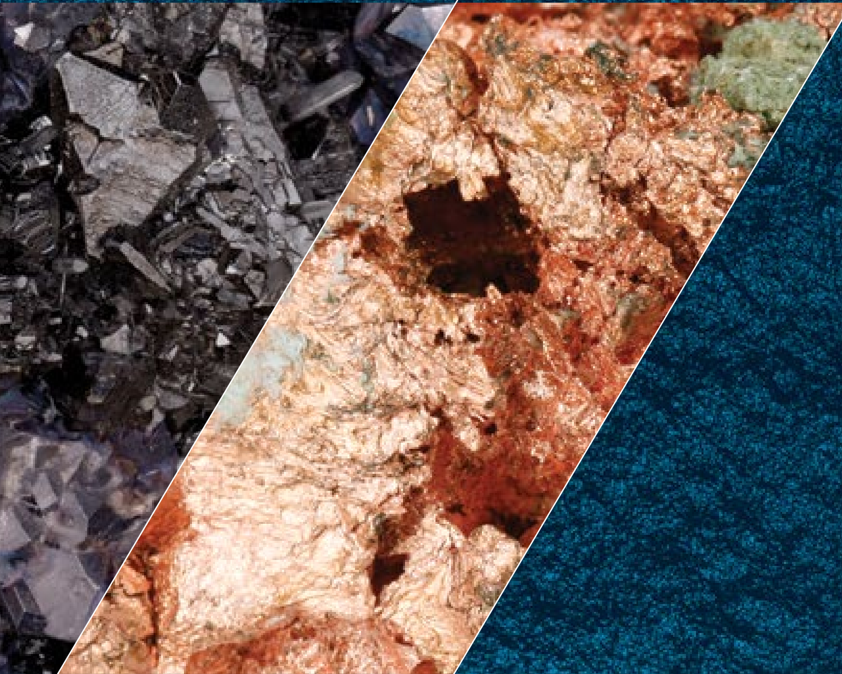
ANNUAL REPORT 2017

noble group



ABOUT NOBLE

Noble Group (SGX: CGP) is a supply chain manager focused on purchasing physical commodities and transforming these into customised products for our customers. Our business consists of logistics and transportation, price risk management and hedging, commodity processing and blending, as well as structured and trade finance products.

Our business is oriented towards partnering with rather than competing against producer customers and investors, providing best-in-class execution, as we aim to be the best company in the world at moving physical commodities from producers to consumers.

Noble Group's key assets are its extensive business relationships with customers and clients, mid-stream supply chain resources, and our people, whose mission is to provide our customers and clients with value-added services.

Our objective is to deliver value for shareholders, partners, customers and our people over the long term, based on developing sustainable franchises and business relationships.

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This report provides an update on Noble Group's operations and performance for the year ended 31 December 2017

FINANCIAL RESULTS

(million tonnes/US$ million)	Year Ended 31 Dec 2017	Year Ended 31 Dec 2016
Tonnage[1]	**77.8**	107.7
Revenue[1]	**6,241.5**	7,855.5
Operating income/(loss) from supply chains, net[1]	**(152.7)**	569.2
Operating income margin	–	7.25%
Profit/(loss) on supply chain assets[1]	(14.7)	219.0
Share of profits and losses of joint ventures and associates[1]	(13.2)	(81.0)
Total operating income/(loss)[1]	**(180.6)**	707.2
Other income net of other expenses[1]	3.4	2.2
Selling, administrative and operating expenses[1]	(258.8)	(391.8)
Profit/(loss) before interest and tax[1]	**(436.0)**	317.6
Net finance costs[1]	(177.0)	(141.4)
Taxation[1]	11.9	(70.8)
Adjusted net profit/(loss) from continuing operations[1]	**(601.1)**	105.4
Post-tax profit/(loss) from discontinued operations[2]	(1,053.4)	56.2
Exceptional items, net of tax[3]	(3,243.1)	(94.2)
Other items[4]	(41.7)	(59.2)
Non-controlling interests	1.1	0.5
Net profit/(loss)	**(4,938.2)**	8.7

(1) Adjusted for post-tax profit/(loss) from discontinued operations, exceptional items and other items. See notes 2, 3 and 4 below and refer to SGX announcement note 1(a)(i)(A) for additional disclosure.

(2) Includes post-tax profit/(loss) from discontinued Global Oil Liquids and North American Gas & Power businesses.

(3) Includes exceptional items in the Group's operating income from supply chains from continuing operations along with other non-operational items such as impairment losses on supply chain assets from continuing operations.

(4) Includes the results of businesses which the Group has ceased or wound down their operations, however do not meet the criteria of discontinued operations under IFRS. Other items also includes costs associated with repositioning the Group's cost structure, including headcount reductions. These businesses include certain other energy and metals, minerals and ores product divisions in the Americas and Europe. There has not been any significant variance or notable items during the period related to these businesses.

CORPORATE REVIEW

CORPORATE REVIEW

We entered 2017 having re-aligned the Group to focus on our core global energy and hard, mined, commodity businesses, the latter's roots being deeply intertwined with the key Asian customer franchises upon which the Group has been built.

While the loss of our investment grade rating at the end of 2015 pushed our medium term traded bonds down to 40 cents in the dollar by the end of January 2016, our focus over the rest of that year had been on ensuring our debt traded at levels that ensured credit and funding, in good size and at competitive pricing, continued to be available to us.

This was necessitated by the recognition that access to working capital and medium and long-term funding is the critical underpinning of any large commodity trading business, enabling both inventory and hedge positions to be carried, and funded, as prices move through periods of volatility.

Because of this focus, and the importance we had placed on stabilising the markets' view of our financial capability, debt markets for our instruments had recovered their poise by February 2017 and were trading once more at close to parity. We also entered 2017 with US$2 billion of liquidity headroom. Furthermore, we had also just completed the disposal of Noble Americas Energy Solutions (NAES) for US$1.15 billion.

We believed we were in a position, having slimmed down our business substantially while lowering our cost base, to judiciously build our franchises out once more.

However, our 1st Quarter results in May 2017 showed a loss of US$129 million. This unexpected outcome was largely caused by the Energy Coal and Carbon Steel Materials businesses, which were impacted by a sharp drop in coal prices during the period, which created massive price dislocations impacting the hedges in place against our existing and future exposures.

This loss fractured the confidence that had been rebuilt with markets and our banks and, within days, our bonds were trading below the levels seen 15 months earlier.

These discussions were aimed at managing the maturity of its borrowings, ensuring optimal use of available cash for the foreseeable future so all stakeholders were treated fairly.

Consequently, in May 2017, the Group announced the commencement of a strategic review under the direction of new Chairman, Mr. Paul Brough. As part of the review, the Group mandated Moelis & Company and Morgan Stanley to assist with reviewing various strategic alternatives. The strategic review explored the sale of an interest in the Group or its subsidiaries or disposals of parts of its business, with a view to maximising value for the benefit of the Group's stakeholders and position the Group best for the challenges and opportunities in the commodities trading industry.

The strategic review was in the context of managing the Group's short-term liquidity challenges as its operating environment would also continue to be adverse because access to funding had deteriorated, making it nigh on impossible to generate the revenue to operate profitably.

The Board's review concluded we needed, once more, to give priority to reducing Group debt, necessitating the sale of our Global Oil Liquids business, our most working capital intensive operation, and the North American Gas & Power business along with other non-core assets.

Subsequent to the review's conclusion, our asset disposals have generated about US$525 million in net attributable proceeds while all outstanding secured working capital funding has also been repaid.

On 15 November 2017 the Board additionally announced it had commenced discussions with various stakeholders regarding potential options to address the Company's capital structure and liquidity position. These discussions were aimed at managing the maturity of its borrowings, ensuring optimal use of available cash for the foreseeable future so all stakeholders were treated fairly.

Over the course of the year the Board mandated a detailed assessment of our balance sheet reserves in continuing operations, resulting in exceptional items of US$3,243 million for FY2017. This figure includes operating losses from supply chains of about US$2,150 million due to net fair value changes in commodity contracts and derivative financial instruments; and non-cash impairment losses to certain assets as well as a non-cash loss from dilution of the Group's shareholding in Yancoal Australia. In addition to which, there were operating losses of US$140 million from supply chains and US$900 million of supply chain asset losses.

During the year, overall Group tonnage in our continuing operations was down 28%, with a 21% decline in revenues. Both declines were primarily due to constraints on trade finance and liquidity, but in areas where these are less of a factor, such as Energy Coal, volumes remained quite stable.

Lower volumes in Metals, Minerals & Ores were largely due to the roll-off of a major long-term iron ore contract and reduced emphasis on volumes, and a tighter focus on profitability, in our Freight operations.

In Energy Coal, our total volume was down 7% year on year, although this would have been worse but for our ability to offset declining offtake volumes by increasing marketing tonnage, which as mentioned above was not impacted by our trade financing constraints. However, our ability to enter new short-term contracts was hindered by this issue, as well as liquidity limitations.

In LNG markets, there was a 54% surge in demand in 2017 due to continued strong China import demand as the government enforced switching from coal to gas. As with Energy Coal, we continued to execute existing contracted flows but struggled to add profitable new business.

Our Metals, Minerals & Ores Segment includes our Asian Base Metals business, which trades and provides supply chain management across copper, zinc, lead and other raw materials, and Global Aluminium which provides similar services in aluminium, alumina and bauxite. In addition to trading, this Asia and EMEA-focused business provides risk management and logistics services to consumers of iron ore, metallurgical coal and coke, as well as speciality ores and alloys. The business also includes Freight, which provides customers with dry bulk transport, freight services and market guidance.

In metallurgical coal, we continue to see opportunities to expand market share with Chinese and Indian steel mills, and expand origination into Southeast Asia, Latin America and Africa. This, we believe, will make us the world's most diverse supplier of metallurgical coal and coke, although we must continue to focus at the wider Group level on improving our liquidity base and access to trade finance. Apart from the roll-off of a large iron ore contract at the end of 2016, Special Ores profitability increased as we sought out niche, higher margin business.

Our Global Aluminium business, which includes Jamalco, honed its vertically integrated supply chain, and benefited from cost reduction initiatives implemented in 2016.

As for our freight business, the dry bulk sector continues to improve due to increased scrapping and growing demand. In the Capesize sector, average charter rates rose from US$14,653 in the third quarter of 2017 to US$22,995 in the final three months of the year. Panamax and Supramax vessel average rates rose 18% and 16% in the fourth quarter. We expect further actions undertaken as a result of our strategic review to help us take full advantage of improving freight market fundamentals.

In January 2018 the Board announced it had reached an agreement in principle with an Ad Hoc Group of creditors which would significantly reduce the Group's Existing Senior Debt Instruments from US$3.4 billion to US$1.7 billion, with the Core Business, on a standalone basis, having reinstated debt of no more than US$685 million. This proposal should create a sustainable capital structure for the Core Business, the Group and all its stakeholders. It will also provide a committed trade finance and hedging facility to support the Group's commodities trading businesses.

Financial snapshot

Revenue from continuing operations was down 26% during FY2017 to US$6,433.8 million versus US$8,666.5 million in 2016. Net operating loss from supply chains was US$2,446.0 million, versus a gain of US$512.2 million in 2016. Our adjusted operating loss from supply chains was US$152.7 million, versus a gain of US$569.2 million in 2016. We booked a loss on supply chain assets of US$927.0 million versus a gain of US$143.9 million in 2016.

Our total operating loss was US$3,386.2 million, versus a gain of US$575.2 million in 2016. Consequently we made an overall net loss of US$4,938.2 million (US$601.1 million adjusted) versus a gain of US$8.7 million (US$105.4 million adjusted) in 2016. This included US$1,053 million of losses from discontinued operations, plus US$3,243 million of exceptional items from continuing operations.

Basic earnings/loss per share was -US$3.7904 versus -US$0.0142 in 2016, and book NAV fell to -US$0.60, down from US$0.30 in 2016.

Prepayments, deposits and other receivables declined from US$867.0 million in 2016 to US$398.6 million in 2017, with fair value gains on commodity and other derivative financial instruments, as well as inventories, also declining. The Group recorded non-cash losses of approximately US$2,150 million on additional reserves and valuation adjustments to its net fair value gains on commodity contracts and derivative financial instruments and further reserves were made to reflect increased risks, particularly related to our operating environment, trading terms and current access to funding.

Through our actions after the conclusion of the Board Review, assets in subsidiaries and non-current assets classified as held for sale rose to US$1,497.2 million from US$240.0 million in 2016. We reduced property, plant and equipment from US$759.8 million to US$411.6 million and our interests in associates from US$461.3 million to US$40.2 million. As a result, total current liabilities declined from US$5,549.5 million at the end of 2016 to US$3,596.7 million for FY2017. Selling, administrative and operating expenses declined from US$391.8 million to US$258.8 million.

Paul Jeremy Brough
Executive Chairman

William James Randall
Executive Director and CEO

MANAGEMENT REVIEW

MANAGEMENT REVIEW

During the latter part of 2017 we made substantial progress on implementing the conclusions of our strategic review, completing the sale of North American Gas & Power; Noble Americas Corp (NAC), through which Global Oil Liquids business was primarily conducted; and reduced working capital balances within Noble Clean Fuels Limited. We also retired and repaid approximately US$3 billion in revolving credit facilities, and have reached an agreement with senior creditors to restructure our existing debts. Overall, asset disposals raised approximately US$525 million.

