)
REDUCTION OF INVESTMENTS IN JOINT VENTURES/ASSOCIATES		**862**	–
DECREASE/(INCREASE) IN AMOUNTS DUE FROM JOINT VENTURES/ASSOCIATES		**74,528**	(93,791)
PROCEEDS FROM DISPOSAL OF JOINT VENTURES		**6,869**	–
PROCEEDS FROM DISPOSAL OF ASSOCIATES		**750,000**	–
DISPOSALS OF LONG TERM EQUITY INVESTMENTS, NET		**8,868**	5,479
DIVIDEND INCOME FROM LONG TERM EQUITY INVESTMENTS		**859**	263
DECREASE/(INCREASE) IN LONG TERM LOANS		**30,975**	(28,693)
NET CASH PAID ON ACQUISITIONS OF SUBSIDIARIES	C7.2	**(1,586)**	(33,369)
CASH INFLOW ON DISPOSAL OF SUBSIDIARIES	C7.2	**982,294**	–
INCREASE IN TIME DEPOSIT		**(10,000)**	–
		1,728,524	(286,930)

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

D1 CAPITAL MANAGEMENT

D1.1 General

The Group's capital management focuses on ensuring the ability to continue as a going concern while providing an adequate return to our shareholders and economic benefits for our other stakeholders. The Group manages its capital structure and makes adjustments to it in consideration of factors including:

(a) the nature of the Group's assets to be funded;
(b) the assessment of the appropriate structure to fund the Group's business initiatives;
(c) the availability and cost of various financing strategies;
(d) the Company's credit quality; and
(e) the impact of changes in liquidity and funding of its commercial activities.

The Group assesses the overall need for capital to be utilised in its business activities, taking into account the intended use of the capital. In addition, the Group considers the use of the capital with respect to several factors including its cost, availability, and the ability to generate adequate returns on the invested capital. The Group's primary use of capital in 2016 was for working capital.

In order to adjust or maintain the capital structure, the Group may issue debt of either a fixed or floating nature, unsecured or secured, arrange committed or uncommitted debt facilities, issue new shares, adjust dividend payments, or consider investments in or the sale of assets or businesses.

As the Group pursues an asset light trading strategy, it will adjust its capital structure to reflect the increased need to fund short term working capital assets.

The Group is permitted to purchase its own shares in the market and keep them as treasury shares under a shareholder approved plan which permits a 10% share buyback policy. The policy is reviewed annually and re-approved at the general shareholders' meeting each year.

Generally, the Group maintains a capital structure which is consistent with the nature of the assets to be funded by such capital and one that provides a solid statement of financial position. In order to ensure the adequacy of capital, the Group regularly assesses and quantifies the potential capital requirements with respect to working capital required for trading activities as well as new investment opportunities.

Capital is calculated as the total debt and equity which is available to the Group. At 31 December 2016, the Group calculated the sum of total bank and capital market debt and equity capital of the Group to be US$8,023,000,000 (2015 (restated): US$9,219,000,000), consisting of US$4,043,000,000 (2015: US$5,921,000,000) of short and long term debt, and US$3,980,000,000 (2015 (restated): US$3,298,000,000) of equity.

D2 CASH AND CASH EQUIVALENTS

D2.1 Significant accounting policies

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, cash provided to futures brokers to cover margin requirements, short term time deposits and short term liquid investments.

For the purpose of the statement of cash flows, cash and cash equivalents are adjusted for cash provided to futures brokers which is not immediately available for use in the Group's business operations as it is covering fair value losses on futures positions and is not substitutable with alternative collateral.

The Group places cash with futures brokers to meet the initial and variation margin requirements in respect of its outstanding futures positions on commodity exchanges. The Group can also use credit facilities granted by these brokers or stand-by letters of credit to meet these requirements in lieu of cash. Accordingly, the Group regards this cash as part of its liquid cash that is used in its daily cash management. For the purpose of the statement of financial position, the whole amount of cash balance with futures brokers is included as cash and cash equivalents. However, for the purpose of the statement of cash flows, only the portion of the cash balance with futures brokers that is immediately available for use in the business operations is included as cash and cash equivalents.

The carrying amounts of cash and cash equivalents approximate to their fair values because of their immediate or short term maturity.

D2.2 Cash and cash equivalents

	GROUP		COMPANY	
	2016 US$'000	2015 US$'000	**2016 US$'000**	2015 US$'000
BANK BALANCES AND SHORT TERM TIME DEPOSITS	**817,794**	1,170,078	**301,789**	754,932
CASH BALANCES WITH FUTURES BROKERS	**352,677**	783,192	**460**	–
AS STATED IN THE STATEMENT OF FINANCIAL POSITION	**1,170,471**	1,953,270	**302,249**	754,932
CASH BALANCES ATTRIBUTABLE TO SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**1,420**	3,085	**–**	–
LESS: CASH BALANCES WITH FUTURES BROKERS NOT IMMEDIATELY AVAILABLE FOR USE IN THE BUSINESS OPERATIONS*	**(66,533)**	(397,044)	**–**	–
LESS: TIME DEPOSIT WITH ORIGINAL MATURITY OF MORE THAN THREE MONTHS WHEN ACQUIRED	**(10,000)**	–	**–**	–
AS STATED IN THE STATEMENT OF CASH FLOWS	**1,095,358**	1,559,311	**302,249**	754,932

* A portion of the cash balances with futures brokers is not immediately available for use in the Group's business operations as it is earmarked to cover unrealised losses on futures contracts, and cannot be replaced by alternative collateral arrangements such as stand-by letters of credit.

Cash at banks earn interest at floating rates based on bank deposit rates. Short term deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. At 31 December 2016, except for a time deposit of US$10,000,000 (2015: Nil) with a maturity period of one year when acquired and not immediately available for use, the original maturity periods of all other deposits were less than 90 days (2015: less than 90 days) and the interest rates ranging from 0.8% to 8.0% (2015: 1.8% to 7.2%) per annum depending on currency and tenor.

D3 BANK DEBTS AND SENIOR NOTES

D3.1 Significant accounting policies

Bank debts and senior notes are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Bank debts and senior notes are derecognised upon disposal. Any gain or loss on disposal is recognised in the income statement in the year the liability is derecognised and is measured as the difference between the net cash used in retirement of the liability and the carrying amount of the relevant liability.

D3.2 Bank debts

	2016		2015	
GROUP	**EFFECTIVE AVERAGE INTEREST RATE (%)**	**US$'000**	EFFECTIVE AVERAGE INTEREST RATE (%)	US$'000
CURRENT BANK DEBTS				
SECURED BY CERTAIN TRADE RECEIVABLES AND INVENTORIES (NOTE B2.3, B4.2)				
– BORROWING BASE FACILITIES ("BBF") [1]	**2.5**	**350,000**	1.2	365,000
– BILATERAL [3]	**2.0**	**109,476**	0.9	28,652
SECURED BY VESSELS (NOTE C2.3)	**6.0**	**17,000**	5.8	18,543
UNSECURED				
– REVOLVING CREDIT FACILITIES ("RCF AND TERM LOAN") [2]	**2.2**	**756,382**	1.6	1,634,675
– BILATERAL [3]	**1.2**	**60,567**	1.5	80,944
		1,293,425		2,127,814
LONG TERM BANK DEBTS				
SECURED BY VESSELS (NOTE C2.3)	**5.7**	**56,366**	5.9	66,414
UNSECURED				
– RCF AND TERM LOAN	**1.6**	**1,137,753**	1.5	1,779,775
		1,194,119		1,846,189
		2,487,544		3,974,003
DENOMINATED IN – USD	**2.0**	**2,487,544**	1.6	3,952,976
– NON-USD		**–**	0.1	21,027
		2,487,544		3,974,003

D3 BANK DEBTS AND SENIOR NOTES (continued)

D3.2 Bank debts (continued)

1 *Secured BBF*

On 11 May 2016, the Group entered into a 364-day borrowing base facility of US$2,000,000,000, with a US$1,200,000,000 committed tranche which allows for the drawdown of loans and issuance of trade finance instruments including letters of credit subject to the borrowers under the facility, namely Noble Americas Corp., Noble Petro Inc. and Noble Americas Gas & Power Corp., each of which is a wholly-owned subsidiary of the Group, providing adequate working capital security. The facility is secured by certain trade receivables and inventories as mentioned in notes B2.3 and B4.2 respectively. The Group had drawn US$350,000,000 of the facility as loans and US$1,198,412,000 trade finance instruments as at 31 December 2016. As at 31 December 2016, the facility was further upsized to US$2,030,000,000 following the exercise of the accordion option.

On 15 October 2015, the Group entered into a six-month borrowing base facility of US$1,110,000,000, which allowed for the drawdown of loans and issuance of trade finance instruments such as letters of credit. The facility was secured by certain trade receivables and inventories as mentioned in notes B2.3 and B4.2 respectively. The Group had drawn US$365,000,000 of the facility as loan as at 31 December 2015. This facility was refinanced with the borrowing base facility signed on 11 May 2016, as mentioned above.

2 *Committed RCFs and term loans*

COMMENCEMENT DATE	TERMS	**UTILISED 2016 US$'000**	UTILISED 2015 US$'000
CURRENT:			
13 MAY 2013	US$488,000,000 THREE-YEAR TRANCHE	**–**	488,000
18 MAY 2015	US$1,151,140,000 364-DAY TRANCHE	**–**	1,151,140
1 MAY 2014	US$650,000,000 THREE-YEAR TERM LOAN	**650,000**	–
11 MAY 2016	US$615,200,000 364-DAY TRANCHE	**115,200**	–
		765,200	1,639,140
	TRANSACTION COSTS	**(8,818)**	(4,465)
		756,382	1,634,675
LONG TERM:			
1 MAY 2014	US$650,000,000 THREE-YEAR TERM LOAN	**–**	650,000
18 MAY 2015	US$1,143,460,000 THREE-YEAR TRANCHE	**1,143,460**	1,143,460
		1,143,460	1,793,460
	TRANSACTION COSTS	**(5,707)**	(13,685)
		1,137,753	1,779,775
		1,894,135	3,414,450

3. *Bilateral*

As at 31 December 2016, the Group had short-term unsecured and secured bilateral loans with interest rates ranging from 1.0% to 2.0% (2015: 0.9% to 2.0%) per annum depending on currency and tenor. Secured bilateral loans of US$109,476,000 (2015: US$28,652,000) were secured by trade receivables and inventories.