Underlying selling, administrative and operating (SAO) continued to decline, and we are expecting this trend to endure as our headcount falls further.

Our total FY2017 net loss of US$4,939 million comprised US$1,053 million from discontinued operations and US$3,243 million of exceptional items from continuing operations.

We generated positive operating income from long-term physical contracts in our Energy Coal, Carbon Steel Materials and Metals businesses in the fourth quarter.

Non-ferrous metals and mining volumes fell due to our constraints on Group liquidity and access to trade finance, albeit with solid performance from the aluminium business. In carbon steel materials, the roll-off of a substantial iron ore contract at the end of 2016 impacted tonnage and performance, although special ores (including manganese and chrome) volumes and profitability increased.

Our gas and power operations now consist solely of our LNG business, which itself is narrowing its business focus to Asia as a result of our strategic review conclusions. Despite improving market conditions in Asia, our constrained liquidity and limited access to trade finance restricted our ability to add profitable new business flows in LNG, although we continued to execute existing contract flows.

Despite our headcount reductions we continue to provide the same high-quality support to our businesses, as well as developing staff through our Global Associates Programme.

In energy coal, increased market tonnage partially offset a year-on-year decline in offtake volumes, with overall tonnage declining. Our operating income from supply chains improved as the year went on, recovering from non-cash, mark-to-market losses. We also realised positive cashflow from long-term physical contracts for the last three quarters.

In our logistics business, operating conditions prevented us from taking full benefit of a strong market.

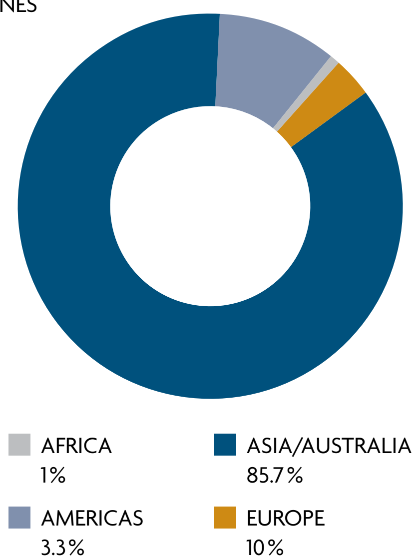
Finally, as part of the strategic review, in 2017 we reduced our headcount by 42%. Despite the reductions we continue to provide the same high-quality support to our businesses, as well as developing staff through our Global Associates Programme, which in 2017 identified six high-potential individuals for on-the-job training. Mentored by managers and former participants in the Programme, they worked across several business units and countries over the course of the year.

Metals and mining (non-ferrous)

Our metals and mining business comprises the Group's Asian Base Metals and Global Aluminium operations. The Asian Base Metals business trades and provides supply chain management services in copper, zinc, lead, nickel and other raw materials. The Global Aluminium business trades and provides supply chain management services in aluminium, alumina and bauxite. Both source non-ferrous metals and distribute these to our customer base, utilising short- and long-term offtake agreements and marketing arrangements.

Over 2017, base metal prices rose due to optimism about China and US infrastructure spending and economic growth. China demand is being driven by environmental regulations and demand in the US is in large part due to legislative initiatives. In aluminium, production cuts in China due to environmental regulation and policy changes also pushed up prices.

METALS, MINERALS AND ORES
TONNES



Overall, our metal volumes fell due to the constraints on Group liquidity and access to trade finance, but there was a solid performance from the aluminium business, where we were focused on our vertically integrated supply chain. Profitability improved year-on-year, as cost reductions implemented in 2016 at Jamalco took effect, although third quarter performance was less strong due to scheduled maintenance.

In Base Metals, we continue to focus on building out the business through existing relationships with clients in our key origination markets, Central Asia and Africa, selling into clients in China, Southeast Asia, the Middle East and Europe.

Carbon steel materials

This Asia and EMEA-focused business trades and provides risk management and logistics in iron ore, metallurgical coal and coke, as well as speciality ores and alloys for the steel complex.

The metallurgical coal and coke market has experienced extreme volatility since prices reached record levels at the end of 2016, but average prices remain higher year-on-year, in part as a result of production disruption, e.g. the major disruption caused by tropical cyclone Debbie on supply from Queensland, Australia.

The scheduled roll-off of a substantial iron ore contract at the end of 2016 impacted tonnage and performance in this segment, although special ores (including manganese and chrome) volumes and profitability increased as we focused more on niche, high margin business.

We continue to seek opportunities to expand market share with Chinese and Indian steel mills, and are looking to extend our origination markets into Africa, Latin America and Southeast Asia, which would make us one of the few global suppliers with such regional diversity.

Gas and power

Our gas and power operations, which are involved in energy trading and merchanting, underwent a restructuring in 2017 as part of Noble Group's strategic business review. Due to the monetisation of our Global Oil Liquids and North American Gas and Power businesses in the second half of the year, these businesses have been reclassified as discontinued operations for financial reporting purposes. Hence our gas and power business now consists solely of our LNG business, which is changing its business focus to Asia to take advantage of our existing strong power station client base in the region.

Concerns about nuclear power helped LNG imports in Northeast Asia grow at a record pace in 2017, with slowed supply growth leading to a year-on-year increase in product prices. China's coal-gas switching policy, the ramping up of term supply contracts, South Korea's shut down of eight ageing coal plants to improve air quality, and improved demand in Taiwan due to nuclear outages all contributed to the acceleration. In Europe, however, prices trended down amid elevated Norwegian and Russian pipeline supplies and the UK's confirmation it is closing its only large gas storage facility.

Despite improving conditions in Asia, our constrained liquidity and limited access to trade finance restricted our ability to add profitable new business flows in LNG, although we continued to execute on existing contracts.

Energy coal

Our Energy Coal Business comprises the trading and provision of supply chain and risk management services in bituminous and sub-bituminous energy coal, working with both producers and consumers.

Energy coal indices rose towards the end of 2017, with import demand from China remaining strong as domestic coal output could not keep pace with increasing power generation, with hydro power generation flat. Utilities in China also re-stocked for the winter, supporting this strong demand. Elsewhere in Northeast Asia, import demand is rising amid concerns about nuclear power generation, with consumption increasing in Korea and Taiwan as new coal fired power stations come online. US producers have increased their export volume by about 40% to access these rising prices; although exports from Indonesia, which had improved in the second quarter, later declined due to weather and other operational conditions. Indonesian exports consist largely of low-grade coal.

ENERGY
TONNES

AFRICA 1%
AMERICAS 61.2%
ASIA/AUSTRALIA 32%
EUROPE 6.7%

Increased marketing tonnage partially offset a year-on-year decline in offtake volumes (-19% year-on-year), with overall tonnage down 7%. Our operating income from supply chains improved as the year progressed, recovering from non-cash, mark-to-market losses on unrealised physical positions in the first half, primarily related to unrealised observable physical positions as forward prices fell. We finalised the repositioning of our hedging portfolio in the second quarter –

reflecting what we consider to be a permanent and fundamental change in the coal markets – reducing exposures substantially and insulating us from further negative impact on earnings.

We will continue to judiciously use markets and instruments to manage price exposures, and continue to develop risk management and procurement services for independent power producers in Japan, India and elsewhere, as part of our strategic review.

Oil liquids

Following the strategic review, in 2017 we monetized our Global Oil Liquids business. As a major participant in the global physical oil market, this business accounted for the vast majority of the Group's very significant working capital requirements.

Logistics

Our Logistics business, which is involved in dry bulk ocean transport utilising Capesize, Panamax and Supramax vessels, has a presence in Hong Kong, Singapore, Mumbai, Beijing and London. We also provide long-term freight solutions and freight market guidance.

The market got off to a strong start in 2017, enabling us to book longer charters, locking in profit. The intensive scrapping in 2016 – with the second half of the year posting the third largest surge in demolition on record – and growing seaborne demand, led to improvements in the dry bulk sector later in the year also.

Despite a decline into the 2017 year end, the Baltic Dry Index more than doubled over the course of the 12 months. In the second quarter, Capesize charter rates were averaging US$12,042, but rose to an average of US$14,653 over the third quarter, an increase of more than 22%. Average rates for Panamax and Supramax vessels, meanwhile, increased by 15% and 8%, respectively, over the same period. Meanwhile, tropical cyclone Debbie removed 15 million tonnes of cargo supply from east Australian ports, although conditions improved over the remainder of 2017 as cargo levels increased.

However, the Group's impaired access to funding prevented us from gaining the full benefit of opportunities we identified as the market improved.

Global industrial and energy products

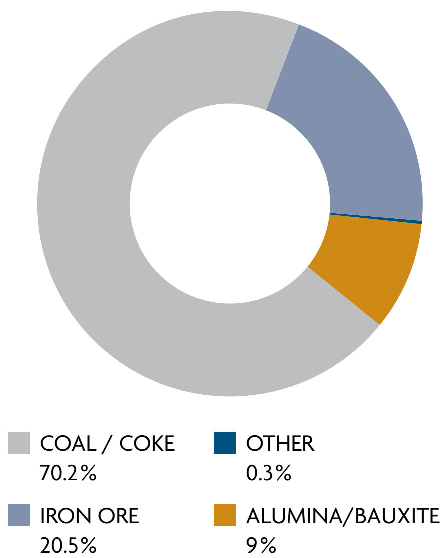
To take advantage of our strengthening position in Asia's industrial and energy product and supply chain, we are consolidating our special ores (principally chrome, manganese, tin and tungsten ores) and metals upstream and downstream operations under a new wholly-owned subsidiary, Kalon Resources Pte Ltd, and our cobalt, lithium and rare earths business under Talaxis Ltd, another wholly-owned subsidiary.

Across rare earths, special ores and metals, we are already involved in origination across Jamaica, Malawi, Mongolia, Russia, Rwanda and South Africa, and downstream distribution to Canada, China, Malaysia, Thailand, USA and Europe, working with many of the major industrial players in these sectors.

We expect these operations to benefit from trends including decarbonised power grids and growth in the electric vehicles' market. Both subsidiaries expand on our core competencies in origination and supply chain management, and are in sectors where we have built a commercial presence over the past three years. As well as its focus on cobalt, lithium and rare earths, Talaxis will conduct R&D on industrial applications for energy solutions providers and permanent magnet consumers. Both subsidiaries will have independent management teams, but retain access to Noble Group's operational capabilities.

ASIAN REGIONAL TRADE FLOWS

CARGO



Noble Group is Asia's leading industrial and energy products supply chain manager, facilitating the marketing, processing, financing and transportation of essential raw materials.

Market & Credit Risk

Managing credit risk is a core element of our culture, ensuring our business is sustainable and reputationally sound. Our Global Credit Committee analyses and approves credit limits for all our trade counterparties making sure their business with us is sustainable.

We use three main processes to mitigate credit risk – Internal Credit Rating of counterparties similar to those used by major credit agencies, management of counterparty Credit Limits and ongoing Credit Risk Monitoring. Internal credit ratings are determined by the Global Credit Committee through qualitative, quantitative and structural analysis of counterparties. Our credit risk framework utilises the banking sector's 'best practice' Potential Future Exposure (PFE), which estimates our maximum exposure in the event a customer default.

Our team of credit analysts and managers shore up our credit risk management and mitigation, which covers industries, products and regions to ensure we transact with a diverse group of clients. When establishing credit limits, we aim to ensure concentration risk is reduced and we use mitigants such as Letters of Credit, Credit Insurance and collateral arrangements across our portfolio.

Meanwhile, the roll-out of our Counterparty On-boarding (COB) procedure over recent years ensures we reduce potential reputational and compliance risks through integrity checks which complement existing credit risk measures. Our potential counterparties should meet all statutory reporting, tax and compliance requirements, and we use COB as a single source for Know Your Customer, Anti Money Laundering and Sanctions policy due diligence.

Over the past two years, we have also rolled out market risk analysis and management improvements, complementing an independent team of analysts which works across our commercial teams to monitor commodity exposures and policy risk limits. These give us a full view of price data, commodity exposures and risk levels across Group business, utilising the industry standard Value at Risk (VaR) measure complemented by distinct metrics and approaches. As a result, we are able to conduct one day risk assessments of all our liquid, mark-to-market positions based on market behaviours.

In recognition of the fact that VaR has significant shortcomings, we also conduct bespoke Principal Component Analysis, covering fat tails and liquidation risks in a process backed by an extensive data set which gives us insight into seasonal and other factors. We also use metrics to evaluate our market exposures' sensitivity to price moves, especially the potential for sudden illiquidity.

In addition to these mathematical approaches, our Market Risk teams stress test the Group's exposures against adverse price movements in both historical and hypothetical scenarios.

Giving back
Noble Group is committed to giving back to the community in every market where we do business. In 2017, the total monetary value of outreach and community initiatives at the Group level reached US$636,000.

Below are some of the highlights of the Group's 2017 achievements in community service.

Education
Education across Jamaica is challenged with various infrastructural and economic problems. Poorly resourced schools lack basic facilities and even classrooms. Our staff, in conjunction with trusted NGOs carry out renovations and make significant donations to upgrade facilities at needy schools.

In India, we are involved with non-profit organisation, Room to Read, which is committed to improving literacy and gender equality in education.