D3 BANK DEBTS AND SENIOR NOTES (continued)

D3.2 Bank debts (continued)

COMPANY	2016 EFFECTIVE AVERAGE INTEREST RATE (%)	2016 US$'000	2015 EFFECTIVE AVERAGE INTEREST RATE (%)	2015 US$'000
CURRENT BANK DEBTS				
UNSECURED				
– RCF, NET OF TRANSACTION COSTS	**2.2**	**756,382**	1.6	1,634,675
– BILATERAL	**1.4**	**27,888**	1.1	57,379
		784,270		1,692,054
LONG TERM BANK DEBTS				
UNSECURED				
– RCF, NET OF TRANSACTION COSTS	**1.6**	**1,137,753**	1.5	1,779,775
		1,137,753		1,779,775
		1,922,023		3,471,829

D3.3 Senior notes

CARRYING AMOUNT	2016 US$'000	2015 US$'000
CURRENT PORTION		
4.30% MALAYSIAN RINGGIT DENOMINATED SUKUK DUE JANUARY 2016	**–**	99,469
4.00% CHINESE YUAN DENOMINATED NOTES DUE JANUARY 2016	**–**	161,052
3.55% THAI BAHT DENOMINATED GUARANTEED BONDS DUE APRIL 2016	**–**	99,720
	–	360,241
NON-CURRENT PORTION		
3.625% SENIOR NOTES DUE MARCH 2018	**377,996**	378,193
6.75% SENIOR NOTES DUE JANUARY 2020	**1,177,313**	1,208,718
	1,555,309	1,586,911
	1,555,309	1,947,152
FAIR VALUE*	**1,344,005**	1,405,063

* The fair value of senior notes is a Level 2 fair value measurement using observable market prices.

D3 BANK DEBTS AND SENIOR NOTES (continued)

D3.3 Senior notes (continued)

US$1,176,920,000 (Originally US$1,250,000,000) Senior Notes due 29 January 2020

In October 2009, the Company issued 6.75% senior notes of US$850,000,000 at 99.105%. On 9 February 2010, the Company issued a further US$400,000,000 6.75% senior notes due 2020 at 103.6676% to form a single series US$1,250,000,000 senior notes due 29 January 2020.

The Company has the right to redeem some or all of the senior notes at any time on or after 16 October 2010 at the redemption prices stipulated in "Description of notes – Optional redemption" in the agreement.

In May 2012, June 2012 and January 2016, the Company repurchased US$73,080,000 of its US$1,250,000,000 6.75% senior notes. Such senior notes were cancelled subsequent to the repurchases. The principal amount of senior notes outstanding was US$1,176,920,000 as at 31 December 2016.

RM3,000,000,000 Medium Term Note Programme

In March 2012, the Company established a multi-currency Islamic medium term note programme of up to Malaysian Ringgit 3,000,000,000 (or its equivalent in foreign currency) under the laws of Malaysia. Under the programme, the Company may issue Islamic medium term notes ("Sukuk Murabahah") from time to time in Malaysian Ringgit or in other currencies, in various amounts and tenors of more than a year and up to a maximum tenor of 20 years.

The Sukuk Murabahah holders, in subscribing or purchasing the Sukuk Murabahah with rights of early redemption, grant the Issuer the option to redeem the Sukuk Murabahah, in whole or in part, prior to maturity dates stipulated in the agreement of the notes.

In October 2012, December 2012 and January 2013, the Company issued 4.50% medium term notes of RM300,000,000 at par due 16 October 2015, 4.22% medium term notes of RM300,000,000 at par due 13 December 2014 and 4.30% medium term notes of RM300,000,000 at par due 30 January 2016, respectively. All notes were fully redeemed on the respective due dates.

US$3,000,000,000 Medium Term Note Programme

In August 2011, the Company established a US$3,000,000,000 medium term note programme. Under the programme, the Company may issue notes from time to time in various currencies, amounts and tenors. The notes may bear fixed or floating rates, interest on dual currency or index linked bases or may not bear interest. The notes may be offered on a syndicated or non-syndicated basis.

The pricing supplements issued in respect of each issue of notes will state whether such notes may be redeemed prior to their stated maturity at the Company's option (either in whole or in part) and/or at the option of the holders, and if so the terms applicable to such redemption. The Company has the right to redeem some or all of the medium term notes at any time at the redemption prices stipulated in the agreement of the medium term notes.

D3 BANK DEBTS AND SENIOR NOTES (continued)

D3.3 Senior notes (continued)

US$3,000,000,000 Medium Term Note Programme (continued)

On 30 January and 20 March 2013, the Company issued 4.00% medium term notes of RMB1,000,000,000 at par due 29 January 2016 and 3.625% medium term notes of US$400,000,000 at 99.268% due 20 March 2018, respectively.

RMB1,000,000,000 in notes due on 29 January 2016 were fully redeemed on the stated maturity date. In March 2015 and January 2016, the Company repurchased US$21,000,000 of its US$400,000,000 3.625% medium term notes. Such medium term notes were cancelled subsequently to the repurchases. The principal amount of medium term notes outstanding was US$379,000,000 as at 31 December 2016.

THB 2,850,000,000 Guaranteed Bonds

On 26 April 2013, the Company issued Thai Baht denominated guaranteed bonds of THB 2,850,000,000 due 25 April 2016. The bonds were issued at 3.55% coupon and unconditionally and irrevocably guaranteed as to the payment of principal and interest by the Credit Guarantee and Investment Facility ("CGIF Guarantee") in accordance with the terms of the CGIF Guarantee.

The bonds were fully redeemed on 25 April 2016, its stated maturity date.

D4 CAPITAL SECURITIES

6.0% US$400,000,000 Perpetual Capital Securities

The Company issued perpetual capital securities with a par value of US$350,000,000 on 24 June 2014. On 10 July 2014, the Company issued an additional US$50,000,000 of the perpetual capital securities at an issue price of 101%. The US$50,000,000 in perpetual capital securities were consolidated with the US$350,000,000 in capital securities issued on 24 June 2014 to form a single series of US$400,000,000.

The capital securities are perpetual and do not have a fixed redemption date. The distribution rate of the securities is 6.0% per annum, payable in arrears on a semi-annual basis at the discretion of the Company. The first distribution date was on 24 December 2014. The Company may, on giving not more than 60 nor less than 30 days' irrevocable notice to the holders in writing, redeem all but not some only of the securities in accordance with the terms and conditions of the securities.

In the event of a winding-up, the rights and claims of the holders in respect of the capital securities shall rank ahead of claims in respect of the Company's shareholders, but shall be subordinated in right of payment to the claims of all present and future unsubordinated obligations, except for obligations of the Company that are expressed to rank pari passu with, or junior to, its obligations under the capital securities.

D5 SHARE CAPITAL AND RESERVES

D5.1 Significant accounting policies

Treasury shares

The Group equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. On sale, any difference between the carrying amount and the consideration received is recognised in equity.

Capital securities distribution

The distribution on the capital securities is shown as a movement in retained profits within the equity section of the statement of financial position.

D5.2 Share capital

	2016 US$'000	2015 US$'000
AUTHORISED:		
32,000,000,000 (2015: 12,000,000,000) SHARES OF HK$0.25 EACH, EQUIVALENT TO HK$8,000,000,000 (2015: HK$3,000,000,000)	**1,032,259**	387,097
ISSUED AND FULLY PAID:		
13,274,876,524 (2015: 6,739,466,962) SHARES OF HK$0.25 EACH, EQUIVALENT TO HK$3,318,719,131 (2015: HK$1,684,866,741)	**427,008**	216,360

Notes:

(a) The movements of the Company's issued share capital during the year were:

	2016		2015	
	SHARE'000	**US$'000**	SHARE'000	US$'000
AT 1 JANUARY	**6,739,467**	**216,360**	6,739,367	216,357
ISSUE OF SHARES ON EXERCISE OF SHARE OPTIONS (NOTE E6.2)	**–**	**–**	100	3
RIGHTS ISSUE OF SHARES	**6,535,410**	**210,648**	–	–
AT 31 DECEMBER	**13,274,877**	**427,008**	6,739,467	216,360

As at 31 December 2016, certain unvested shares were held by the Employee Benefit Trust which will be released to eligible participants when vesting conditions are met.

On 3 June 2016, the Group announced a renounceable underwritten rights issue on the basis of one rights share for every one existing share held by entitled shareholders as at 30 June 2016. Shareholders approved the rights issue in the Special General Meeting held on 24 June 2016. The rights issue was completed on 1 August 2016. Accordingly, the issued share capital excluding treasury shares was increased to 13,070,819,124 shares of HK$0.25 each on 4 August 2016.

(b) There were 177,328,000 shares held as treasury shares as at 31 December 2016 (2015: 204,057,400 shares). By excluding these treasury shares, the total number of issued shares as at 31 December 2016 was 13,097,548,524 shares (2015: 6,535,409,562 shares).

(c) Share capital has been translated against the historical exchange rate of the date of issue of share capital at US$1 = HK$7.772.

D5 SHARE CAPITAL AND RESERVES (continued)

D5.3 Reserves

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 60 to 61 of the financial statements.

(b) Company

	ISSUED CAPITAL US$'000	SHARE PREMIUM US$'000	TREASURY SHARES US$'000	CAPITAL SECURITIES US$'000
AT 1 JANUARY 2015	216,357	2,049,617	–	397,547
LOSS FOR THE YEAR	–	–	–	–
OTHER COMPREHENSIVE LOSS, NET OF TAX	–	–	–	–
TOTAL COMPREHENSIVE LOSS, NET OF TAX	–	–	–	–
ISSUE OF SHARES ON EXERCISE OF SHARE OPTIONS	3	60	–	–
ACQUISITION OF TREASURY SHARES (NOTE D9)	–	–	(102,075)	–
SHARE-BASED PAYMENT	–	–	–	–
EQUITY-SETTLED SHARE OPTION EXPENSES	–	–	–	–
CASH DIVIDEND (NOTE D9)	–	–	–	–
CAPITAL SECURITIES DIVIDEND (NOTE D9)	–	–	–	–
AT 31 DECEMBER 2015 AND 1 JANUARY 2016	216,360	2,049,677	(102,075)	397,547
PROFIT FOR THE YEAR	**–**	**–**	**–**	**–**
OTHER COMPREHENSIVE INCOME/(LOSS), NET OF TAX	**–**	**–**	**–**	**–**
TOTAL COMPREHENSIVE INCOME/(LOSS), NET OF TAX	**–**	**–**	**–**	**–**
RIGHTS ISSUE OF SHARES (NOTE D9)	**210,648**	**290,703**	**–**	**–**
SHARE-BASED PAYMENT	**–**	**(16,478)**	**13,371**	**–**
EQUITY-SETTLED SHARE OPTION EXPENSES	**–**	**–**	**–**	**–**
CAPITAL SECURITIES DIVIDEND (NOTE D9)	**–**	**–**	**–**	**–**
AT 31 DECEMBER 2016	**427,008**	**2,323,902**	**(88,704)**	**397,547**

RESERVES						
SHARE-BASED PAYMENT RESERVE US$'000	CAPITAL REDEMPTION RESERVE US$'000	SHARE OPTION RESERVE US$'000	CASH FLOW HEDGING RESERVE US$'000	LONG TERM INVESTMENT REVALUATION RESERVE US$'000	RETAINED PROFITS US$'000	TOTAL US$'000
(145,291)	6,237	116,361	(81,114)	(391)	1,131,197	3,690,520
–	–	–	–	–	(1,040,510)	(1,040,510)
–	–	–	(19,250)	(782)	–	(20,032)
–	–	–	(19,250)	(782)	(1,040,510)	(1,060,542)
–	–	–	–	–	–	63
–	–	–	–	–	–	(102,075)
72,070	–	–	–	–	–	72,070
–	–	21,270	–	–	–	21,270
–	–	–	–	–	(46,423)	(46,423)
–	–	–	–	–	(24,000)	(24,000)
(73,221)	6,237	137,631	(100,364)	(1,173)	20,264	2,550,883
–	**–**	**–**	**–**	**–**	**601,136**	**601,136**
–	**–**	**–**	**70,351**	**(233)**	**–**	**70,118**
–	**–**	**–**	**70,351**	**(233)**	**601,136**	**671,254**
(4,896)	**–**	**–**	**–**	**–**	**–**	**496,455**
62,538	**–**	**–**	**–**	**–**	**–**	**59,431**
–	**–**	**11,080**	**–**	**–**	**–**	**11,080**
–	**–**	**–**	**–**	**–**	**(24,000)**	**(24,000)**
(15,579)	**6,237**	**148,711**	**(30,013)**	**(1,406)**	**597,400**	**3,765,103**

D5 SHARE CAPITAL AND RESERVES (continued)

D5.3 Reserves (continued)

(c) *Share-based payment reserve and share option reserve*

Share-based payment reserve and share option reserve are the reserves accumulated for the cost of the share bonus plans and the share option schemes for the purpose of providing incentives and rewards to eligible participants.

(d) *Capital redemption reserve*

Capital redemption reserve is the reserve resulting from the repurchase of the Company's own shares.

(e) *Cash flow hedging reserve*

Cash flow hedging reserve records the effective portion of the fair value gains/losses of derivative financial instruments used in cash flow hedges.

(f) *Long term investment revaluation reserve*

Long term investment revaluation reserve relates to the mark-to-market valuation of available-for-sale long term equity investments.

D6 CONTINGENT LIABILITIES ASSOCIATED WITH FINANCING ACTIVITIES

D6.1 Significant accounting policies

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. As part of the Group's ordinary course of business, the Company issues letters of credit or issues bank guarantees accepting responsibility for the Company subsidiaries' contractual obligations.

D6.2 Details of contingent liabilities – bank guarantees

Group

At 31 December 2016, the Group did not have contingent liabilities in respect of guarantees given to the banks and financial institutions for banking facilities granted (2015: Nil).

Company

	2016 US$'000	2015 US$'000
GUARANTEES GIVEN TO THE BANKS AND FINANCIAL INSTITUTIONS FOR BANKING FACILITIES GRANTED TO SUBSIDIARIES AND CAL*	**11,594,294**	20,171,727
UTILISED FACILITIES	**3,404,613**	6,893,611
GUARANTEES GIVEN TO TRADE COUNTERPARTIES	**12,087,222**	12,275,086
UTILISED FACILITIES	**1,470,909**	1,993,483

* For guarantees given to CAL, see note E2.3.

D7 DIVIDENDS PAID AND PROPOSED

D7.1 Significant accounting policies

Dividends declared after the reporting period but before the financial statements are authorised for issue are not recognised as a liability in the statement of financial position.

D7.2 Details of dividends paid and proposed

No dividend was declared for the year ended 31 December 2016.

D8 LIQUIDITY, INTEREST RATE AND FOREIGN CURRENCY RISK MANAGEMENT

D8.1 Liquidity risk

Liquidity risk is the risk that the Group may be unable to meet its short term financial demands or obligations when due. The Group's approach to managing liquidity risk is to ensure it has sufficient unrestricted cash and cash equivalents, plus available committed banking facilities on hand to meet anticipated and potential financing needs. From time to time this liquidity headroom may vary in response to market conditions and circumstances the Group cannot control, such as general market disruptions, financial market stress or sharp movement in the prices of commodities. The Group projects its cash flows from operating and investment activities, to allow it to manage this headroom actively.

The Group has demonstrated that it has access to a diverse banking and investor base and will raise the appropriate type of financing to match the needs of the business with appropriate tenors and in diverse geographies. These include the syndicated loan markets, trade finance markets and capital markets and allow for flexibility with respect to terms and conditions, interest rate mix and other financial considerations. In May 2016, the Group closed the syndication of its 1-year unsecured US$1,000,200,000 committed revolving credit facility. It simultaneously closed a 1-year secured US$2,000,000,000 borrowing base facility with a US$1,200,000,000 committed tranche. The Group has subsequently repaid and cancelled US$385,000,000 in commitments in the revolving credit facility, and upsized the borrowing base facility to US$2,030,000,000 following the exercise of the accordion option.

At the end of 2016, the Group had a liquidity headroom, defined as available cash and unutilised committed bank facilities, of US$2,048,479,000.

To increase the availability of liquidity, the Group executed on several capital raising initiatives throughout 2016, including reduction of working capital, scale back or closure of loss making or low return businesses, the disposal of the remaining 49% interest in CAL for US$750,000,000, offering of US$500,000,000 rights issue which was closed in August 2016 and the disposal of NES on 1 December 2016 for a total consideration of US$1,146,404,000.

D8 LIQUIDITY, INTEREST RATE AND FOREIGN CURRENCY RISK MANAGEMENT (continued)

D8.1 Liquidity risk (continued)

The table below summarises the maturity profile of the Group's financial liabilities at 31 December based on contractual undiscounted payments.

	BANK DEBTS US$'000	SENIOR NOTES US$'000	TOTAL DEBTS US$'000	TRADE PAYABLES US$'000	OTHER PAYABLES AND ACCRUED LIABILITIES US$'000	FAIR VALUE LOSS ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS US$'000	GUARANTEES GIVEN IN CONNECTION WITH FACILITIES GRANTED US$'000	TOTAL US$'000
GROUP								
2016								
ON DEMAND AND < 3 MONTHS	**525,473**	**46,590**	**572,063**	**2,338,201**	**576,191**	**594,353**	**–**	**4,080,808**
3 – 12 MONTHS	**767,952**	**46,590**	**814,542**	**166,229**	**70,678**	**273,872**	**–**	**1,325,321**
1 – 2 YEARS	**1,154,641**	**465,311**	**1,619,952**	**–**	**–**	**125,765**	**–**	**1,745,717**
2 – 5 YEARS	**39,286**	**1,296,083**	**1,335,369**	**–**	**–**	**4,805**	**–**	**1,340,174**
> 5 YEARS	**192**	**–**	**192**	**–**	**–**	**5,303**	**–**	**5,495**
TOTAL	**2,487,544**	**1,854,574**	**4,342,118**	**2,504,430**	**646,869**	**1,004,098**	**–**	**8,497,515**
2015								
ON DEMAND AND < 3 MONTHS	409,736	276,487	686,223	3,479,950	951,813	1,145,902	–	6,263,888
3 – 12 MONTHS	1,718,078	128,413	1,846,491	251,063	44,051	1,053,182	–	3,194,787
1 – 2 YEARS	662,050	96,076	758,126	–	–	442,691	–	1,200,817
2 – 5 YEARS	1,175,914	1,799,721	2,975,635	–	–	315,837	–	3,291,472
> 5 YEARS	8,225	–	8,225	–	–	69,017	–	77,242
TOTAL	3,974,003	2,300,697	6,274,700	3,731,013	995,864	3,026,629	–	14,028,206
COMPANY								
2016								
ON DEMAND AND < 3 MONTHS	**27,888**	**46,590**	**74,478**	**–**	**182,864**	**11**	**4,875,522**	**5,132,875**
3 – 12 MONTHS	**756,382**	**46,590**	**802,972**	**–**	**–**	**82**	**–**	**803,054**
1 – 2 YEARS	**1,137,753**	**465,311**	**1,603,064**	**–**	**–**	**–**	**–**	**1,603,064**
2 – 5 YEARS	**–**	**1,296,083**	**1,296,083**	**–**	**–**	**2,232**	**–**	**1,298,315**
> 5 YEARS	**–**	**–**	**–**	**–**	**–**	**2,323**	**–**	**2,323**
TOTAL	**1,922,023**	**1,854,574**	**3,776,597**	**–**	**182,864**	**4,648**	**4,875,522**	**8,839,631**
2015								
ON DEMAND AND < 3 MONTHS	–	276,487	276,487	–	248,001	32,100	8,887,094	9,443,682
3 – 12 MONTHS	1,692,054	128,413	1,820,467	–	–	20,333	–	1,840,800
1 – 2 YEARS	645,783	96,076	741,859	–	–	612	–	742,471
2 – 5 YEARS	1,133,992	1,799,721	2,933,713	–	–	1,308	–	2,935,021
> 5 YEARS	–	–	–	–	–	7,712	–	7,712
TOTAL	3,471,829	2,300,697	5,772,526	–	248,001	62,065	8,887,094	14,969,686

D8.2 Interest rate risk

The Group's non-trading interest rate risk arises from interest-bearing cash and cash equivalents (see note D2.2), long term loans (see note C5.4), bank debts (see note D3.2) and senior notes (see note D3.3) which the maturity profiles as at 31 December 2016 and 2015 are disclosed. The Group manages its exposure to interest rate risk by using a combination of fixed and floating rate debts as well as interest rate swaps in consideration of the Group's overall interest rate exposure as well as the current and forecast interest rate environment. The Group's interest rate risk is affected by variable interest rate instruments.