In China, meanwhile, we have supported the Albright Fellowship for Chinese students and scholars for the last seven years, and continue the scholarship for Wang Bin, the young girl who lost her arm in the 2008 Sichuan Earthquake.

Women, children and families
In Hong Kong, we support the Pathfinders organisation, which helps undocumented migrant women and their children access shelter, critical medical services and life coaching.

In Singapore we continued our involvement in the Singapore Children Society's fundraising event - Walk for Our Children.

Noble Group is committed to giving back to the community in every market where we do business.

Nature conservation and the environment
As a long-time corporate member of the Worldwide Fund for Nature (WWF) in Hong Kong, we support its education projects, and have pledged not to serve sharks' fin soup at our corporate functions.

In Indonesia, we support a conservation programme for Orangutans to help reforest their habitat.

Development and healthcare
We continued our support for CHASE - Community Health and Sustainable Environment – Africa, which operates mobile clinics in East Africa. These clinics offer contraception services and advice, basic health care, vaccinations, and HIV testing. While, in Jamaica we are building a healthcare centre to serve the residents of Pratville, Manchester and its surrounding communities. We also made grants to hospitals in Clarendon to source medical supplies, while we refurbished a health centre in the North Manchester Mining Area.

In Indonesia, we support a Programme for pregnant women and children, including routine check-ups and immunisation as well as transportation for health workers.

Social and community services
In Asia, we participated in the Pok Oi Cycling for Millions Campaign in Hong Kong for a sixth year to raise funds for free medical and elderly service and in Singapore, we have supported the SGX Bull Charge Charity Run since 2004.

Finally, in Indonesia we donated to civic and religious centres, community events and other social welfare activities and families in need.

Sustainability and transparency
In line with our commitment to sustainable and socially responsible business policies, Noble Group in 2017 published a sustainability report, which highlights material topics ESG (Environmental, Social and Governance) relevant to our business for the first time. The report is prepared in accordance with the GRI Standards– an internationally recognised sustainability reporting framework under the Global Reporting Initiative. COP (Communication On Progress) towards the UN Global Compact's objectives had been published as a separate document for each of the past six years.

This document details our related policies and practices; and quantifies our implementation of them. It also sets out our ESG targets for the coming year; details and provides an explanation of the framework for our ESG reporting and disclosures. The Board confirmed the Group's compliance with the main components of that framework.

The elements of the report are closely aligned with the Sustainability Reporting Mandate of the Singapore Stock Exchange (SGX), which requires all listed firms to publish an annual report describing their sustainability practices. Noble Group has already been recognised by the exchange for its commitment to ESG – having been a constituent of all four SGX sustainability indices since their launch by the Exchange in 2016.

Below are some of the highlights of our responsibility initiatives.

UN Sustainable Development Goals
Noble Group continues to work towards the UN's SDG (Sustainable Development Goals) for 2030 through outreach, environmental and other programmes.

To support energy access – a crucial contributor to achieving the SDG goals – we support efforts to reduce the environmental and climate change impact of coal as an affordable and reliable fuel source by supporting flows of low ash, low sulphur coal from Australia which burns more cleanly and efficiently.

Our efforts to reduce regional inequality and inequality between nations are facilitated by our status as a physical commodity trader originating trade flows from developing countries.

To enhance road connection between villages in Kalimantan and Papua, Indonesia, we support highway maintenance by providing equipment and materials.

Our supply chain and climate change initiatives (see below) are also elements of our commitment to the UN Sustainable Development Goals.

Supply chain and sourcing

When securing resource flows, our objective is to form strategic partnerships with market leading producers and asset developers, ensuring transparency and traceability, and which have clear policies which meet international standards on the environment and sustainability.

Our policy and procedures conform to the Organisation for Economic Cooperation and Development (OECD) due diligence guidelines to ensure we only source from responsible market participants.

We are a member of the ITRI Tin Supply Chain Initiative (iTSCi) Programme and International Tungsten Industry Association. We work closely with these and various traceability programme initiatives, and all receiving smelters in 2017 met the criteria of being conflict-free under the Responsible Minerals Initiative.

In palm oil, we attained a score of 73.1 percent from the London Zoological Society under its Sustainability Policy Transparency Toolkit (SPOTT) assessment, which ranks palm oil producers on their environmental standards, making Noble Group one of the top ten monitored organisations in terms of the adoption of best practise in palm oil.

We also made good progress on our Roundtable of Sustainable Palm Oil (RSPO) certification, entering the last stage of the process at a first plantation during the year.

Carbon neutrality and the environment

Our Carbon Neutral Project, which in 2017 entered its 11th year, continues to have a positive environmental impact and provides socio-economic benefits to the communities from which we source our carbon credits.

All Noble offices and printed publications are carbon neutral and in our asset operations, we set reduction targets for energy and key material inputs, and have since 2010 held an ISO 14064 certification which validates our communication of climate change mitigation initiatives.

In our chartering business, we have been upgrading our fleet including installations of fuel-efficient engines and ballast water treatment systems, which protect the marine environment from the release of harmful organisms. We also partner with ISO-qualified fleet operators, and optimise our vessel speeds to increase fuel efficiency. Furthermore, each of our self-owned vessels has received an International Energy Efficiency Certificate (IECC) in its respective classification. The footprint of our vessels is also optimised through the use of Right Ship GHG emission ratings during ship selection.

These efforts are bearing fruit, with the latest available calculations for our fleet showing overall CO2e emissions have declined by 27 percent per nautical mile since 2010. Group GHG emissions were calculated to be 2.37 million tonnes of CO2e.

OUR MANAGEMENT

BOARD OF DIRECTORS

RICHARD SAMUEL ELMAN

Founder and Chairman Emeritus

Richard Samuel Elman is the Founder and Chairman Emeritus 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.

PAUL JEREMY BROUGH

Executive Chairman

Paul Jeremy Brough is the Executive Chairman 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.

WILLIAM JAMES RANDALL

Chief Executive Officer and Executive Director

William James Randall is an Executive Director and CEO 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.

BAO JIANMIN (BENJAMIN)

Non-Executive Director

Bao Jianmin (Benjamin) is a Managing Director at CIC Capital, overseeing CIC investments in infrastructure, energy, oil and gas, minerals and related funds. He is also a Non-Executive Director of Heathrow Airport. Mr. Bao started his career with China Construction Bank focusing on feasibility assessment of infrastructure projects. He later joined Export-Import Bank of China as the Head of Export Credit. Prior to joining CIC, Mr. Bao was with HSBC China, serving as the Director of China Transportation team, Manager of HSBC Northern China Area, and Vice President of HSBC Beijing branch. Mr. Bao graduated from Shanghai Jiaotong University.

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, HSBC Bank A.S. Turkey, HSBC Bank Egypt, HSBC Middle East Holdings BV, and Octopus Cards Limited in Hong Kong.

CHRISTOPHER DALE PRATT

Independent Non-Executive Director

Christopher Dale Pratt is an Independent Non-Executive 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.

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.

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.

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.

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.

MOIRA LYNAM

Group Head of Human Resources

Moira is Noble Group's Group Head of Human Resources having joined the Group as Head of HR for Hard Commodities and Asia Pacific in 2013. Moira has wide experience in global commodities, banking and financial services across countries, cultures and regions including Asia Pacific and EMEA. Moira has spent the past 12 years in the Asia Pacific region.

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CORPORATE GOVERNANCE

Board of Directors

Executive Directors
Paul Jeremy Brough, Executive Chairman
William James Randall, Chief Executive Officer

Non-Executive Directors
Richard Samuel Elman, Founder
and Chairman Emeritus
Bao Jianmin

Independent Non-Executive Directors
David Gordon Eldon, Vice Chairman
Christopher Dale Pratt
David Yeow

Audit Committee
Paul Jeremy Brough – Chairman
Christopher Dale Pratt
David Yeow

Remuneration and Options Committee
Christopher Dale Pratt – Chairman
Richard Samuel Elman
Paul Jeremy Brough

Nominating Committee
David Gordon Eldon – Chairman
Paul Jeremy Brough
David Yeow

Risk Committee
David Gordon Eldon – Chairman
Bao Jianmin
Paul Jeremy Brough
Christopher Dale Pratt

Corporate Governance Committee
David Gordon Eldon – Chairman
Bao Jianmin
William James Randall
David Yeow

Investment and Capital Markets Committee
David Gordon Eldon – Chairman
Richard Samuel Elman
Paul Jeremy Brough
William James Randall

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

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 2017 (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 2017 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 46 to 157.

No dividend is proposed in respect of the year ended 31 December 2017.

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 C4.5 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, 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, Founder and Chairman Emeritus
Paul Jeremy Brough, Executive Chairman
David Gordon Eldon, Vice Chairman
William James Randall, Chief Executive Officer
Jeffrey Scott Frase, Co-Chief Executive Officer [5]
Bao Jianmin [1]
Iain Ferguson Bruce [2]
Robert Tze Leung Chan [3]
Irene Yun Lien Lee [2]
Ma Wenyan [1][6]
Richard Paul Margolis [2]
Peter James O'Donnell [1][4]
Christopher Dale Pratt
David Yeow
Yu Xubo [2]
Zhang Shoulin [2]

(1) Appointed on 11 May 2017
(2) Resigned on 11 May 2017
(3) Retired on 28 April 2017
(4) Resigned on 20 June 2017
(5) Resigned on 13 November 2017
(6) Resigned on 11 January 2018

Messrs. David Gordon Eldon, and Christopher Dale Pratt, 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. Mr. Bao Jianmin will retire pursuant to Bye-law 85(2). Messrs. Christopher Dale Pratt and Bao Jianmin will offer themselves for re-election at the forthcoming Annual General Meeting. Mr. David Gordon Eldon will not offer himself for re-election.

Directors' interests in securities

As at 21 January 2018, the Directors who held office as at 31 December 2017 had the following interests in the securities of the Company:

Number of shares of HK$2.50 each held:

NAME OF DIRECTOR	NOTES	DIRECT INTEREST	DEEMED INTEREST	TOTAL INTEREST
RICHARD SAMUEL ELMAN	1	–	243,116,286	243,116,286
WILLIAM JAMES RANDALL	2	6,474,881	344,080	6,818,961
CHRISTOPHER DALE PRATT	3	40,000	–	40,000
DAVID YEOW	3	2,000	–	2,000

Notes:

1. Mr. Elman has an aggregate deemed interest in 243,116,286 shares which are held by Noble Holdings Limited ("**NHL**") or in which NHL is deemed to have an interest. NHL is a company registered in Bermuda and is beneficially wholly-owned by a discretionary trust, the beneficiaries of which include the children of Mr. Elman but not Mr. Elman himself.

2. Mr. Randall has an aggregate interest in 6,818,961 shares comprising (i) a direct interest in 6,474,881 shares which are registered in the name of a nominee for the benefit of Mr. Randall and Simone Lourey; and (ii) a deemed interest in 344,080 shares held by a trust for the benefit of Mr. Randall. As at 31 December 2017, the number of outstanding share options and share awards granted to Mr. Randall was 7,243,547 and 995,234 respectively.

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

4. As at 31 December 2017, the number of outstanding share options granted to Mr. David Gordon Eldon was 119,616.

5. During the year, no share awards were granted under the Noble Group Performance Share Plan ("**PSP**"), as set out in note E5 to the financial statements.

Corporate Governance

During the year, the Company's strategic focus continues to be on retaining maximum flexibility as it moves to realign its businesses around its core geographies and franchises. A key part of this strategy will continue to be to simplify the management of the Group which, consequently, also enables us to realign Board responsibilities.

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 Directors are aware that, due to the present circumstances, the Company is not in full compliance with the principles and guidelines set out in the Singapore Exchange Securities Trading Limited ("**SGX**") Code of Corporate Governance 2012 (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 and has endeavored to mitigate those areas where it is not. 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 2017 and the attendance of each Board member at those meetings are set out below.

The Board comprises 7 Directors at the date of this report, 3 of whom are Independent Non-Executive Directors, whose objective judgment on corporate affairs and collective experience is valuable to the Group. Guideline 2.1 of the Code of Corporate Governance recommends that at least one-third of the Board should be independent. Guideline 2.2 of the Code also recommends that, where the Chairman of the Board is not an independent director, at least half of the Board should be independent. In this regard, the Nominating Committee is of the view that although the Independent Directors do not currently make up half the Board, all of the Directors have debated vigorously on the subject matters tabled at the Board meetings held during the year ended 31 December 2017, regardless of whether they were independent or not. Also, the Company's strategic focus continues to be on retaining the maximum flexibility as it moves to re-align its businesses around its core geographies and franchises. A key part of this strategy will continue to be to simplify the management of the Group which, consequently, also enables the Company to re-align Board responsibilities. Subject to the foregoing, the Board continues to review the composition of independent directors on the Board with a view that, assuming the Chairman remains non-independent, independent directors will make up at least half of the Board.

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, legal, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

The Non-Executive Directors' 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
Paul Jeremy Brough, *Executive Chairman*
William James Randall, *Chief Executive Officer*

Non-Executive Directors
Richard Samuel Elman, *Founder and Chairman Emeritus*
Bao Jianmin

Independent Non-Executive Directors
David Gordon Eldon, *Vice Chairman*
Christopher Dale Pratt
David Yeow

The Independent Directors make up over one-third of the Board.