D8 LIQUIDITY, INTEREST RATE AND FOREIGN CURRENCY RISK MANAGEMENT (continued)

D8.3 Foreign currency risk

The Group is exposed to foreign currency risk from its operating, investing and financing activities. Foreign exchange management is overseen by the Group's treasury departments in Hong Kong and London, as well as some of the Group's regional offices, which are all subject to the Group's foreign exchange policies. As stated above, the vast majority of the Group's trading activities are denominated in US Dollar ("USD"), which represents the functional currency for the majority of the business operations of the Group. Other major foreign currencies in which the Group's operating activities are denominated are Australian Dollar ("AUD"), Chinese Yuan ("CNY"), Euro ("EUR") and South African Rand ("ZAR"). The Group has a policy of reducing its foreign currency risk from its trading activities. The Group also uses foreign exchange hedging in respect of its more significant non-functional currency operating expenses.

The Group publishes its consolidated financial statements in USD and, as a result, it is also subject to foreign currency exchange translation risk in respect of the results and underlying net assets of its foreign operations whose functional currency is not USD. Net investments in foreign countries are long term investments. Their fair value changes through movements in currency exchange rates. In the very long term, however, the difference in the inflation rate correlates to the currency exchange rate movements, so that the market value of the foreign non-monetary assets will compensate for the change due to currency movements. For this reason, the Group only hedges the net investments in foreign subsidiaries in exceptional circumstances.

A 0.5% strengthening of the currencies in the table below against the USD at 31 December 2016 would have increased/(decreased) profit before tax and equity by the amounts shown below. The analysis assumes that all other variables remain constant.

	PROFIT BEFORE TAX INCREASE/(DECREASE)		EQUITY INCREASE/(DECREASE)	
	2016 US$'000	2015 US$'000	**2016 US$'000**	2015 US$'000
AUD	**91**	207	**(1,741)**	(2,033)
CNY	**242**	530	**378**	352
EUR	**733**	278	**(715)**	(734)
ZAR	**30**	(44)	**(7)**	12

D9 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS – CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES

	NOTES	**2016 US$'000**	2015 US$'000
INTEREST PAID ON FINANCING ACTIVITIES		**(205,226)**	(230,396)
BANK DEBTS – ADDITIONS		**2,063,528**	9,461,966
– REPAYMENTS		**(3,549,986)**	(6,646,205)
EXERCISE OF SHARE OPTIONS		**–**	63
REDEMPTION OF SENIOR NOTES		**(379,306)**	(868,109)
ACQUISITION OF TREASURY SHARES	D5.3	**–**	(102,075)
NET PROCEEDS FROM RIGHTS ISSUE	D5.3	**496,455**	–
DIVIDEND PAID TO EQUITY HOLDERS	D5.3	**–**	(46,423)
DIVIDEND PAID FOR CAPITAL SECURITIES	D5.3	**(24,000)**	(24,000)
		(1,598,535)	1,544,821

SECTION E: GROUP STRUCTURE AND MANAGEMENT REMUNERATION

E1 SUBSIDIARIES

E1.1 Significant accounting policies

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group 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 (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) any contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

Please refer to note C7 for the details of acquisition and disposal/loss of control of subsidiaries.

E1.2 Investment in subsidiaries

COMPANY	**2016 US$'000**	2015 US$'000
UNLISTED SHARES, AT COST	**757,578**	831,687
LONG TERM RECEIVABLE FROM A SUBSIDIARY	**2,543,729**	2,900,000
	3,301,307	3,731,687
CURRENT RECEIVABLES FROM SUBSIDIARIES	**4,174,522**	5,773,980
DUE TO SUBSIDIARIES	**(424,851)**	(2,044,916)
	7,050,978	7,460,751

Amounts due from subsidiaries of US$3,764,961,000 (2015: US$2,755,077,000) are unsecured, bear interest at rates determined by the Group's treasury department based on prevailing market interest rates and have no fixed terms of repayment except for a long term receivable from a subsidiary of US$2,543,729,000 (2015: US$2,900,000,000) which is not repayable within one year. Other amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Amounts due to subsidiaries of US$406,982,000 (2015: US$1,878,340,000) bear interest at rates determined by the Group's treasury department as mentioned above. Other amounts due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

E1 SUBSIDIARIES (continued)

E1.3 List of principal subsidiaries

NAME	PLACE OF INCORPORATION/ REGISTRATION	NOMINAL VALUE OF ISSUED SHARE CAPITAL	PRINCIPAL ACTIVITIES
GENERAL ALUMINA JAMAICA LLC**	UNITED STATES OF AMERICA	MEMBERSHIP INTEREST: 100%	INVESTMENT HOLDING FOR BAUXITE MINING AND ALUMINA REFINING
NOBLE AMERICAS CORP. **	UNITED STATES OF AMERICA	US$8	SUPPLY OF INDUSTRIAL AND ENERGY PRODUCTS
NOBLE AMERICAS GAS & POWER CORP. **	UNITED STATES OF AMERICA	US$1,000	SUPPLY OF GAS & POWER PRODUCTS
NOBLE AMERICAS SOUTH BEND ETHANOL LLC**	UNITED STATES OF AMERICA	MEMBERSHIP INTEREST: 100%	ETHANOL PRODUCTION PLANT
NOBLE CHARTERING INC. **	BRITISH VIRGIN ISLANDS	US$50,000	SHIP CHARTERING
NOBLE CHARTERING LIMITED #	HONG KONG	HK$2	SHIP CHARTERING
NOBLE CLEAN FUELS LIMITED #	UNITED KINGDOM	ORDINARY GBP1,250,000 REDEEMABLE US$10,000,000	SUPPLY OF ENERGY PRODUCTS
NOBLE NETHERLANDS B.V.*	NETHERLANDS	EUR151,586,900	INVESTMENT HOLDING
NOBLE PETRO INC. **	UNITED STATES OF AMERICA	US$1,000	SUPPLY OF ENERGY PRODUCTS
NOBLE RESOURCES INTERNATIONAL AUSTRALIA PTY LTD #	AUSTRALIA	A$1	SUPPLY OF INDUSTRIAL AND ENERGY PRODUCTS
NOBLE RESOURCES INTERNATIONAL PTE. LTD. #	SINGAPORE	ORDINARY S$88,136,500 PREFERENCE US$300,000,000	SUPPLY OF INDUSTRIAL AND ENERGY PRODUCTS
NOBLE RESOURCES LIMITED #	HONG KONG	HK$77,600,000	SUPPLY OF INDUSTRIAL PRODUCTS
NOBLE RESOURCES (SHANGHAI) COMPANY LIMITED #	THE PRC	US$110,610,000	SUPPLY OF INDUSTRIAL AND ENERGY PRODUCTS
NOBLE RESOURCES UK LIMITED#	UNITED KINGDOM	GBP50,001	SUPPLY OF INDUSTRIAL AND ENERGY PRODUCTS
SAN JUAN FUELS, LLC**	UNITED STATES OF AMERICA	MEMBERSHIP INTEREST:100%	REFINED COAL PROCESSING FACILITIES
STAMPORTS INC.**	UNITED STATES OF AMERICA	US$1,000	SHIP CHARTERING
STAMPORTS UK LIMITED#	UNITED KINGDOM	GBP1	PROVISION OF SHIPPING SERVICES

\# Statutory auditors – Ernst & Young

* Statutory auditors – PKF Wallast

** No statutory audit requirement

E1 SUBSIDIARIES (continued)

E1.3 List of principal subsidiaries (continued)

The Company held a 100% interest in all the above subsidiaries as at 31 December 2016.

All the above subsidiaries are indirectly held by the Company. The above list of principal subsidiaries of the Company, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

The Group's Board and Audit Committee are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

The Company has complied with Rules 712 and 716 of the Listing Manual.

E2 ASSOCIATE CLASSIFIED AS HELD FOR SALE

On 23 December 2015, the Company, Noble Agri International Limited ("NAIL"), Viva Trade Investments Limited ("Viva") and COFCO (Hong Kong) Limited ("COFCO") entered into a Share Sale Agreement in relation to the proposed sale of the Company's residual 49% interest in CAL. CAL Group was classified as associate held for sale in the corporate segment as at 31 December 2015, see note E2.1.

E2.1 CAL Group as associate held for sale as at 31 December 2015

On 23 December 2015, the Company and NAIL entered into a proposed sale of 1,509,937,328 ordinary shares of par value US$1.00 each of CAL in accordance with the terms and conditions of the Share Sale Agreement.

Consideration of the 49% stake in CAL under the Share Sale Agreement is:

1) US$750,000,000 payable in cash to the Company at closing; plus
2) Deferred consideration subject to certain adjustments and a cap of US$200,000,000.

The Group's interest in CAL Group of US$748,000,000 as at 31 December 2015 was included in current assets as assets in associates classified as held for sale. On 3 March 2016, cash consideration of US$750,000,000 was received and CAL ceased to be an associate of the Group.

As at 31 December 2016, due to uncertainty surrounding the deferred consideration, the Group has estimated a nil valuation for the deferred consideration.

E2 ASSOCIATE CLASSIFIED AS HELD FOR SALE (continued)

E2.2 CAL Group financial statements

	ASSOCIATE HELD FOR SALE
	YEAR ENDED 31 DECEMBER 2015 US$'000
CAL'S OWN INCOME STATEMENT	
REVENUE	16,902,859
LOSS FOR THE YEAR	(362,058)
OTHER COMPREHENSIVE LOSS	(51,805)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(413,863)
DIVIDEND RECEIVED	–
SHARE OF RESULT OF CAL	
SHARE OF LOSS FOR THE YEAR (NOTE A1)	(192,578)
SHARE OF OTHER COMPREHENSIVE LOSSES FOR THE YEAR	(23,378)
SHARE OF TOTAL COMPREHENSIVE LOSS	(215,956)

Reconciliation of CAL's statement of financial position to the Group's interest are as follows:

	AS AT 31 DECEMBER 2015 US$'000
CAL'S OWN STATEMENT OF FINANCIAL POSITION	
CURRENT ASSETS	3,919,241
NON-CURRENT ASSETS	2,823,265
CURRENT LIABILITIES	(4,335,317)
NON-CURRENT LIABILITIES	(621,658)
NET ASSETS	1,785,531
GOODWILL RECORDED IN FINANCIAL STATEMENTS	(183,787)
NET ASSETS, EXCLUDING GOODWILL	1,601,744
PROPORTION OF THE GROUP'S OWNERSHIP	49.00%
GROUP'S SHARE OF NET ASSETS OF THE ASSOCIATE	784,855
ACQUISITION FAIR VALUE AND OTHER ADJUSTMENTS[#]	(36,855)
RECLASSIFICATION TO ASSOCIATE HELD FOR SALE (NOTE C4.4)	(748,000)
CARRYING AMOUNT OF THE INVESTMENT	–

[#] These adjustments include the fair value adjustment of assets on acquisition less accumulated amortisation and impairment and the reclassification of trading balances to short term.