Guideline 3.3 of the Code of Corporate Governance recommends that a lead independent director should be appointed where the Chairman is not an independent director. The Board is not making such an appointment as it is of the opinion that based on past experience, it is remote and unlikely that shareholders would be unable to relate or resolve their concerns through the normal channel of the Chairman or CEO, or to communicate with the independent directors if they wished to do so.

Independence: Save for Mr. David Gordon Eldon, none of the Independent Non-Executive Directors has 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 the Director, giving particular consideration to the 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). Mr. David Gordon Eldon, an Independent Non-Executive Director who has served on the Board for more than nine years, will retire by rotation at the forthcoming Annual General Meeting and will not offer himself for re-election. Accordingly, the Nominating Committee has not conducted any review of his performance as he will cease to be a Director of the Company following the Annual General Meeting.

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 Chairman and the Chief Executive Officer, 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.

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. 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 twenty-one Board meetings during the year ended 31 December 2017. The Company's bye-laws provide for Directors to participate in Board meetings by telephone conference, power of attorney 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), during the year ended 31 December 2017, were as follows:

	BOARD	AUDIT COMMITTEE	REMUNERATION AND OPTIONS COMMITTEE	NOMINATING COMMITTEE
NUMBER OF MEETINGS	21	7	3	4
RICHARD SAMUEL ELMAN	21	*	3	*
PAUL JEREMY BROUGH	21	7	3	2[c]
WILLIAM JAMES RANDALL	21	*	*	*
JEFFREY SCOTT FRASE[f]	17	*	*	*
BAO JIANMIN[c]	16	*	*	*
IAIN FERGUSON BRUCE[d]	4	4	*	*
ROBERT TZE LEUNG CHAN[b]	4	*	1	*
DAVID GORDON ELDON	21	*	*	4
IRENE YUN LIEN LEE[d]	5	4	*	2
MA WENYAN[c][g]	16	3	*	*
RICHARD PAUL MARGOLIS[d]	5	*	*	2
PETER JAMES O'DONNELL[c][e]	3	*	*	*
CHRISTOPHER DALE PRATT	21	7	3	1[a]
DAVID YEOW	21	7	*	4
YU XUBO[d]	1	*	*	*
ZHANG SHOULIN[d]	3	3	*	*

* Not applicable
(a) Appointed on 20 February 2017 and stepped down on 11 May 2017
(b) Retired on 28 April 2017
(c) Appointed on 11 May 2017
(d) Resigned on 11 May 2017
(e) Resigned on 20 June 2017
(f) Resigned on 13 November 2017
(g) Resigned on 11 January 2018

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") (Principle 3 of the Code of Corporate Governance): The posts of Chairman and CEO 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. 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 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 CEO reports 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, 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
PAUL JEREMY BROUGH	6 May 2015	14 April 2016
WILLIAM JAMES RANDALL	6 February 2012	28 April 2017
BAO JIANMIN[(a)]*	11 May 2017	–
DAVID GORDON ELDON[#]	1 January 2007	14 April 2016
CHRISTOPHER DALE PRATT*	3 June 2014	17 April 2015
DAVID YEOW	14 July 2015	14 April 2016

(a) Appointed on 11 May 2017
* 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, 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 four Directors as at 31 December 2017, the majority of whom, are Independent Non-Executive Directors, and all of whom (save for Mr. Paul Jeremy Brough) are Non-Executive Directors. The Chairman of the Audit Committee has 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 2017 were Mr. Paul Jeremy Brough (Chairman), Mr. Ma Wenyan, Mr. Christopher Dale Pratt, and Mr. David Yeow.

Guideline 12.1 of the Code of Corporate Governance recommends that all of the members of the audit committee should be non-executive directors. Notwithstanding the foregoing, the Board is of the view that Mr. Brough has extensive expertise and experience in accounting and financial management, and provides valuable input into the deliberations and decisions of the Audit Committee. It may also be noted that Mr. Brough was appointed as Chairman to take charge of reviewing strategic alternatives in May 2017 as part of the strategic review undertaken by the Company and in connection with the re-alignment of the responsibilities of the Board. Mr. Brough had served as an independent non-executive director of the Company and in that capacity, as chairman of the Audit Committee, until his appointment as Chairman of the Company. In the present circumstances, as the Company endeavors to complete the restructuring, recruitment of a suitably qualified, experienced independent non-executive director to chair the audit committee is challenging. The appointment will be addressed once the restructuring is completed.

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 earnings guidance 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 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 Finance Officer and the external auditors brief the Committee on Group-specific and general tax-related developments throughout the year.

In 2017, 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.

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 2017 audited financial statements and has advised the Board that it is satisfied that they are fairly presented and has recommended their adoption.

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, has 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 2017 were Mr. Christopher Dale Pratt (Chairman), Mr. Richard Samuel Elman, and Mr. Paul Jeremy Brough. The Chairman of the Remuneration and Options Committee is an Independent Non-Executive Director.

Guideline 7.1 of the Code of Corporate Governance recommends that the remuneration committee should comprise at least three directors, the majority of whom, including the remuneration committee chairman, should be independent, and that all of the members of the remuneration committee should be non-executive directors. In the case of Mr. Elman, he 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. In the case of Mr. Brough, it may be noted that he was appointed as Chairman to take charge of reviewing strategic alternatives in May 2017 as part of the strategic review undertaken by the Company and in connection with the re-alignment of the responsibilities of the Board. Prior to this, Mr. Brough had served as an independent non-executive director of the Company.

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 2017 were Mr. David Gordon Eldon (Chairman), Mr. Paul Jeremy Brough, and Mr. David Yeow. The majority 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 2017 were Mr. David Gordon Eldon (Chairman), Mr. Bao Jianmin, Mr. Paul Jeremy Brough, and Mr. Christopher Dale Pratt.

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 2017 were Mr. David Gordon Eldon (Chairman), Mr. Bao Jianmin, Mr. William James Randall, and Mr. David Yeow. 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; 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[7]	–	66	–	–	34	100
PAUL JEREMY BROUGH[6]	2	97	–	–	1	100
WILLIAM JAMES RANDALL	–	13	72	14	1	100
JEFFREY SCOTT FRASE[4]	–	4	39	15	42	100
BELOW S$250,000						
BAO JIANMIN[5]	–	–	–	–	–	–
IAIN FERGUSON BRUCE[2]	100	–	–	–	–	100
ROBERT TZE LEUNG CHAN[1]	100	–	–	–	–	100
DAVID GORDON ELDON	100	–	–	–	–	100
IRENE YUN LIEN LEE[2]	100	–	–	–	–	100
MA WENYAN[5][8]	–	–	–	–	–	–
RICHARD PAUL MARGOLIS[2]	100	–	–	–	–	100
PETER JAMES O'DONNELL[3]	100	–	–	–	–	100
CHRISTOPHER DALE PRATT	100	–	–	–	–	100
DAVID YEOW	100	–	–	–	–	100
YU XUBO[2]	100	–	–	–	–	100
ZHANG SHOULIN[2]	–	–	–	–	–	–

(1) Retired on 28 April 2017
(2) Resigned on 11 May 2017
(3) Resigned on 20 June 2017
(4) Resigned on 13 November 2017
(5) Fee waived
(6) Appointed as Chairman on 11 May 2017
(7) Appointed as Founder and Chairman Emeritus
(8) Resigned on 11 January 2018

Remuneration of top five key management executives:

REMUNERATION BAND	NO. OF EXECUTIVES
S$1,500,000 AND ABOVE	4
BELOW S$1,499,999	1

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 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 Lyon and Mr. Marc Elman (who are Mr. Richard Elman's daughter and son), who are employed within the Group, received during the year remuneration within the bands of S$150,000 to S$200,000, and S$50,000 to S$100,000 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 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 E5 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 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.

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 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 meetings with investors, fund managers and analysts, earnings calls, 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 Group CFO 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 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. 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 calendar year ending 31 December 2017**.**

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) Standards. 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 A9 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 Emeritus 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.

Paul Jeremy Brough is the Executive Chairman 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.

William James Randall is an Executive Director and 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.

Bao Jianmin is a Non-Executive Director of the Company. Mr. Bao is a Managing Director at CIC Capital, overseeing CIC investments in infrastructure, energy, oil and gas, minerals and related funds. He is also a Non-Executive Director of Heathrow Airport. Mr. Bao started his career with China Construction Bank focusing on feasibility assessment of infrastructure projects. He later joined Export-Import Bank of China as the Head of Export Credit. Prior to joining CIC, Mr. Bao was with HSBC China, serving as the Director of China Transportation team, Manager of HSBC Northern China Area, and Vice President of HSBC Beijing branch. Mr. Bao graduated from Shanghai Jiaotong University.

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, HSBC Bank A.S. Turkey, HSBC Bank Egypt, HSBC Middle East Holdings BV, 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.

20. Directors' biographies (continued)

Christopher Dale Pratt is an Independent Non-Executive 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.

21. Key management staff biographies

The key management staff are Paul Jeremy Brough and William James Randall, whose biographies are given in the section above.

ON BEHALF OF THE BOARD

Executive Chairman
28 February 2018

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

	2017 US$'000	2016 US$'000 (RESTATED)
CONTINUING OPERATIONS		
REVENUE	6,433,788	8,666,501
OPERATING INCOME FROM SUPPLY CHAINS	(2,446,029)	512,181
PROFITS/(LOSSES) ON SUPPLY CHAIN ASSETS, NET	(927,049)	143,930
SHARE OF PROFITS AND LOSSES OF:		
JOINT VENTURES	(5,825)	(26,036)
ASSOCIATES	(7,345)	(54,857)
TOTAL OPERATING INCOME/(LOSS)	(3,386,248)	575,218
OTHER INCOME NET OF OTHER EXPENSES	3,213	2,009
SELLING, ADMINISTRATIVE AND OPERATING EXPENSES	(352,870)	(411,737)
PROFIT/(LOSS) BEFORE INTEREST AND TAX	(3,735,905)	165,490
FINANCE INCOME	32,321	46,970
FINANCE COSTS	(211,599)	(191,979)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(3,915,183)	20,481
TAXATION	29,264	(68,575)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	(3,885,919)	(48,094)
DISCONTINUED OPERATIONS		
POST-TAX PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS	(1,053,435)	56,231
PROFIT/(LOSS) FOR THE YEAR	(4,939,354)	8,317
ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE PARENT	(4,938,234)	8,653
NON-CONTROLLING INTERESTS	(1,120)	(516)
	(4,939,354)	8,137

Assets and Liabilities

31 December

	2017 US$'000	2016 US$'000
TOTAL ASSETS	4,809,475	12,284,635
TOTAL LIABILITIES	(5,610,386)	(8,305,071)
NON-CONTROLLING INTERESTS	(4,160)	(5,280)
SHAREHOLDERS' EQUITY	(805,071)	3,974,284

	2015 US$'000	2014 US$'000	2013 US$'000 (RESTATED)	2012 US$'000	2011 US$'000 (RESTATED)
	66,712,404	85,816,088	82,383,151	94,045,115	80,732,072
	115,032	1,490,840	1,584,329	1,503,326	1,480,199
	(815,628)	(290,127)	(46,229)	(488)	111,098
	(12,984)	(3,192)	1,075	(13,957)	(12,013)
	(271,505)	(175,050)	(107,945)	(14,820)	(2,610)
	(985,085)	1,022,471	1,431,230	1,474,061	1,576,674
	1,205	817	(6,241)	1,260	7,624
	(555,143)	(565,077)	(479,759)	(698,777)	(714,446)
	(1,539,023)	458,211	945,230	776,544	869,852
	57,404	55,777	26,464	74,199	80,007
	(232,000)	(236,325)	(211,406)	(415,064)	(446,498)
	(1,713,619)	277,663	760,288	435,679	503,361
	43,167	(35,736)	(39,944)	29,136	(63,645)
	(1,670,452)	241,927	720,344	464,815	439,716
	–	(109,403)	(481,870)	–	–
	(1,670,425)	132,524	238,474	464,815	439,716
	(1,672,010)	132,031	243,477	471,288	431,330
	1,558	493	(5,003)	(6,473)	8,386
	(1,670,452)	132,524	238,474	464,815	439,716

	2015 US$'000 (RESTATED)	2014 US$'000 (RESTATED)	2013 US$'000	2012 US$'000 (RESTATED)	2011 US$'000 (RESTATED)
	17,051,979	20,089,951	19,712,081	19,703,755	19,942,823
	(13,754,117)	(15,025,986)	(14,545,170)	(14,545,708)	(14,652,668)
	(5,796)	(6,864)	(10,091)	(42,291)	(703,091)
	3,292,066	5,057,101	5,156,820	5,115,756	4,587,064

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 ("the Company") and its subsidiaries ("the Group") set out on pages 46 to 157, which comprise the statements of financial position of the Group and the Company as at 31 December 2017, and the consolidated statement of profit or loss, 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 notes to the consolidated financial statements, including a summary of 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 2017 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.

Material Uncertainty related to Going Concern

We draw attention to the section headed Going Concern on pages 54-55 of the notes to the consolidated financial statements which sets out that, as at 31 December 2017, the Group's current liabilities included US$1,189.6 million of bank debt and US$378.8 million of senior notes due in 2018 and the Group had a net deficiency of US$800.9 million and that, for the year then ended, the Group reported a net loss of US$4,939.4 million. These conditions, along with other matters as set forth on pages 54-55, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material Uncertainty related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. 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 matter 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 80-87).* 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. The significant financial constraints on the Group during 2017, including restricted access to trade finance, created uncertainty as to future funding sources and related cost of capital and thereby increased the required judgement in making these fair value measurements.	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 all individually material long term contracts and a representative sample of individually immaterial contracts. 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 and discount curves for a sample of contracts. For forward price curve, 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. For discount curves, we tested the observable inputs to third party sourced data, and corroborated the reasonableness of unobservable inputs by comparing to available data sources, including credit ratings of the contracting parties by external credit rating agencies. We tested the tenors of the discount curves are consistent with the underlying contracts. 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.

KEY AUDIT MATTER:	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER:
Impairment of non-current and current assets *Related disclosures in the Financial Statements are included in the following notes:* – *Note B2 Trade Receivables (Pages 76-77)* – *Note B3 Prepayments, Deposits and other receivables (Page 78)* – *Note B7 Market, Credit, Performance, Political and Country Risk Management (Pages 88-94)* – *Note C2 Property, Plant and Equipment and Mine Properties (Pages 95-98)* – *Note C3 Intangible Assets (Pages 99-100)* – *Note C4 Investments in Joint Ventures and Associates (Pages 101-110)* – *Note C5 Long Term Equity Investments and Loans (Pages 111-113)* The Group has material investments in various non-current assets, including vessels, plant and equipment, 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 significant financial constraints on the Group during 2017, including restricted access to trade finance, created uncertainty as to future funding sources and related cost of capital and thereby increased the required judgement in making these impairment assessments.	***Non-current assets other than 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 – Investments in associates – Investments in joint ventures – Long-term equity investment 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 assets using market fair value. • 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. 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 2017.

KEY AUDIT MATTER:	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER:
	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 of the financial statements.
Recognition of deferred tax assets *Related disclosures in the Financial Statements are included in Note A5 Taxation (Pages 66-69).* At December 31, 2017, the Group had recognised US$92.5 million deferred tax assets primarily related to accumulated tax losses incurred by its subsidiaries in Singapore, Jamaica and China ('the loss entities'). The Group is required by *IAS 12 Income Taxes* to assess if it is probable that future taxable profit will be available against which the unused tax losses can be utilised. These assessments involve significant management estimates and assumptions in relation to the timing and level of future taxable profits of the related subsidiaries in these jurisdictions.	We performed the below audit procedures on management's assertions related to the measurement and realisation of tax losses underlying the recognised deferred tax assets of the loss entities. We evaluated management's assumptions and methodologies used to prepare forecasts of future taxable income for the loss-making entities as the basis for assessing the probability of realisation of the deferred tax assets, and assessed the mathematical accuracy and appropriateness of management's analysis. We challenged the assumptions applied by the Group, and evaluated the consistency of key assumptions with other non-tax financial assertions, including comparing the assumptions on revenues, gross margins and selling, administration and other costs to internal budgets and forecasts, the historical performance of the loss entities, and other corroborating audit evidence obtained. We assessed the sensitivity of the outcomes to reasonably possible changes in the assumptions. We involved EY internal tax specialists to assist us with our audit of the deferred tax assets recoverability analyses. We also assessed the adequacy of the related disclosures in Note A5 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 24 to 37, 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.

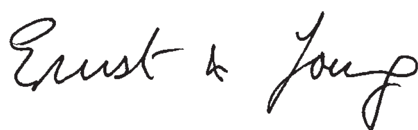
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely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



Certified Public Accountants
Hong Kong
28 February 2018

	NOTES	**2017 US$'000**	2016 US$'000 (RESTATED)
CONTINUING OPERATIONS			
REVENUE	A1, A2.3	**6,433,788**	8,666,501
COST OF SALES AND SERVICES	A1, A3.2	**(8,879,817)**	(8,154,320)
OPERATING INCOME/(LOSS) FROM SUPPLY CHAINS		**(2,446,029)**	512,181
PROFIT/(LOSS) ON SUPPLY CHAIN ASSETS, NET	A1, A3.3	**(927,049)**	143,930
SHARE OF PROFITS AND LOSSES OF:			
JOINT VENTURES	A1	**(5,825)**	(26,036)
ASSOCIATES	A1	**(7,345)**	(54,857)
TOTAL OPERATING INCOME/(LOSS)		**(3,386,248)**	575,218
OTHER INCOME NET OF OTHER EXPENSES	A3.4	**3,213**	2,009
SELLING, ADMINISTRATIVE AND OPERATING EXPENSES	A3.5	**(352,870)**	(411,737)
PROFIT/(LOSS) BEFORE INTEREST AND TAX		**(3,735,905)**	165,490
FINANCE INCOME	A4.2	**32,321**	46,970
FINANCE COSTS	A4.2	**(211,599)**	(191,979)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	A5.3	**(3,915,183)**	20,481
TAXATION	A1, A5.3	**29,264**	(68,575)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS	A1	**(3,885,919)**	(48,094)
DISCONTINUED OPERATIONS			
POST-TAX PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS	A6	**(1,053,435)**	56,231
PROFIT/(LOSS) FOR THE YEAR		**(4,939,354)**	8,137
ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE PARENT		**(4,938,234)**	8,653
NON-CONTROLLING INTERESTS		**(1,120)**	(516)
		(4,939,354)	8,137

EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

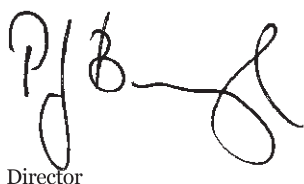
	NOTE	CONTINUING OPERATIONS		DISCONTINUED OPERATIONS		GROUP	
		2017 US$	2016 US$ (RESTATED)	**2017 US$**	2016 US$ (RESTATED)	**2017 US$**	2016 US$ (RESTATED)
BASIC	A7	**(2.9858)**	(0.0661)	**(0.8046)**	0.0519	**(3.7904)**	(0.0142)
DILUTED	A7	**(2.9858)**	(0.0661)	**(0.8046)**	0.0519	**(3.7904)**	(0.0142)

The accounting policies and explanatory notes on pages 54 to 157 form an integral part of the financial statements.

	2017 **US$'000**	2016 US$'000 (RESTATED)
PROFIT/(LOSS) FOR THE YEAR	**(4,939,354)**	8,137
OTHER COMPREHENSIVE INCOME		
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS:		
CASH FLOW HEDGES:		
NET GAINS ARISING DURING THE YEAR	**2,554**	83,694
NET LOSSES TRANSFERRED TO THE INCOME STATEMENT	**22,547**	61,898
SHARE OF GAINS/(LOSSES) ON CASH FLOW HEDGE OF A JOINT VENTURE	**40**	(7,854)
SHARE OF GAINS/(LOSSES) ON CASH FLOW HEDGE OF ASSOCIATES	**24,192**	(5,155)
NET GAINS ON CASH FLOW HEDGES AFTER TAX	**49,333**	132,583
REVALUATION/REALISATION OF LONG TERM EQUITY INVESTMENTS:		
NET CHANGE IN FAIR VALUE DURING THE YEAR	**(300)**	6,993
NET LOSSES/(GAINS) ON DISPOSAL TRANSFERRED TO THE INCOME STATEMENT	**132**	(2,344)
IMPAIRMENT RECYCLED TO THE INCOME STATEMENT (NOTE C5.3)	**1,422**	–
	1,254	4,649
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	**53,603**	(11,240)
RELEASE OF RESERVES UPON DEEMED DISPOSAL OF ASSOCIATES		
CASH FLOW HEDGE RESERVE	**67,478**	–
EXCHANGE FLUCTUATION RESERVE	**(22,603)**	–
	44,875	–
RELEASE OF RESERVES UPON DISPOSAL OF JOINT VENTURES		
EXCHANGE FLUCTUATION RESERVE	**1,919**	–
RELEASE OF RESERVES UPON DISPOSAL OF SUBSIDIARIES		
EXCHANGE FLUCTUATION RESERVE (NOTE C7.2)	**3,342**	6,784
ACQUISITION OF NON-CONTROLLING INTERESTS	**–**	(2,177)
RESERVES IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**211**	–
	3,553	4,607
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**154,537**	130,599
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(4,784,817)**	138,736
ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE PARENT	**(4,783,697)**	139,252
NON-CONTROLLING INTERESTS	**(1,120)**	(516)
	(4,784,817)	138,736
ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT:		
TOTAL COMPREHENSIVE INCOME/(LOSS) FROM CONTINUING OPERATIONS, NET OF TAX	**(3,730,262)**	83,021
TOTAL COMPREHENSIVE INCOME/(LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX	**(1,053,435)**	56,231
	(4,783,697)	139,252

	NOTES	**2017** **US$'000**	2016 US$'000
NON-CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	C2.3	**411,591**	759,752
MINE PROPERTIES	C2.4	**–**	12,823
INTANGIBLE ASSETS	C3.3	**2,548**	125,077
INVESTMENTS IN JOINT VENTURES	C4.3	**157,145**	196,258
INVESTMENTS IN ASSOCIATES	C4.5	**40,176**	461,346
LONG TERM EQUITY INVESTMENTS	C5.3	**94,175**	28,436
LONG TERM LOANS	C5.4	**264,070**	288,738
DEFERRED TAX ASSETS	A5.4	**92,507**	241,872
TOTAL NON-CURRENT ASSETS		**1,062,212**	2,114,302
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	D2.2	**492,012**	1,170,471
TRADE RECEIVABLES	B2.3	**665,128**	2,407,412
PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	B3.3	**398,577**	867,010
FAIR VALUE GAINS ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	B6.3	**513,315**	3,780,517
INVENTORIES	B4.2	**166,422**	1,643,046
TAX RECOVERABLE		**14,627**	61,927
		2,250,081	9,930,383
ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	E2	**1,403,182**	239,950
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	C2.3	**94,000**	–
TOTAL CURRENT ASSETS		**3,747,263**	10,170,333
CURRENT LIABILITIES			
TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES	B5.2	**942,664**	3,151,299
FAIR VALUE LOSSES ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	B6.3	**160,414**	1,004,098
BANK DEBTS	D3.2	**1,189,586**	1,293,425
SENIOR NOTES	D3.3	**378,815**	–
TAX PAYABLE		**11,572**	23,693
		2,683,051	5,472,515
LIABILITIES IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	E2	**913,690**	12,525
LIABILITIES RELATED TO HELD FOR SALE SUBSIDIARIES	E2	**–**	64,449
TOTAL CURRENT LIABILITIES		**3,596,741**	5,549,489
NET CURRENT ASSETS		**150,522**	4,620,844
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,212,734**	6,735,146

	NOTES	2017 US$'000	2016 US$'000
NON-CURRENT LIABILITIES			
BANK DEBTS	D3.2	**98,125**	1,194,119
SENIOR NOTES	D3.3	**1,915,520**	1,555,309
DEFERRED TAX LIABILITIES	A5.4	**–**	6,154
TOTAL NON-CURRENT LIABILITIES		**2,013,645**	2,755,582
NET ASSETS/(LIABILITIES)		**(800,911)**	3,979,564
EQUITY			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
ISSUED CAPITAL	D5.2	**427,008**	427,008
SHARE PREMIUM		**2,247,974**	2,323,902
TREASURY SHARES		**–**	(88,704)
CAPITAL SECURITIES	D4, D5.3	**397,547**	397,547
RESERVES		**91,394**	(78,886)
RESERVES IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	E2	**5,609**	5,398
RETAINED PROFITS/(ACCUMULATED LOSSES)		**(3,974,603)**	988,019
		(805,071)	3,974,284
NON-CONTROLLING INTERESTS		**2,190**	2,869
NON-CONTROLLING INTERESTS ATTRIBUTABLE TO SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	E2	**1,970**	2,411
		4,160	5,280
TOTAL EQUITY		**(800,911)**	3,979,564


Director

Director

The accounting policies and explanatory notes on pages 54 to 157 form an integral part of the financial statements.