E2 ASSOCIATE CLASSIFIED AS HELD FOR SALE (continued)

E2.3 CAL Group contingent liabilities

In reaction to the disposal of the Company's interest in the CAL Group, the Company has undertaken the following key obligations in accordance with the Share Sale Agreements dated 2 April 2014 and 23 December 2015.

(i) Taxes: to pay unprovided corporate taxes of CAL Group up to 31 December 2014, within the statutory claim period in the relevant jurisdiction to which such tax claim relates; and

(ii) Legal: to pay claims against certain existing legal cases as at 2 April 2014 within three years following 31 December 2014.

The Group has made full provision for all probable liabilities arising from the above obligations.

In accordance with the Transitional Services Agreement dated 30 September 2014, transitional services to CAL Group, including risk management, human resources, insurance, internal audit, legal, research, tax and other administrative services, are provided free of any costs from 1 October 2014 to 31 March 2016. In 2016, Corporate overhead attributed to CAL amounted to US$Nil (2015: US$17,700,000), see note A3.3.

The Company provided corporate guarantees to banks and financial institutions for banking facilities granted to CAL Group prior to the disposal of the remaining 49% interest in CAL. Most guarantees given by the Company for the benefit of CAL Group have been replaced after completion of the disposal and we expect to terminate any remaining guarantees as soon as practicable. An indemnity has been provided to the Company for any losses which it may suffer prior to the replacement of such guarantees. Details of the guarantees are as follows:

	2016 US$'000	2015 US$'000
GUARANTEES GIVEN TO THE BANK AND FINANCIAL INSTITUTIONS FOR BANKING FACILITIES GRANTED TO:		
CAL GROUP WITH 100% GUARANTEE FROM THE COMPANY*	**777,237**	1,539,599
CAL GROUP WITH 49% GUARANTEE FROM THE COMPANY**	**198,887**	3,186,261
NGL SUBSIDIARIES AND CAL GROUP	**1,362,000**	8,852,802
	2,338,124	13,578,662
UTILISED BY CAL GROUP	**71,574**	2,564,062

* The Company guarantee 100% of the facilities according to the terms of the relevant guarantee letter.

** The Company guarantee 49% of the facilities with the remainder covered by the other shareholders of CAL according to the terms of the relevant joint guarantee letter.

E3 SUBSIDIARIES CLASSIFIED AS HELD FOR SALE

As part of the disposal of CAL Group in 2014, the Group retained the palm business in exchange for a promissory note of US$64,449,000 issued to CAL Group. The promissory note carries a contingent value right, under which the Group shall remit to the CAL Group, the proceeds of the sale of palm business, less any taxes, expenses and other costs of sale, received by the Group from a third party, and the CAL Group shall return the promissory note. As at 31 December 2016, the Group is in discussion with potential buyers on the sale of the palm business.

The major classes of assets and liabilities for the business held for sale as at 31 December 2016 are stated at the lower of cost and recoverable amount and were as follows:

	2016 US$'000	2015 US$'000 (RESTATED)
GROUP		
ASSETS		
PROPERTY, PLANT AND EQUIPMENT	**197,034**	175,398
INTANGIBLE ASSETS	**9,461**	9,461
AGRICULTURAL ASSETS	**349**	323
CASH AND CASH EQUIVALENTS	**540**	3,085
TRADE RECEIVABLES	**–**	303
PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	**17,092**	12,732
INVENTORIES	**3,781**	4,281
ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**228,257**	205,583
LIABILITIES		
TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES	**(7,949)**	(4,133)
DEFERRED TAX LIABILITIES	**(1,956)**	(2,045)
LIABILITIES IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**(9,905)**	(6,178)
NET ASSETS ASSOCIATED WITH SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**218,352**	199,405
LIABILITIES RELATED TO HELD FOR SALE	**(64,449)**	(64,449)
INCLUDED IN OTHER COMPREHENSIVE INCOME		
EXCHANGE FLUCTUATION RESERVE	**570**	570
ACQUISITION OF NON-CONTROLLING INTERESTS	**5,039**	5,039
RESERVES IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**5,609**	5,609
NON-CONTROLLING INTERESTS ATTRIBUTABLE TO SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**2,411**	2,682

E3 SUBSIDIARIES CLASSIFIED AS HELD FOR SALE (continued)

In December 2016, the Group decided to dispose of four subsidiaries in the Mining and Metals segment, namely Worldwide Warehouse Solutions LLC, Worldwide Warehouse Solutions UK Ltd, Worldwide Warehouse Solutions Singapore Pte. Ltd., and Worldwide Warehouse Solutions (Shanghai) Company Limited, together the "WWS Companies".

The major classes of assets and liabilities for the business held for sale as at 31 December 2016 are stated at the lower of cost and recoverable amount and were as follows:

	NOTE	**2016 US$'000**
GROUP		
ASSETS		
PROPERTY, PLANT AND EQUIPMENT		**89**
INTANGIBLE ASSETS	C3.3	**5,922**
DEFERRED TAX ASSETS		**15**
CASH AND CASH EQUIVALENTS		**880**
TRADE RECEIVABLES		**4,020**
PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES		**767**
ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE		**11,693**
LIABILITIES		
TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES		**(2,213)**
TAX PAYABLE		**(407)**
LIABILITIES IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE		**(2,620)**
NET ASSETS ASSOCIATED WITH SUBSIDIARIES CLASSIFIED AS HELD FOR SALE		**9,073**
INCLUDED IN OTHER COMPREHENSIVE INCOME		
EXCHANGE FLUCTUATION RESERVE		**(211)**
RESERVES IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE		**(211)**

E4 RELATED PARTY TRANSACTIONS

E4.1 Significant accounting policies

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group if that person:

(i) Has control or joint control over the Group;
(ii) Has significant influence over the Group; or
(iii) Is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member);
(iii) Both entities are joint ventures of the same third party;
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Company is itself such a plan, the sponsoring employers are also related to the Group;
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

E4.2 Details of related party transactions

In the normal course of business, the Group enters into various arm's length transactions with related parties. The following are the significant transactions between the Group and related parties which took place during the financial year.

(a) Name and relationship

Name of the key related parties	**Relationship with the Group**
CAL Group	Associate of the Group
Yancoal	Associate of the Group
Atlas	Associate of the Group
Baralaba	Associate of the Group
K Noble Hong Kong Limited	Joint venture of the Group
PT BSM	Joint venture of the Group
Panacore Investments Limited	Joint venture of the Group
Tailai Coal (Shanghai) Company Limited	Joint venture of the Group
YN Energy Pty Ltd	Joint venture of the Group

E4 RELATED PARTY TRANSACTIONS (continued)

E4.2 Details of related party transactions (continued)

(b) Related party transactions

	NOTES	GROUP 2016 US$'000	GROUP 2015 US$'000	COMPANY 2016 US$'000	COMPANY 2015 US$'000
SALES TO:	(i)				
CAL GROUP		**26,021**	2,363,900	**–**	–
K NOBLE HONG KONG LIMITED		**1,962**	11,068	**–**	–
TAILAI COAL (SHANGHAI) COMPANY LIMITED		**59,013**	–	**–**	–
YN ENERGY PTY LTD		**1,920**	–	**–**	–
PURCHASE FROM:	(i)				
CAL GROUP		**15,549**	2,008,858	**–**	–
YANCOAL		**22,957**	107,959	**–**	–
ATLAS		**1,007**	338	**–**	–
K NOBLE HONG KONG LIMITED		**4,696**	31,056	**–**	–
PT BSM		**6,191**	9,074	**–**	–
YN ENERGY PTY LTD		**12,362**	–	**–**	–
PANACORE INVESTMENTS LIMITED		**4,923**	–	**–**	–
MANAGEMENT FEE INCOME FROM	(i)				
K NOBLE HONG KONG LIMITED		**271**	1,103	**–**	–
MARKETING FEE INCOME FROM	(ii)				
BARALABA		**471**	328	**–**	–
OVERHEAD CHARGED BY CAL GROUP	(iii)	**75**	5,131	**75**	5,131
FINANCE COSTS CHARGED TO SUBSIDIARIES	(iv)	**–**	–	**18,528**	14,276
FINANCE INCOME RECEIVED FROM SUBSIDIARIES	(iv)	**–**	–	**173,158**	226,826
GUARANTEE FEE REIMBURSED FROM SUBSIDIARIES	(v)	**–**	–	**34,491**	34,290

(i) The Directors considered that the sales, purchases and management and marketing fee income were made according to prices and conditions similar to those offered to other vendors and customers of the associates.

(ii) The Directors considered that the marketing fees and conditions were similar to those offered to other customers. The fees are based on a percentage of sales revenue to the ultimate customers.

(iii) Overhead charge was based on actual payments incurred by the CAL Group and reimbursed by the Group.

(iv) Current accounts with subsidiaries are unsecured, bear interest at rates determined by the Group's treasury department based on prevailing market interest rates and have no fixed terms of repayment.

(v) Guarantee fee was recharged based on the utilisation rate of credit over the Group's borrowings.

(vi) During the year ended 31 December 2016, the Group had a loan of US$5,000,000 and a temporary advance of US$8,200,000 to two key management personnel. The loan bears interest at 0.43% per annum and is due to be repaid in installments in 2017 and 2018. The temporary advance was interest free and was repaid within one week.

(c) Details of the Group's balances with joint ventures and associates as at the end of the reporting period are included in notes C4.3 and C4.4 to the financial statements respectively. Further information about arrangements between the Group and CAL Group are also included in note E2.3.

(d) Details of the key management personnel's remuneration are included in note E5 to the financial statements.