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
						RESERVES			
	NOTE	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
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	–	–	–	–	–	–	–	–
AT 31 DECEMBER 2016 AND AT 1 JANUARY 2017		427,008	2,323,902	(88,704)	397,547	(15,579)	148,711	6,237	(117,377)
LOSS FOR THE YEAR		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**116,811**
TOTAL COMPREHENSIVE INCOME/(LOSS), NET OF TAX		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**116,811**
SHARE-BASED PAYMENT		**–**	**(75,928)**	**88,704**	**–**	**21,464**	**–**	**–**	**–**
EQUITY-SETTLED SHARE OPTION EXPENSES		**–**	**–**	**–**	**–**	**–**	**(5,510)**	**–**	**–**
CAPITAL SECURITIES DIVIDEND		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
AT 31 DECEMBER 2017		**427,008**	**2,247,974**	**–**	**397,547**	**5,885**	**143,201**	**6,237**	**(566)**

The accounting policies and explanatory notes on pages 54 to 157 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/ (ACCUMULATED LOSSES) 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
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	(4,456)	(2,177)	–	–	130,599	–	–	130,599
4,649	(4,456)	(2,177)	–	8,653	139,252	(245)	(271)	138,736
–	211	–	(211)	–	–	–	–	–
–	–	–	–	–	496,455	–	–	496,455
–	–	–	–	–	59,431	–	–	59,431
–	–	–	–	–	11,080	–	–	11,080
–	–	–	–	(24,000)	(24,000)	–	–	(24,000)
5,996	(106,874)	–	5,398	988,019	3,974,284	2,869	2,411	3,979,564
–	**–**	**–**	**–**	**(4,938,234)**	**(4,938,234)**	**(679)**	**(441)**	**(4,939,354)**
1,254	**36,261**	**–**	**211**	**–**	**154,537**	**–**	**–**	**154,537**
1,254	**36,261**	**–**	**211**	**(4,938,234)**	**(4,783,697)**	**(679)**	**(441)**	**(4,784,817)**
–	**–**	**–**	**–**	**–**	**34,240**	**–**	**–**	**34,240**
–	**–**	**–**	**–**	**–**	**(5,510)**	**–**	**–**	**(5,510)**
–	**–**	**–**	**–**	**(24,388)**	**(24,388)**	**–**	**–**	**(24,388)**
7,250	**(70,613)**	**–**	**5,609**	**(3,974,603)**	**(805,071)**	**2,190**	**1,970**	**(800,911)**

	NOTES	2017 US$'000	2016 US$'000 (RESTATED)
CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT/(LOSS) BEFORE TAX			
FROM CONTINUING OPERATIONS		**(3,915,183)**	20,481
FROM DISCONTINUED OPERATIONS	A6	**(911,844)**	(103,184)
		(4,827,027)	(82,703)
ADJUSTMENTS TO PROFIT/(LOSS) BEFORE TAX	A10	**1,631,542**	210,665
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES		**(3,195,485)**	127,962
DECREASE/(INCREASE) IN WORKING CAPITAL	B8	**3,122,176**	(1,135,461)
NET DECREASE OF CASH BALANCES WITH FUTURES BROKERS AND/OR NOT IMMEDIATELY AVAILABLE FOR USE IN THE BUSINESS OPERATIONS		**25,967**	330,511
INTEREST RECEIVED		**42,461**	48,209
TAXES REFUNDED/(PAID)		**(3,755)**	36,296
NET CASH FLOWS USED IN OPERATING ACTIVITIES		**(8,636)**	(592,483)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	C9	**(87,755)**	1,728,524
NET CASH FLOWS USED IN FINANCING ACTIVITIES	D9	**(409,900)**	(1,598,535)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(506,291)**	(462,494)
NET FOREIGN EXCHANGE DIFFERENCES		**10,077**	(1,459)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,095,358**	1,559,311
CASH AND CASH EQUIVALENTS AT END OF YEAR		**599,144**	1,095,358
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
BANK BALANCES AND SHORT TERM TIME DEPOSITS	D2.2	**435,196**	817,794
CASH BALANCES WITH FUTURES BROKERS	D2.2	**56,816**	352,677
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF FINANCIAL POSITION		**492,012**	1,170,471
CASH BALANCES ATTRIBUTABLE TO SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	D2.2	**147,698**	1,420
TOTAL CASH AND CASH EQUIVALENTS		**639,710**	1,171,891
LESS: CASH BALANCES WITH FUTURES BROKERS AND/OR NOT IMMEDIATELY AVAILABLE FOR USE IN THE BUSINESS OPERATIONS	D2.2	**(40,566)**	(66,533)
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		**599,144**	1,095,358

The accounting policies and explanatory notes on pages 54 to 157 form an integral part of the financial statements.

COMPANY	NOTES	2017 US$'000	2016 US$'000
NON-CURRENT ASSETS			
INVESTMENTS IN SUBSIDIARIES	E1.2	**1,236,875**	3,301,307
INVESTMENTS IN ASSOCIATES	C4.5	**–**	13,441
LONG TERM EQUITY INVESTMENTS	C5.3	**126**	610
DEFERRED TAX ASSETS	A5.4	**–**	22,100
TOTAL NON-CURRENT ASSETS		**1,237,001**	3,337,458
CURRENT ASSETS			
CASH AND CASH EQUIVALENTS	D2.2	**120,098**	302,249
DUE FROM SUBSIDIARIES	E1.2	**2,177,737**	4,174,522
PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	B3.3	**55,890**	40,466
FAIR VALUE GAINS ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	B6.3	**104**	103
TOTAL CURRENT ASSETS		**2,353,829**	4,517,340
CURRENT LIABILITIES			
DUE TO SUBSIDIARIES	E1.2	**797,503**	424,851
OTHER PAYABLES AND ACCRUED LIABILITIES	B5.2	**272,761**	182,864
FAIR VALUE LOSSES ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	B6.3	**2,791**	4,648
BANK DEBTS	D3.2	**1,153,401**	784,270
SENIOR NOTES	D3.3	**378,815**	–
TOTAL CURRENT LIABILITIES		**2,605,271**	1,396,633
NET CURRENT ASSETS/(LIABILITIES)		**(251,442)**	3,120,707
TOTAL ASSETS LESS CURRENT LIABILITIES		**985,559**	6,458,165
NON-CURRENT LIABILITIES			
BANK DEBTS	D3.2	**–**	1,137,753
SENIOR NOTES	D3.3	**1,915,520**	1,555,309
TOTAL NON-CURRENT LIABILITIES		**1,915,520**	2,693,062
NET ASSETS/(LIABILITIES)		**(929,961)**	3,765,103
EQUITY			
ISSUED CAPITAL	D5.2	**427,008**	427,008
SHARE PREMIUM	D5.3	**2,247,974**	2,323,902
TREASURY SHARES	D5.3	**–**	(88,704)
CAPITAL SECURITIES	D4, D5.3	**397,547**	397,547
RESERVES	D5.3	**147,236**	107,950
RETAINED PROFITS/(ACCUMULATED LOSSES)	D5.3	**(4,149,726)**	597,400
TOTAL EQUITY		**(929,961)**	3,765,103

Director

Director

The accounting policies and explanatory notes on pages 54 to 157 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, vessels and other key infrastructure facilities.

The Group operates over 28 offices worldwide and employed over 500 (2016: over 1,000) employees as at 31 December 2017.

The consolidated financial statements of the Company for the year ended 31 December 2017 were approved and authorised for issue in accordance with a resolution of the Board of Directors on 28 February 2018.

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 2017, 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 2017, the Group's current liabilities include US$1,190 million of bank debt and US$379 million of senior notes due 2018 and the Group has a net deficiency of US$801 million. During the year then ended, the Group incurred a net loss of US$3,886 million from continuing operations. These circumstances indicate an uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Accordingly, 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 from the date of approval of these financial statements of the Group's business operations, and related assumptions and stress tests, sources of available liquidity and the Group's debt maturity profile taking into account the strategic review and proposed restructuring set out below.

In May 2017, the Group announced the commencement of a strategic review and gave priority to a further reduction in the Group's indebtedness. Following the conclusion of the monetisation of the Global Oil Liquids and North American Gas & Power businesses, the Group has completed the asset disposal programme, which formed part of the strategic review. Overall, the Group generated approximately US$525 million of net proceeds, following retirement in full of its senior secured borrowing base revolving credit facilities, from the monetisation of the Global Oil Liquids and North American Gas & Power businesses.

In January 2018, the Group reached an in-principle agreement with an ad hoc group of the Group's senior creditors (the "Ad Hoc Group") for a restructuring of the Group's existing debts (the "proposed restructuring"). The Ad Hoc Group in aggregate represents approximately 36% of the Group's Existing Senior Debt Instruments (as defined below). The proposed restructuring concerns the following:

- US$379 million outstanding senior notes due 2018;
- US$1,177 million outstanding senior notes due 2020;
- US$738 million outstanding senior notes due 2022; and
- US$1,141 million outstanding loans under the revolving credit facility (together with the above senior notes, the "Existing Senior Debt Instruments")

BASIS OF PRESENTATION, PREPARATION AND CONSOLIDATION (continued)

Basis of presentation and preparation (continued)

Going concern (continued)

The proposed restructuring will extinguish the Group's Existing Senior Debt Instruments totalling US$3.4 billion, details of which are set out in Section D3.2 and D3.3, and replace them with new senior debt instruments totalling US$1.7 billion. Together with the other actions resulting from the strategic review, this has refocused the Group on its Asian Hard Commodities, Freight and Liquefied Natural Gas ("LNG") businesses and, with the proposed restructuring and revenue generation capability, will reduce indebtedness to sustainable levels, commensurate with the Group's size and range of activities. It will also provide a committed trade finance and hedging facility to support the Group's commodities trading businesses.

The proposed restructuring is subject to final documentation, regulatory, creditor and shareholder approval, and implementation via inter-conditional schemes of arrangement in relevant jurisdictions. Consistent with the restructuring, the Group intend to launch a consent solicitation exercise for the Existing Perpetual Capital Securities. A scheme of arrangement is a court-led statutory procedure under relevant companies' legislation; it is not a formal insolvency procedure. It requires at least 50% in number constituting 75% in value of the creditors present and voting, and shareholders to approve the restructuring proposal.

The Group has also taken measures to improve profit margins in the Asian Hard Commodities, Freight and LNG businesses by focusing on product flows where the Group has a strong existing Asian regional presence or a strategic global relationship, and to reduce its selling, administrative and operating expenses through continuing headcount reduction and other cost saving initiatives.

The Directors are satisfied, the Group will successfully obtain the necessary approvals to execute the proposed restructuring as set out above and that it will provide a funding structure that will enable the Group to return to profitable trading operations.

Taking into account the above proposed restructuring and other planned actions, the Directors believe 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.

Notwithstanding the above, significant uncertainty exists as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon successfully:

- Obtaining the necessary approvals and executing the proposed restructuring plan;
- Compliance with the terms and conditions of the new senior debt instruments and trade finance facilities, including completion of the sales process of certain assets and businesses; and
- Implementation of trading strategies to improve the gross margins of the Asian Hard Commodities, Freight and LNG businesses and of measures to reduce SAO expenses.

In the event that the proposed restructuring is not approved or the other planned actions set out above not be successful, and the Group is unable to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

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 2017. 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, B4.2 and E2; (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 and/or 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 components 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 Chief Executive Officer ("CEO") uses for day-to-day formulation of the Group business decisions. It excludes the results of the discontinued operations which are disclosed in note A6. The segment income statements in note A2 have also been presented on an adjusted basis.

	YEAR ENDED 31 DECEMBER 2017				YEAR ENDED 31 DECEMBER 2016			
		#1	#2			#1	#2	#3
	IFRS INCOME STATEMENT US$'000	OTHER ITEMS US$'000	EXCEPTIONAL ITEMS US$'000	ADJUSTED INCOME STATEMENT US$'000	IFRS INCOME STATEMENT US$'000 (RESTATED)	OTHER ITEMS US$'000 (RESTATED)	EXCEPTIONAL ITEMS US$'000 (RESTATED)	ADJUSTED INCOME STATEMENT US$'000 (RESTATED)
REVENUE	6,433,788	(183,926)	(8,349)	6,241,513	8,666,501	(810,959)	–	7,855,542
COST OF SALES AND SERVICES	(8,879,817)	184,081	2,301,543 *1	(6,394,193)	(8,154,320)	838,284	29,700 *1	(7,286,336)
OPERATING INCOME/(LOSS) FROM SUPPLY CHAINS	(2,446,029)	155	2,293,194	(152,680)	512,181	27,325	29,700	569,206
PROFIT/(LOSS) ON SUPPLY CHAIN ASSETS	(927,049)	9,418	902,963 *2	(14,668)	143,930	9,774	65,269 *2	218,973
SHARE OF PROFITS AND LOSSES OF:								
JOINT VENTURES	(5,825)	–	–	(5,825)	(26,036)	–	–	(26,036)
ASSOCIATES	(7,345)	–	–	(7,345)	(54,857)	(65)	–	(54,922)
TOTAL OPERATING INCOME/(LOSS)	(3,386,248)	9,573	3,196,157	(180,518)	575,218	37,034	94,969	707,221
SELLING, ADMINISTRATIVE AND OPERATING EXPENSES AND OTHER INCOME, NET	(349,657)	30,731	63,462	(255,464)	(409,728)	20,065	–	(389,663)
PROFIT/(LOSS) BEFORE INTEREST AND TAX	(3,735,905)	40,304	3,259,619	(435,982)	165,490	57,099	94,969	317,558
NET FINANCE COSTS	(179,278)	1,128	1,152	(176,998)	(145,009)	3,589	–	(141,420)
TAXATION	29,264	297	(17,631) *3	11,930	(68,575)	(1,368)	(810) *3	(70,753)
NET PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	(3,885,919)	41,729	3,243,140	(601,050)	(48,094)	59,320	94,159	105,385

#1 Includes the results of businesses which the Group has ceased or wound down operations, however do not meet the criteria of discontinued operations under IFRS. Other items also includes costs associated with repositioning the Group's cost structure, including headcount reductions. These businesses include certain energy and metals, minerals and ores product divisions in the Americas and Europe.

#2 Exceptional items included in the Group's operating income/(loss) from supply chains along with other non-operational items such as impairment losses on supply chain assets.

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

Income statement (continued)

*1 These adjustments represent exceptional items recorded in the Group's operating income/(loss) from supply chains and were as follows:

(A) Valuation adjustment due to changes in coal anchor price assumptions

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 relates to a change in long term coal prices, reflected by an adjustment to the "anchor" coal price, used for projecting the years subsequent to those for which observable market data exists. Anchor coal prices for thermal coal have been increased in line with fundamental demand/supply analysis backed by broker consensus.

(B) Impact from certain hedging contracts

During the year ended 31 December 2017, particularly in the first and second quarters, there were exceptional movements and dislocation in the coal markets with prices decoupling, liquidity dropping significantly and long term relative correlations being significantly disrupted. This impacted the effectiveness of the hedges put in place against existing and future volumes, resulting in an exceptional loss, given the manner in which the Group hedges its existing and future exposures.

(C) Valuation adjustment due to additional Hard Commodities mark-to-market reserves

The Board mandated as part of the strategic review announced in May 2017 that a detailed reassessment should be undertaken of the Group's balance sheet to take account of increased uncertainty in the Group's operating environment including markets, the industry and the Group's access to adequate funding sources. Based on this reassessment, the Board concluded that adjustments should be made to the Group's balance sheet to reflect increased risks. The Group has recorded reserves and adjustments against certain Level 2 and 3 net fair value gains including applying additional reserves on some contracts as a result of adverse back testing results during 2017. These reserves and adjustments, incorporating the impact of the credit rating downgrades during the current year, resulted in non-cash losses and have been recorded as exceptional items.

*2 In addition, the Group recorded non-cash losses on impairment and disposal of non-current assets as follows:

	2017 US$'000	2016 US$'000 (RESTATED)
– IMPAIRMENT OF NON-CURRENT ASSETS	**(420,103)**	(59,889)
– PROPERTY, PLANT AND EQUIPMENT	**(169,101)**	(50,453)
– MINE PROPERTIES	**(7,488)**	(2,845)
– INTANGIBLE ASSETS	**(36,604)**	–
– ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**(34,846)**	–
– INVESTMENTS IN JOINT VENTURES	**(36,779)**	(44)
– INVESTMENTS IN ASSOCIATES	**(112,841)**	(4,888)
– LONG TERM EQUITY INVESTMENTS	**(22,444)**	(1,659)
– LOSS ON DISPOSAL OF SUBSIDIARIES	**(31,902)**	–
– LOSS ON DISPOSAL OF JOINT VENTURES	**(7,616)**	–
– LOSS ON DEEMED DISPOSAL OF AN ASSOCIATE	**(257,815)**	–
– IMPAIRMENT OF PREPAYMENTS AND OTHER RECEIVABLES	**(169,440)**	(5,380)
– PROVISION FOR ONEROUS CONTRACTS	**(16,087)**	–
	(902,963)	(65,269)

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

Income statement (continued)

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

#3 Adjusted net profit for the year ended 31 December 2016 includes gain on disposal of Noble Americas Energy Solutions LLC ("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.

A2 SEGMENT INFORMATION

A2.1 Description of the segments

Following the repositioning of the Group in 2016, including the sale of NES, European Gas & Power and a reduction in global Metals, the Group has revised its segmental breakdown for reporting purposes to appropriately reflect its current business structure.

The segments have been revised to include those businesses that operate in a similar market environment and to reflect the common business drivers of the respective businesses along with their product and service similarity.

Group results will now be reported under two segments – namely, the Energy Segment, with combines the former Energy and Gas & Power segments and includes the Oil Liquids, Gas & Power and Energy Coal businesses; and the Metals, Minerals and Ores Segment, which combines the former Metals & Mining and Corporate segments and includes the Metals, Carbon Steel Materials and Logistics businesses.

As a result of these changes, for comparison purposes, the segment information for the year ended 31 December 2016 has been restated. The detailed description of the two reporting operating segments is as follows:

(a) Energy: The Group's Energy segment includes the following product divisions: Energy Coal, a global business which trades and provides supply chain and risk management services in bituminous and sub-bituminous energy coal; and LNG, a global business which trades and provides supply chain and risk management services in seaborne LNG.

Results from the Global Oil Liquids and North American Gas & Power businesses, previously reported under the Energy segment have been reclassified to discontinued operations following the Group's decision to monetise these businesses. Prior period results have been restated to reflect this change in presentation in the consolidated income statement (note A6).

(b) Metals, Minerals and Ores: The Group's Metals, Minerals and Ores segment includes the following product divisions: Metals, comprised of our Asian base metals business which trades and provides supply chain management services in copper, zinc, lead, nickel and other raw materials, and our global aluminium business which trades and provides supply chain management services in aluminium, alumina and bauxite; Carbon Steel Materials, an Asia and EMEA focused business which trades and provides risk management and logistics services for the steel complex in iron ore, metallurgical coal, metallurgical coke, and specialty ores and alloys; and Logistics, which provides internal and external customers with ocean transport in the dry bulk segment, long term freight solutions and freight market guidance.

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 2017 and 2016.

	CONTINUING OPERATIONS						NOTES	CONSOLIDATED PER IFRS	
	ENERGY		METALS, MINERALS AND ORES		ADJUSTMENTS#				
	2017	2016 (RESTATED)	**2017**	2016 (RESTATED)	**2017**	2016 (RESTATED)		**2017**	2016 (RESTATED)
TONNAGE (MT'000)	**32,441**	40,599	**45,315**	67,099	**–**	273		**77,756**	107,971
VOLUME (MWH'000)*	**6,849**	58,246	**N/A**	N/A	**N/A**	N/A		**6,849**	58,246
	US$'000	US$'000	**US$'000**	US$'000	**US$'000**	US$'000		**US$'000**	US$'000
REVENUE	**2,567,148**	2,943,028	**3,674,365**	4,912,514	**192,275**	810,959	A1	**6,433,788**	8,666,501
COST OF SALES AND SERVICES	**(2,661,811)**	(2,606,903)	**(3,732,382)**	(4,679,433)	**(2,485,624)**	(867,984)	A1	**(8,879,817)**	(8,154,320)
OPERATING INCOME/(LOSS) FROM SUPPLY CHAINS	**(94,663)**	336,125	**(58,017)**	233,081	**(2,293,349)**	(57,025)		**(2,446,029)**	512,181
PROFIT/(LOSS) ON SUPPLY CHAIN ASSETS, NET	**182**	290,777	**(14,850)**	(71,804)	**(912,381)**	(75,043)	A1	**(927,049)**	143,930
SHARE OF PROFITS AND LOSSES OF:									
JOINT VENTURES	**(7,808)**	(18,610)	**1,983**	(7,426)	**–**	–	A1	**(5,825)**	(26,036)
ASSOCIATES	**(1,880)**	(2,446)	**(5,465)**	(52,476)	**–**	65	A1	**(7,345)**	(54,857)
TOTAL OPERATING INCOME/(LOSS)	**(104,169)**	605,846	**(76,349)**	101,375	**(3,205,730)**	(132,003)		**(3,386,248)**	575,218
PROFIT/(LOSS) BEFORE INTEREST AND TAX	**(165,619)**	399,082	**(270,363)**	(81,524)	**(3,299,923)**	(152,068)		**(3,735,905)**	165,490

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

For detail, please refer to note A1

A2 SEGMENT INFORMATION (continued)

A2.2 Operating segments (continued)

	ENERGY		METALS, MINERALS AND ORES		CONSOLIDATED	
	2017 US$'000	2016 US$'000 (RESTATED)	**2017 US$'000**	2016 US$'000 (RESTATED)	**2017 US$'000**	2016 US$'000 (RESTATED)
SEGMENT ASSETS OTHER THAN INVESTMENTS IN JOINT VENTURES AND ASSOCIATES AND HELD FOR SALE ASSETS	**880,726**	5,965,874	**2,234,246**	5,421,207	**3,114,972**	11,387,081
INVESTMENTS IN:						
YANCOAL AUSTRALIA LIMITED ("YANCOAL") (ASSOCIATE)	**–**	–	**–**	180,427	**–**	180,427
HARBOUR ENERGY (JOINT VENTURE)	**123,908**	42,958	**–**	–	**123,908**	42,958
OTHER ASSOCIATES AND JOINT VENTURES	**21,718**	216,029	**51,695**	218,190	**73,413**	434,219
ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**1,107,586**	–	**295,596**	239,950	**1,403,182**	239,950
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	**–**	–	**94,000**	–	**94,000**	–
SEGMENT ASSETS**	**2,133,938**	6,224,861	**2,675,537**	6,059,774	**4,809,475**	12,284,635
SEGMENT LIABILITIES OTHER THAN HELD FOR SALE LIABILITIES	**(432,958)**	(3,200,868)	**(4,263,738)**	(5,027,229)	**(4,696,696)**	(8,228,097)
LIABILITIES IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**(511,770)**	–	**(401,920)**	(12,525)	**(913,690)**	(12,525)
LIABILITIES RELATED TO HELD FOR SALE SUBSIDIARIES	**–**	–	**–**	(64,449)	**–**	(64,449)
SEGMENT LIABILITIES**	**(944,728)**	(3,200,868)	**(4,665,658)**	(5,104,203)	**(5,610,386)**	(8,305,071)
CAPITAL EXPENDITURE[#]	**46,304**	61,407	**22,720**	52,817	**69,024**	114,224
**INCLUDED IN SEGMENT ASSETS/LIABILITIES ARE:						
NET FAIR VALUE GAINS/(LOSSES) ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS						
– GAINS	**284,967**	2,087,758	**228,348**	1,692,759	**513,315**	3,780,517
– LOSSES	**(114,596)**	(841,663)	**(45,818)**	(162,435)	**(160,414)**	(1,004,098)
PERCENTAGE OF SEGMENT TOTAL OVER GROUP TOTAL						
– GAINS	**56%**	55%	**44%**	45%	**100%**	100%
– LOSSES	**71%**	84%	**29%**	16%	**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	
	2017 US$'000	2016 US$'000 (RESTATED)	**2017 US$'000**	2016 US$'000
HONG KONG (PLACE OF DOMICILE)	**–**	–	**224,975**	410,672
PRC (EXCLUDING HONG KONG)	**1,837,315**	2,797,428	**2,974**	247
INDIA	**902,958**	1,054,659	**2,295**	2,329
AUSTRALIA	**35,942**	25,277	**3,834**	254,909
ASIA PACIFIC (EXCLUDING HONG KONG, PRC, INDIA AND AUSTRALIA)	**2,562,868**	2,094,070	**51,539**	227,966
NORTH AMERICA	**304,736**	593,944	**123,939**	416,998
SOUTH AMERICA	**200,233**	305,340	**198,940**	207,718
AFRICA	**92,110**	187,732	**7**	21
EUROPE	**497,626**	1,608,051	**2,957**	34,396
	6,433,788	8,666,501	**611,460**	1,555,256

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, 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	**2017 US$'000**	2016 US$'000 (RESTATED)
COST OF INVENTORIES SOLD AND UNREALISED MARK-TO-MARKET MOVEMENTS		**8,366,474**	7,684,998
FREIGHT EXPENSES		**81,103**	183,288
OPERATING LEASE PAYMENTS ON VESSELS		**280,255**	212,421
DEPRECIATION RELATED TO PRODUCTION ACTIVITIES		**35,087**	46,665
EMPLOYEE BENEFIT EXPENSES:			
SALARIES AND BONUSES		**1,297**	1,714
PENSION SCHEME CONTRIBUTIONS		**27**	28
IMPAIRMENT OF LONG TERM LOANS	C5.4	**6,497**	1,800
IMPAIRMENT OF TRADE RECEIVABLES	B2.3	**109,077**	12,006
IMPAIRMENT OF TRADE PREPAYMENTS		**–**	11,400
		8,879,817	8,154,320

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

	NOTES	**2017 US$'000**	2016 US$'000 (RESTATED)
IMPAIRMENT OF NON-CURRENT ASSETS	A10	**(421,662)**	(59,889)
IMPAIRMENT OF PREPAYMENTS AND OTHER RECEIVABLES		**(172,236)**	(5,380)
NET GAINS/(LOSSES) ON DISPOSAL OF NON-CURRENT ASSETS			
– NES	C7.2	**–**	291,485
– OTHERS EXCLUDING NES		**(8,540)**	(10,820)
LOSS ON DEEMED DISPOSAL OF AN ASSOCIATE	C4.5	**(257,815)**	–
PROVISION FOR ONEROUS CONTRACTS		**(16,087)**	–
RE-MEASUREMENT GAIN ON A PRE-EXISTING INTEREST IN JOINT VENTURES	C7.2	**15,904**	–
EXPENSES[1]		**(66,613)**	(71,466)
		(927,049)	143,930

[1] 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

	2017 US$'000	2016 US$'000 (RESTATED)
DIVIDEND INCOME FROM LONG TERM EQUITY INVESTMENTS	–	259
GAIN ON DISPOSAL OF LONG TERM EQUITY INVESTMENTS	–	115
LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	(1,638)	(1,281)
EXCHANGE DIFFERENCES AND OTHERS, NET	4,851	2,916
	3,213	2,009

A3.5 Selling, administrative and operating expenses

	2017 US$'000	2016 US$'000 (RESTATED)
EMPLOYEE BENEFIT EXPENSES:		
SALARIES AND BONUSES	147,680	195,721
PENSION SCHEME CONTRIBUTIONS	2,667	5,587
SHARE-BASED PAYMENT EXPENSE, NET	35,995	58,289
EQUITY-SETTLED SHARE OPTION EXPENSES/(WRITTEN BACK)	(5,751)	7,946
AUDIT FEE#	5,084	5,118
OTHER FEES PAID TO AUDITORS#	555	2,827
DEPRECIATION	25,988	30,266
OPERATING LEASE PAYMENTS ON LAND AND BUILDINGS	17,319	22,268
OTHERS	123,333	83,715
	352,870	411,737

Audit fee and other fees paid to auditors for discontinued operations not included in the table above for the year ended 31 December 2017 were US$2,935,000 (2016: US$4,371,000) and US$1,743,000 (2016: US$116,000), respectively.