E5 DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

Key management personnel are the Executive Directors of the Group, Richard Elman, William Randall and Jeffrey Frase, whose remuneration, together with the fees paid to Non-Executive Directors, is set out below:

	2016 US$'000	2015 US$'000
DIRECTORS' FEES	**853**	770
OTHER EMOLUMENTS	**12,112**	4,216
SHARE-BASED PAYMENT EXPENSE	**4,859**	9,148
	17,824	14,134

During the year ended 31 December 2016, 1,852,820 shares (2015: Nil) and 29,655,174 options (2015: Nil) were issued to certain Directors of the Company (shares and options adjusted for rights issue). The fair value of the shares and options issued based on the then prevailing quoted market price at the respective grant dates, was charged as staff costs in the income statement pro-rata over the vesting period.

E6 PERFORMANCE SHARE PLAN, RESTRICTED SHARE PLAN AND SHARE OPTION SCHEMES

E6.1 Significant accounting policies

The Group operates share option schemes for the purpose of providing incentives and rewards to eligible participants, including the Group's Directors, who contribute to the success of the Group operations.

Employees (including Directors and senior executives) of the Group and other parties receive remuneration in the form of share-based payment transactions, whereby employees and other parties rendered services in consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. For granting of equity instruments, the goods or services received, and the corresponding increase in equity, are measured with reference to the fair value of the equity instruments granted at the date of grant. For granting of share options, the fair value is determined by using a binomial option pricing model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company, if applicable.

The cost of equity-settled transactions is recognised, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

An expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they are a modification of the original award, as described above.

The relevant cost of the share bonus and share option awards to the Group's employees is recorded as an expense in the Group's income statement.

E6 PERFORMANCE SHARE PLAN, RESTRICTED SHARE PLAN AND SHARE OPTION SCHEMES (continued)

E6.2 Details of performance share plan, restricted share plan and share option schemes

(a) The principal rules of the Noble Group Performance Share Plan ("PSP"), Restricted Share Plan ("RSP") and Share Option Schemes are as follows:

	2004 SHARE OPTION SCHEME	2014 SHARE OPTION SCHEME	PSP	RSP
ESTABLISHED ON	17 JANUARY 2005	7 JULY 2014	27 APRIL 2009	7 JULY 2014
ELIGIBLE MEMBERS	SAVE FOR CONTROLLING SHAREHOLDERS AND THEIR ASSOCIATES (AS DEFINED UNDER THE LISTING MANUAL OF THE SGX-ST), ELIGIBLE EMPLOYEES AND EXECUTIVE AND NON-EXECUTIVE DIRECTORS OF (A) THE COMPANY, (B) ITS SUBSIDIARIES AND (C) ASSOCIATES (NOT APPLICABLE TO PSP).			
EXERCISE PRICE	MARKET PRICE OPTIONS – THE AVERAGE OF THE LAST DEALT PRICES OF THE COMPANY'S SHARES FOR THE THREE CONSECUTIVE TRADING DAYS IMMEDIATELY PRECEDING THE OFFER DATE OF THE OPTIONS. INCENTIVE OPTIONS – A MAXIMUM DISCOUNT NOT EXCEEDING 20% OF SUCH PRICE APPLICABLE TO MARKET PRICE OPTIONS.	THE VOLUME-WEIGHTED AVERAGE PRICE OF THE COMPANY'S SHARES ON THE SGX-ST FOR THE THREE CONSECUTIVE TRADING DAYS IMMEDIATELY PRECEDING THE OFFER DATE OF THE OPTIONS.	NOT APPLICABLE.	NOT APPLICABLE.
MAXIMUM NUMBER	AGGREGATED WITH THE AGGREGATE NUMBER OF SHARES OVER WHICH OPTIONS OR AWARDS ARE GRANTED UNDER ANY SHARE OPTION OR SHARE INCENTIVE SCHEMES OF THE COMPANY, SHALL NOT EXCEED 15% OF THE TOTAL NUMBER OF ISSUED SHARES (EXCLUDING TREASURY SHARES) FROM TIME TO TIME.			
DURATION	10 YEARS FROM THE DATE OF ITS ADOPTION			
VESTING CONDITION	MINIMUM VESTING PERIOD OF ONE YEAR FOR MARKET PRICE OPTIONS AND TWO YEARS FOR INCENTIVE OPTIONS.	MINIMUM VESTING PERIOD OF ONE YEAR.	A SPECIFIED PERIOD AS PRESCRIBED BY THE REMUNERATION AND OPTIONS COMMITTEE.	
CASH SETTLEMENT	NOT APPLICABLE			AT THE DISCRETION OF THE REMUNERATION AND OPTIONS COMMITTEE.
GOVERNANCE	THE SCHEMES ARE MANAGED BY MEMBERS OF THE REMUNERATION AND OPTIONS COMMITTEE WHICH COMPRISE MESSRS. CHRISTOPHER DALE PRATT (CHAIRMAN), RICHARD SAMUEL ELMAN, ROBERT TZE LEUNG CHAN AND PAUL JEREMY BROUGH.			

E6 PERFORMANCE SHARE PLAN, RESTRICTED SHARE PLAN AND SHARE OPTION SCHEMES (continued)

E6.2 Details of performance share plan, restricted share plan and share option schemes (continued)

(b) A summary of the above share option schemes is as follows:

	NUMBER OF SHARE OPTIONS			WEIGHTED AVERAGE PRICE
	2004 SCHEME	2014 SCHEME	TOTAL	US CENTS
AT 1 JANUARY 2015	338,465,420	–	338,465,420	103.73
GRANTED AT MARKET PRICE	–	32,467,567	32,467,567	67.09
EXERCISED	(100,000)	–	(100,000)	95.52
FORFEITED	(40,109,694)	(7,285,000)	(47,394,694)	112.58
AT 31 DECEMBER 2015 AND 1 JANUARY 2016	298,255,726	25,182,567	323,438,293	92.45
GRANTED AT MARKET PRICE	–	191,150,000	191,150,000	31.84
FORFEITED	(143,408,602)	(25,901,685)	(169,310,287)	83.68
ADJUSTED DUE TO RIGHTS ISSUE	127,339,243	98,929,661	226,268,904	81.11
AT 31 DECEMBER 2016	282,186,367	289,360,543	571,546,910	43.76

The weighted average remaining contractual life for the share options outstanding as at 31 December 2016 was 2 years (2015: 2 years). The range of exercise prices for share options outstanding as at 31 December 2016 was US$0.2004 to US$1.09 (2015: US$0.3390 to US$1.58).

(c) Details of PSP granted to Directors are as follows:

NAME OF PARTICIPANTS	SHARE AWARDS GRANTED DURING THE YEAR ENDED 31 DECEMBER 2016	AGGREGATE NUMBER OF AWARDS SINCE COMMENCEMENT OF PSP TO 31 DECEMBER 2016		AGGREGATE NUMBER OF AWARDS OUTSTANDING AS AT 31 DECEMBER 2016
		GRANTED	FORFEITED	
IAIN FERGUSON BRUCE	–	100,000	100,000	–
ROBERT TZE LEUNG CHAN	–	100,000	100,000	–
DAVID GORDON ELDON	–	150,000	150,000	–
AMBASSADOR BURTON LEVIN (RETIRED ON 14 APRIL 2016)	–	100,000	100,000	–
ALAN HOWARD SMITH (RETIRED ON 14 APRIL 2016)	–	100,000	100,000	–

E6 PERFORMANCE SHARE PLAN, RESTRICTED SHARE PLAN AND SHARE OPTION SCHEMES (continued)

E6.2 Details of performance share plan, restricted share plan and share option schemes (continued)

(d) A summary of the RSP is as follows:

	NUMBER OF SHARE UNITS	WEIGHTED AVERAGE PRICE US CENTS
AT 1 JANUARY 2015	476,121	86.20
GRANTED DURING 2015	127,629,624	64.61
VESTED	(353,582)	101.11
FORFEITED	(16,053,546)	66.46
AT 31 DECEMBER 2015 AND 1 JANUARY 2016	111,698,617	28.33
GRANTED DURING 2016	26,892,470	30.87
VESTED	(47,364,785)	38.13
FORFEITED	(16,616,558)	40.52
ADJUSTED DUE TO RIGHTS ISSUE	56,454,352	–
AT 31 DECEMBER 2016	131,064,096	41.15

Details of RSP granted to Directors are as follows:

NAME OF PARTICIPANTS	SHARE AWARDS GRANTED DURING THE YEAR ENDED 31 DECEMBER 2016	AGGREGATE NUMBER OF AWARDS SINCE COMMENCEMENT OF RSP TO 31 DECEMBER 2016		AGGREGATE NUMBER OF AWARDS OUTSTANDING AS AT 31 DECEMBER 2016
		GRANTED	FORFEITED	
WILLIAM JAMES RANDALL	1,852,820*	1,852,820*	–	1,852,820*
JEFFREY SCOTT FRASE [1]	–	4,404,074*	–	4,404,074*

* The above have been adjusted for rights issue since share awards were granted.

(1) Appointed on 31 May 2016.

(e) The weighted average fair value of share options granted during the year was US$14.84 cents (2015: US$22.73 cents). The fair value of equity-settled share options granted is estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. Inputs to the model used are as follows:

	2016	2015
DIVIDEND YIELD (%)	**15.03**	3.74 – 12.89
EXPECTED VOLATILITY (%)	**63**	34 – 54
HISTORICAL VOLATILITY (%)	**63**	34 – 54
RISK-FREE INTEREST RATE (%)	**1.64**	1.25 – 1.63
EXPECTED LIFE OF OPTION (YEARS)	**10**	10
WEIGHTED AVERAGE SHARE PRICE (US$)	**0.33**	0.66

E6 PERFORMANCE SHARE PLAN, RESTRICTED SHARE PLAN AND SHARE OPTION SCHEMES (continued)

E6.2 Details of performance share plan, restricted share plan and share option schemes (continued)

(f) The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects management's best estimate of the Company's share price volatility to the time to maturity of the share option.

(g) No share options of the above schemes have been granted to any participants who are controlling shareholders of the Company or their associates. Pursuant to Rule 852(1) of the Listing Manual of the SGX-ST, information required for participants of the schemes who are Directors during the financial year under review is as follows:

NAME OF PARTICIPANTS	SHARE OPTIONS GRANTED DURING THE YEAR ENDED 31 DECEMBER 2016	AGGREGATE NUMBER OF SHARE OPTIONS SINCE THE COMMENCEMENT OF SCHEMES TO 31 DECEMBER 2016		AGGREGATE NUMBER OF SHARE OPTIONS OUTSTANDING AS AT 31 DECEMBER 2016
		GRANTED	EXERCISED/LAPSED	
RICHARD SAMUEL ELMAN	–	–	–	–
YUSUF ALIREZA [1]	–	109,741,722*	109,741,722	–
WILLIAM JAMES RANDALL	7,413,794*	90,977,616*	17,599,088	73,378,528*
JEFFREY SCOTT FRASE [2]	22,241,380*	27,356,552*	–	27,356,552*
IAIN FERGUSON BRUCE	–	634,848*	–	634,848*
ROBERT TZE LEUNG CHAN	–	634,848*	–	634,848*
DAVID GORDON ELDON	–	1,196,170*	–	1,196,170*
AMBASSADOR BURTON LEVIN [3]	–	459,891*	386,361	73,530*
ALAN HOWARD SMITH [3]	–	634,848*	–	634,848*
IRENE YUN LIEN LEE	–	367,648*	–	367,648*
RICHARD PAUL MARGOLIS	–	294,118*	–	294,118*

* The above have been adjusted for any bonus issue and rights issue since options were granted.

(1) Resigned on 30 May 2016.

(2) Appointed on 31 May 2016 and options were granted on 21 March 2016.

(3) Retired on 14 April 2016.

(h) There were no Directors and employees who received 5% or more of the total number of share options available under the scheme during the financial year under review. There were also no Directors who received awards under RSP or employees who received 5% or more of the total number of share awards available under RSP during the financial year under review.

(i) No share options were granted at a discount during the financial year under review. Rule 852(1)(d) of the Listing Manual of the SGX-ST is not applicable to PSP and RSP as no exercise price is payable for shares awarded under PSP and RSP.

SECTION F: OTHER DISCLOSURES

F1 COMPARATIVE AMOUNTS

Certain comparative amounts in the statement of financial position and disclosure notes have been reclassified and restated to conform with the current year's presentation, including:

(i) restated loss per share in note A6 due to the effect resulted from the rights issue in August 2016.
(ii) restated carrying value of the property, plant and equipment classified as held for sale in note E3 following the implementation of the amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants. The Group's biological assets that fall within the scope of the amendments are remeasured using cost model.
(iii) restated segment information in note A2 as some businesses are classified as discontinuing or to be discontinued.

F2 OTHER SIGNIFICANT ACCOUNTING POLICIES

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset through a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of the ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. The Group applies this accounting policy to financing arrangements related to the Group's trade receivables when the cost of these financing arrangements takes the form of discounts.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expired. Where 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 derecognition of the original liability and the recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Hedge accounting

The Group applies cash flow hedge accounting for certain derivative financial instruments that are used to hedge risks associated primarily with fluctuations of foreign currency, interest rate and commodity prices. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship for which the Group wishes to apply hedge accounting. Such hedges are expected to be highly effective in achieving the task of offsetting changes in cash flows and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they were designated.

For the purposes of hedge accounting, cash flow hedges refer to hedges against exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, a firm commitment, or a forecast transaction.

F2 OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

Hedge accounting (continued)

In relation to cash flow hedges which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement.

When a hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or the carrying amount of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged transaction affects the income statement. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement for the year.

Foreign currencies

These financial statements are presented in United States dollar, which is the Company's functional and presentation 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. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the statement of financial position date. All differences arising on settlement or translation of monetary items are taken to the income statement.

All differences arising on the settlement or translation of monetary items are taken to the income statement with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign entity. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded within equity.

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 determined. The gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the United States dollar. As at the statement of financial position date, the assets and liabilities of these entities are translated into the presentation currency of the Company (the United States dollar) at the rate of exchange ruling at the statement of financial position date and their income statements are translated at the weighted average exchange rates for the year.

The exchange differences arising on the translation are taken directly to the exchange fluctuation reserve, which is a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

F2 OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and non-current assets held-for-sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows 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. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset, other than goodwill, is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognised in the income statement.

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 by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

In relation to loans and receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Assets carried at cost

If there is objective evidence of an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, 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. Impairment losses on these assets are not reversed.

F2 OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

Sales tax

Revenue, expenses, assets and liabilities are recognised net of the amount of sales tax except:

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

(b) for receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Pension costs

The Group operates a number of defined contribution plans throughout the world, the assets of which are held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the relevant Group companies.

The Group's contributions to defined contribution pension plans are charged to the income statement in the period to which the contributions relate.

F3 OTHER NEW AND REVISED ACCOUNTING STANDARDS

Impact of other new and revised international financial reporting standards

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements which are not mentioned in the previous notes.

IFRS 10, IFRS 12 and IAS 28 Amendments	Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception
IFRS 11 Amendments	Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations
IFRS 14	Regulatory Deferral Accounts
IAS 1	Disclosure Initiative
IAS 16 and IAS 38 Amendments	Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 16 and IAS 41 Amendments	Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants
IAS 27 Amendments	Amendment to IAS 27 – Equity Method in Separate Financial Statements

Improvements to IFRSs – 2012-2014 Cycles:

IFRS 5*	Non-current Assets Held for Sale and Discontinued Operations – Changes in methods of disposal
IFRS 7*	Disclosures – Servicing contracts
IFRS 7 *	Disclosures – Applicability of the offsetting disclosures to condensed interim financial statements
IAS 19*	Discount rate: regional market issue
IAS 34*	Disclosure of information 'elsewhere in the interim financial report'

* This has had no material financial impact or not applicable to the Group

F3 OTHER NEW AND REVISED ACCOUNTING STANDARDS (continued)

Impact of other new and revised international financial reporting standards (continued)

(a) *Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception*

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments are applied retrospectively and do not have any impact on the Group as the Group does not apply the consolidation exception.

(b) *Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination 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 if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 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.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are applied prospectively. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

(c) *IFRS 14 Regulatory Deferral Accounts*

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Group is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

(d) *Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to IAS 16 and IAS 38 clarify the principle 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 use of the 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, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

F3 OTHER NEW AND REVISED ACCOUNTING STANDARDS (continued)

Impact of other new and revised international financial reporting standards (continued)

(e) Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 Agriculture. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are applied retrospectively and the Group's bearer plants are measured using cost model.

(f) Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements have to apply that change retrospectively. These amendments do not have any impact on the Group's consolidated financial statements.

(g) Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. These amendments do not have any impact on the Group.

F3 OTHER NEW AND REVISED ACCOUNTING STANDARDS (continued)

Issued but not yet effective international financial reporting standards

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 2 Amendments	Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions[2]
IFRS 4 Amendments	Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[2]
IFRS 9	Financial Instruments[2]
IFRS 10 and IAS 28 Amendments	Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 16	Leases[3]
IAS 7 Amendments	Amendments to IAS 7 – Disclosure Initiative[1]
IAS 12 Amendments	Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses[1]
IAS 40 Amendments	Amendments to IAS 40 – Transfer of Investment Property[2]
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration[2]

Improvements to IFRS Standards 2014-2016 Cycle[1, 2]

1 *Effective for annual periods beginning on or after 1 January 2017*
2 *Effective for annual periods beginning on or after 1 January 2018*
3 *Effective for annual periods beginning on or after 1 January 2019*
4 *The effective date of this amendment is postponed indefinitely pending the outcome of IASB's research project on the equity method of accounting*

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on its consolidated financial statements.

In September 2016, the IASB issued the Amendments to IFRS 4 which addresses concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that IASB is developing to replace IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. These amendments are effective for annual periods beginning on or after 1 January 2018. These amendments do not have any impact on the Group as the Group does not issue insurance contracts within the scope of IFRS 4.

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group expects that the adoption of IFRS 9 will have an impact on the classification and measurement, impairment, and hedge accounting of the Group's financial assets. The Group is currently assessing the details of the impact of the standard.

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Group will not early adopt these amendments.

F3 OTHER NEW AND REVISED ACCOUNTING STANDARDS (continued)

Issued but not yet effective international financial reporting standards (continued)

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the potential impact of the standard.

IFRS 16 Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions.

The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis, and subsequently, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, IFRS 16 requires enhanced disclosures to be provided by the lessor.

Early adoption is permitted in certain circumstances. The Group expects to adopt IFRS 16 on 1 January 2019 and is currently assessing the impact of the standard upon adoption.

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Group.

IAS 12 Amendment Recognition of Deferred Tax Assets for Unrealised Losses clarifies the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. It clarifies that decreases below cost in the carrying amount of a fixed-rate debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference. This applies irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. It also provides further guidance on recovering an asset for more than its carrying amount and assessment of probable future taxable profits for utilisation of deductible temporary differences. An entity shall apply the amendments for annual periods beginning on or after 1 January 2017. Earlier application is permitted. The Group expects to adopt IAS 12 on 1 January 2017 and is currently assessing the impact of IAS 12 upon adoption.

The amendments to IAS 40 clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. These amendments have no material impact to the Group.

The IFRIC Interpretation 22 clarifies that in determining the spot exchange rate to use on initial recognition of the related assets, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation is effective for annual periods beginning on or after 1 January 2018 and the Group is currently assessing the impact of this interpretation.

STATISTICS OF SHAREHOLDINGS

Authorised Share Capital	:	HK$8,000,000,000
Issued and fully paid-up capital	:	HK$3,274,387,131
Total number of issued shares (excluding Treasury Shares)	:	13,097,548,524
Total number of Treasury Shares	:	177,328,000
The percentage of total number of Treasury Shares held against the total number of issued shares (excluding Treasury Shares)	:	1.35%
Class of Shares	:	Ordinary Share of HK$0.25 each
Voting Rights (excluding Treasury Shares)	:	The rights and privileges attached to the shares are stated in the Bye-laws of the Company

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES (EXCLUDING TREASURY SHARES)	% OF SHARES
1 – 99	1,055	2.80	57,923	0.00
100 – 1,000	2,408	6.40	1,560,384	0.01
1,001 – 10,000	13,073	34.75	76,191,206	0.58
10,001 – 1,000,000	20,881	55.50	1,567,791,185	11.97
1,000,001 AND ABOVE	206	0.55	11,451,947,826	87.44
TOTAL	37,623	100.00	13,097,548,524	100.00

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 28 February 2017)

	DIRECT INTEREST		DEEMED INTEREST	
NAME	NO. OF SHARES	% OF SHARES (1)	NO. OF SHARES	% OF SHARES (1)
RICHARD SAMUEL ELMAN (2)	–	–	2,431,162,867	18.5620
NOBLE HOLDINGS LIMITED (3)	2,397,266,413	18.3032	33,896,454	0.2588
BEST INVESTMENT CORPORATION #	1,261,118,908	9.6287	–	–
CHINA INVESTMENT CORPORATION # (4)	–	–	1,261,118,908	9.6287
CIC INTERNATIONAL CO., LTD. # (5)	–	–	1,261,118,908	9.6287
ORBIS HOLDINGS LIMITED (6)	–	–	1,580,302,188	12.066
ORBIS ASSET MANAGEMENT LIMITED (6)	–	–	1,580,302,188	12.066
ORBIS INVESTMENT MANAGEMENT LIMITED (7)	–	–	1,580,302,188	12.066
ORBIS ALLAN GRAY LIMITED (6)	–	–	1,580,302,188	12.066
ALLAN & GILL GRAY FOUNDATION (6)	–	–	1,580,302,188	12.066
ORBIS INVESTMENT ADVISORY (HONG KONG) LIMITED (8)	–	–	1,580,302,188	12.066
FRANKLIN RESOURCES, INC. (9)	–	–	777,700,000	5.94
FRANKLIN TEMPLETON INSTITUTIONAL, LLC (10)	–	–	781,500,000	5.97
EASTSPRING INVESTMENTS (SINGAPORE) LIMITED (11)	–	–	1,317,715,624	10.06078
PRUDENTIAL SINGAPORE HOLDING PTE. LIMITED (12)	–	–	1,317,715,624	10.06078
PRUDENTIAL CORPORATION ASIA LIMITED (12)	–	–	1,317,715,624	10.06078
PRUDENTIAL HOLDINGS LIMITED (12)	–	–	1,317,715,624	10.06078
PRUDENTIAL CORPORATION HOLDINGS LIMITED (12)	–	–	1,317,715,624	10.06078
PRUDENTIAL PLC (12)	–	–	1,318,232,368	10.06473
THE PRUDENTIAL ASSURANCE COMPANY LIMITED	662,957,776	5.06169	–	–

Based on confirmation from China Investment Corporation received by the Company.

(1) Percentage is calculated based on the total number of issued shares, excluding Treasury Shares of the Company.

(2) Mr. Richard Samuel Elman ("**Mr. Elman**") has an aggregate deemed interest in 2,431,162,867 shares which are held by Noble Holdings Limited ("**NHL**") or in which NHL is deemed to have an interest. NHL's aggregate interest in 2,431,162,867 shares comprises (i) 2,397,266,413 shares held by NHL; and (ii) 33,896,454 shares held by NHL's wholly-owned subsidiary, Temple Trading Asia Limited ("**TTAL**"). NHL is a company registered in Bermuda and TTAL is a company incorporated in Hong Kong. NHL is beneficially wholly-owned by a discretionary trust, the beneficiaries of which include the children of Mr. Elman but not Mr. Elman himself. Fleet Overseas (New Zealand) Limited, a company incorporated in New Zealand, is the trustee of the discretionary trust.

(3) NHL's aggregate interest in 2,431,162,867 shares comprises (i) a direct interest in 2,397,266,413 shares which are held by NHL; and (ii) a deemed interest in 33,896,454 shares which are held by TTAL.

SUBSTANTIAL SHAREHOLDERS (continued)

(4) China Investment Corporation is deemed to have an interest in the shares held by Best Investment Corporation. Best Investment Corporation is a wholly-owned subsidiary of CIC International Co., Ltd. CIC International Co., Ltd. is a subsidiary controlled by China Investment Corporation.

(5) CIC International Co., Ltd. is deemed to have an interest in the shares held by Best Investment Corporation. Best Investment Corporation is a wholly-owned subsidiary of CIC International Co., Ltd.

(6) Orbis Allan Gray Limited, Allan & Gill Gray Foundation and Orbis Holdings Limited are substantial shareholders of the Company by virtue of their deemed interest in the shares managed by their indirect subsidiaries, Orbis Investment Management Limited ("**OIML**") and Orbis Investment Advisory (Hong Kong) Limited, who are fund managers of the Orbis funds. Each such fund manager has the ability to vote and acquire/dispose of the shares for and on behalf of the Orbis funds.

Orbis Asset Management Limited as fund manager for two other Orbis fund holds a deemed interest of less than 0.211% in the shares by having the ability to vote and acquire/dispose of the shares for and on behalf of this Orbis fund.

(7) OIML is part of the Orbis group of companies. OIML is a substantial shareholder of the Company as it has deemed interests in the shares held by the following Orbis funds:

(i) Orbis Global Equity Fund (Australia Registered);
(ii) Orbis Global Emerging Markets Fund (Australia Registered);
(iii) Orbis Emerging Markets LP;
(iv) Orbis Global Equity LE Fund (Australia Registered);
(v) Orbis Institutional Global Equity (OFO) Fund;
(vi) Orbis Institutional International Equity LP;
(vii) Orbis Institutional Global Equity Fund;
(viii) Orbis Global Equity Fund Limited;
(ix) Orbis Optimal SA Fund Limited;
(x) Orbis Optimal LP;
(xi) Orbis SICAV – Global Balanced Fund;
(xii) Orbis SICAV – Global Equity Fund;
(xiii) Orbis SICAV – International Equity;
(xiv) Orbis SICAV – Emerging Markets Fund;
(xv) Orbis OEIC Global Equity Fund; and
(xvi) Orbis OEIC Global Balanced Fund,

by virtue of OIML's ability to make or execute investment decisions on behalf of these entities. None of the above Orbis funds individually holds 5% or more of the shares.

Orbis Asset Management Limited as fund manager for two other Orbis funds holds a deemed interest of less than 0.211% in the shares by having the ability to vote and acquire/dispose of the shares for and on behalf of this Orbis fund.

SUBSTANTIAL SHAREHOLDERS (continued)

(8) OIML has sub-delegated some of its portfolio management duties to Orbis Investment Advisory (Hong Kong) Limited ("**OIAHK**"). By virtue of the sub-delegated investment management functions, OIAHK has the ability to make or execute investment decisions for the following Orbis Funds:

(i) Orbis Global Equity Fund (Australia Registered);
(ii) Orbis Global Equity LE Fund (Australia Registered);
(iii) Orbis Emerging Markets Equity Fund (Australia Registered);
(iv) Orbis Emerging Markets LP;
(v) Orbis Institutional Global Equity LP;
(vi) Orbis Institutional Global Equity Fund;
(vii) Orbis Global Equity Fund Limited;
(viii) Orbis SICAV – Global Equity Fund;
(ix) Orbis OEIC Global Equity Fund; and
(x) Orbis SICAV – Emerging Markets Fund.

In particular, OIAHK has the authority to dispose securities, including voting shares in the Company held in the above mentioned funds' portfolios, and thus has deemed interest in the shares. None of the above Orbis funds individually holds 5% or more of the shares.

(9) Franklin Resources, Inc. ("**Franklin**") is deemed to be interested in the shares held by funds and managed accounts that are managed by investment advisers directly or indirectly owned by Franklin.

(10) Franklin Templeton Institutional, LLC ("**FTILLC**") is deemed to be interested in the shares held by funds and managed accounts that are managed by FTILLC. FTILLC is a wholly-owned subsidiary of Franklin.

(11) Eastspring Investments (Singapore) Limited is deemed to be interested in the shares as it has discretionary power in the disposal rights over the shares as fund manager.

(12) Each of Prudential Singapore Holdings Pte. Limited, Prudential Corporation Asia Limited, Prudential Holdings Limited, Prudential Corporation Holdings Limited and Prudential plc is deemed to be interested in the shares managed by its subsidiaries as fund managers. Prudential Corporation Holdings Limited is a wholly-owned subsidiary of Prudential Holdings Limited which is a wholly-owned subsidiary of Prudential Corporation Asia Limited. Prudential Corporation Asia Limited is ultimately owned by Prudential plc.

20 LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
HSBC (SINGAPORE) NOMINEES PTE LTD	2,734,225,739	20.88
CITIBANK NOMINEES S'PORE PTE LTD	2,677,164,181	20.44
DBSN SERVICES PTE LTD	2,180,078,837	16.64
DBS NOMINEES PTE LTD	1,350,568,851	10.31
RAFFLES NOMINEES (PTE) LTD	794,559,762	6.07
MORGAN STANLEY ASIA (S) SECURITIES PTE LTD	176,864,912	1.35
UNITED OVERSEAS BANK NOMINEES (PTE) LTD	159,054,949	1.21
MERRILL LYNCH (SPORE) PTE LTD	144,535,856	1.10
UOB KAY HIAN PTE LTD	126,832,017	0.97
PHILLIP SECURITIES PTE LTD	84,008,461	0.64
OCBC SECURITIES PRIVATE LTD	71,344,839	0.54
ABN AMRO CLEARING BANK N.V.	70,660,144	0.54
MAYBANK KIM ENG SECURITIES PTE LTD	62,939,848	0.48
ABN AMRO NOMINEES SINGAPORE PTE LTD	49,294,028	0.38
CIMB SECURITIES (S'PORE) PTE LTD	48,279,480	0.37
DB NOMINEES (S) PTE LTD	47,952,126	0.37
DBS VICKERS SECURITIES (S) PTE LTD	42,724,042	0.33
BNP PARIBAS NOMINEES SINGAPORE PTE LTD	41,963,901	0.32
KGI SECURITIES (SINGAPORE) PTE LTD	33,702,793	0.26
BNP PARIBAS SECURITIES SERVICES SINGAPORE	31,314,201	0.24
TOTAL	10,928,068,967	83.44

PUBLIC FLOAT

Based on information available to the Company as at 28 February 2017, approximately 43.09% of the Company's shares are held in the hands of the public. Accordingly, the Company has compiled with Rule 723 of the Listing Manual.

CAPITAL SECURITIES

The US$350,000,000 6.00% Perpetual Capital Securities issued by Noble Group Limited on 24 June 2014, and the US$50,000,000 issued on 10 July 2014 have been consolidated and form a single series of securities (together, the "**PCS**"). As at 27 February 2017, the PCS are represented by beneficial interests in a global certificate in registered form and are registered in the name of Globenet Nominees Limited as nominee for, and deposited with, a common depositary for Euroclear and Clearstream, Luxembourg. The identities of the holders of the beneficial interests in the PCS are not currently known to Noble Group Limited.

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