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

	2017 US$'000	2016 US$'000 (RESTATED)
INTEREST INCOME:		
BANK DEPOSITS	(6,678)	(11,799)
LONG TERM LOANS	(25,643)	(35,171)
	(32,321)	(46,970)
INTEREST EXPENSE AND AMORTISATION:		
BANK DEBTS	61,657	95,838
SENIOR NOTES	149,942	96,141
	211,599	191,979
NET FINANCE COSTS	179,278	145,009

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 deductible book-tax temporary differences and unused tax losses and tax credits 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/(expense) in the consolidated income statements comprises the following:

	2017 US$'000	2016 US$'000 (RESTATED)
PROVISION FOR THE CURRENT YEAR	**(3,219)**	(40,721)
PROVISION FOR PRIOR YEARS	**6,953**	(4,866)
NET DEFERRED TAX PROVISION	**25,530**	(22,988)
	29,264	(68,575)

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

	2017 US$'000	2016 US$'000 (RESTATED)
PROFIT/(LOSS) BEFORE TAX	**(3,915,183)**	20,481
TAX CREDIT/(EXPENSE) AT THE APPLICABLE RATES IN THE COUNTRIES CONCERNED	**380,091**	(11,438)
INCOME NOT SUBJECT TO TAX	**66,640**	36,953
UNRECOGNISED DEFERRED TAXES	**(236,675)**	(22,290)
NON-DEDUCTIBLE EXPENSES	**(184,081)**	(58,172)
PROVISION FOR PRIOR YEARS	**6,953**	(4,866)
OTHERS	**(3,664)**	(8,762)
TAX CREDIT/(EXPENSE) FOR THE YEAR	**29,264**	(68,575)

A5 TAXATION (continued)

A5.4 Deferred tax assets and liabilities

Deferred tax assets have been recognised at 31 December 2017 and 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 2017 and 2016 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 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: Jamaica and Singapore, as of 31 December 2017 and Hong Kong, Jamaica, the UK and the US as of 31 December 2016. Hong Kong, Jamaica and the UK allow indefinite carry forward of tax losses while the US allows 20-year carry forward of tax losses. Although the Group believes that as of 31 December 2017 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 certain tax losses in jurisdictions such as Australia, Brazil, Indonesia and the UK. These unrecognised tax losses may be carried forward indefinitely, except those in Indonesia which may be carried forward for five years. Below is a summary of unrecognised deferred tax assets:

	2017 US$'000	2016 US$'000 (RESTATED)
TAX LOSSES NOT BENEFITED	**3,803,587**	1,900,187
DEFERRED TAX ASSETS NOT RECOGNISED IN RESPECT OF SUCH TAX LOSSES	**519,437**	402,730

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 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 AND AT 1 JANUARY 2017	**186,777**	**115,902**	**302,679**
ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**(113,361)**	**(69,946)**	**(183,307)**
BENEFIT RECOGNISED/(UTILISED) DURING YEAR:			
IN THE INCOME STATEMENT	**18,370**	**(42,102)**	**(23,732)**
IN EQUITY	**–**	**(1,461)**	**(1,461)**
AT 31 DECEMBER 2017	**91,786**	**2,393**	**94,179**

A5 TAXATION (continued)

A5.4 Deferred tax assets and liabilities (continued)

Deferred tax assets (continued)

	2017 US$'000	2016 US$'000
DEFERRED TAX ASSETS PER ABOVE	**94,179**	302,679
OFFSETS FOR STATEMENT OF FINANCIAL POSITION PRESENTATION*	**(1,672)**	(60,807)
DEFERRED TAX ASSETS AFTER OFFSETS	**92,507**	241,872

Deferred tax liabilities

	PROPERTY, PLANT & EQUIPMENT AND INTANGIBLES US$'000	INVESTMENT AND OTHER US$'000	TOTAL US$'000
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 AND AT 1 JANUARY 2017	**33,723**	**33,238**	**66,961**
LIABILITIES IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**(33,723)**	**(27,084)**	**(60,807)**
LIABILITY DISCHARGED DURING YEAR:			
IN THE INCOME STATEMENT	**–**	**(3,836)**	**(3,836)**
IN EQUITY	**–**	**(646)**	**(646)**
AT 31 DECEMBER 2017	**–**	**1,672**	**1,672**

	2017 US$'000	2016 US$'000
DEFERRED TAX LIABILITIES PER ABOVE	**1,672**	66,961
OFFSETS FOR STATEMENT OF FINANCIAL POSITION PRESENTATION*	**(1,672)**	(60,807)
DEFERRED TAX LIABILITIES AFTER OFFSETS	**–**	6,154

* 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 2016	–
BENEFIT RECOGNISED DURING YEAR IN THE INCOME STATEMENT	22,100
AT 31 DECEMBER 2016 AND AT 1 JANUARY 2017	**22,100**
BENEFIT WRITTEN OFF DURING YEAR IN THE INCOME STATEMENT	**(22,100)**
AT 31 DECEMBER 2017	**–**

A6 DISCONTINUED OPERATIONS

The Group has substantially completed the monetisation of its Global Oil Liquids and North American Gas & Power businesses. The monetisation plan has been enacted over the past several months via three separate processes:

1. Sale of the North American Gas & Power business. The North American Gas & Power business was conducted through Noble Americas Gas & Power Corp. ("NAGP") and was a subsidiary of Noble Americas Corp ("NAC"). NAGP was sold prior to the year end. (See Section C7.2);

2. Sale of NAC, a United States incorporated wholly-owned subsidiary of the Group. The Global Oil Liquids business was primarily conducted through NAC. NAC was sold subsequent to the year end (see Section A9). Its subsidiaries MR Coal Marketing & Trading, LLC ("MR Coal") and Noble Americas South Bend Ethanol LLC ("NASBE") were sold prior to the year end. (see Section C7.2); and

3. Wind-down of certain remaining Global Oil Liquids working capital balances within Noble Clean Fuels Limited ("NCFL"), a UK incorporated wholly-owned subsidiary of the Group. The NCFL borrowing base facility was fully repaid and cancelled on 11 December 2017. Following the completion of the wind-down process, the Group will retain its existing LNG and Asia-focused distillates businesses, which operate under NCFL and which remain complimentary to the Hard Commodities businesses.

The post-tax loss for the year ended 31 December 2017 from the discontinued Global Oil Liquids and North American Gas & Power operations attributable to the Group is presented below:

	2017	2016
	US$'000	US$'000
REVENUE	**27,987,009**	37,861,837
COST OF SALES AND SERVICES	**(28,283,323)**	(37,703,768)
OPERATING INCOME/(LOSS) FROM SUPPLYS CHAINS	**(296,314)**	158,069
LOSS ON SUPPLY CHAIN ASSETS, NET*	**(371,268)**	(9,705)
SHARE OF PROFITS AND LOSSES OF:		
JOINT VENTURES	**324**	13,776
ASSOCIATES	**(3,202)**	(4,402)
TOTAL OPERATING INCOME/(LOSSES)	**(670,460)**	157,738
OTHER INCOME NET OF OTHER EXPENSES	**1,158**	1,774
SELLING, ADMINISTRATIVE AND OPERATING EXPENSES	**(227,501)**	(249,911)
NET FINANCE COSTS	**(15,041)**	(12,785)
LOSS BEFORE TAX	**(911,844)**	(103,184)
TAXATION	**(141,591)**	159,415
NET PROFIT/(LOSS) FOR THE YEAR FROM THE DISCONTINUED OPERATIONS	**(1,053,435)**	56,231

* Includes impairment of US$114 million on proposed disposal of NAC, US$144 million loss on disposal of NAGP and US$61 million loss on disposal of NASBE.

The net cash flows incurred by discontinued operations for the year ended 31 December 2017 are as follows:

	2017	2016
	US$'000	US$'000
OPERATING ACTIVITIES	**78,507**	(713,001)
INVESTING ACTIVITIES	**(15,216)**	(10,827)
FINANCING ACTIVITIES	**(202,055)**	776,694
NET FOREIGN EXCHANGE DIFFERENCES	**1,231**	3,584
NET CASH INFLOW/(OUTFLOW)	**(137,533)**	56,450

A7 EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic earnings/(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 earnings/(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 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 earnings/(loss) per share are based on:

	CONTINUING OPERATIONS US$'000	DISCONTINUED OPERATIONS US$'000	GROUP US$'000
2017			
LOSS			
LOSS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT FOR BASIC AND DILUTED EARNINGS PER SHARE	**(3,884,799)**	**(1,053,435)**	**(4,938,234)**
LESS: CAPITAL SECURITIES DIVIDEND	**(24,388)**	**–**	**(24,388)**
ADJUSTED LOSS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT FOR BASIC AND DILUTED EARNINGS PER SHARE	**(3,909,187)**	**(1,053,435)**	**(4,962,622)**
2016			
EARNINGS/(LOSS)			
PROFIT/(LOSS) ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT FOR BASIC AND DILUTED EARNINGS PER SHARE	(47,578)	56,231	8,653
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	(71,578)	56,231	(15,347)

	2017 SHARE'000	2016 SHARE'000 (RESTATED)
SHARES		
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	**1,309,253**	1,083,136
DILUTIVE EFFECT OF SHARE OPTIONS	**–**	–
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES ADJUSTED FOR THE DILUTIVE EFFECT	**1,309,253**	1,083,136

Note: The effect of share consolidation and bonus element resulting from the rights issue has been included in the calculation of basic and diluted loss per share. Prior year basic and diluted earnings/(loss) per share is adjusted to take into the effect of share consolidation in order to provide a comparable basis for the share consolidation in the current year.

The basic and diluted earnings/(loss) per share are as follows:

	CONTINUING OPERATIONS		DISCONTINUED OPERATIONS		GROUP	
	2017 US$	2016 US$ (RESTATED)	**2017 US$**	2016 US$ (RESTATED)	**2017 US$**	2016 US$ (RESTATED)
BASIC	**(2.9858)**	(0.0661)	**(0.8046)**	0.0519	**(3.7904)**	(0.0142)
DILUTED	**(2.9858)**	(0.0661)	**(0.8046)**	0.0519	**(3.7904)**	(0.0142)

A8 OPERATING LEASE COMMITMENTS

A8.1 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.

A8.2 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 2017 and 2016 were as follows:

	2017				2016			
	VESSELS	OFFICE AND FACILITIES PREMISES	TERMINALS AND EQUIPMENT	TOTAL	VESSELS	OFFICE AND FACILITIES PREMISES	TERMINALS AND EQUIPMENT	TOTAL
AS LESSOR								
LEASE TERM	N/A	UP TO 2 YEARS	N/A		N/A	UP TO 3 YEARS	N/A	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
WITHIN ONE YEAR	–	132	–	132	–	749	–	749
IN THE SECOND TO FIFTH YEARS, INCLUSIVE	–	132	–	132	–	275	–	275
	–	264	–	264	–	1,024	–	1,024
AS LESSEE								
LEASE TERM	2 MONTHS TO 7 YEARS	UP TO 8 YEARS	UP TO 5 YEARS		1 YEAR TO 9 YEARS	UP TO 9 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	85,501	10,852	44,344	140,697	62,878	16,970	43,436	123,284
IN THE SECOND TO FIFTH YEARS, INCLUSIVE	173,432	26,964	190,544	390,940	190,824	47,290	186,566	424,680
AFTER FIVE YEARS	28,798	5,534	–	34,332	52,648	9,261	49,853	111,762
	287,731	43,350*	234,888*	565,969	306,350	73,521*	279,855*	659,726

* Operating lease commitments included above from discontinued operations for the year ended 31 December 2017 were US$21,329,000 (2016: US$26,582,000) for office and facilities premises and US$234,834,000 (2016: US$278,388,000) for terminals and equipment, respectively.

A9 EVENTS AFTER THE REPORTING PERIOD

1. On 12 January 2018, the Group announced the disposal of NAC had been completed.

   At the closing, the estimated consideration was approximately US$400 million, comprising the estimated closing date base consideration of approximately US$214 million, plus estimated closing date net working capital of approximately US$388 million, minus estimated closing date indebtedness of US$202 million. At the closing, the amount paid by the buyer to Noble Resources UK Holding Limited ("NRUK") was approximately US$272 million. In addition, the buyer has deposited with an escrow agent US$122 million, comprising the general escrow amount of US$107 million and the tank escrow amount of US$15 million. The amount to be paid out from the escrow account shall be subject to adjustment based on an amount (which may be a positive or negative amount) to be determined following the closing in accordance with the terms and conditions of the sales and purchase agreement ("SPA"). In addition, the amount paid by the buyer includes a deduction of approximately US$6 million in respect of transaction costs (including US$4 million which is payable by NRUK as a contribution towards the cost of certain insurance policies obtained by the buyer in respect of the SPA). A further announcement will be made upon the final determination of the consideration.

   At the closing, the buyer caused the repayment of the estimated closing date indebtedness to the intended beneficiaries, including the discharge of indebtedness under the NAC secured borrowing base facility. The NAC secured borrowing base facility has subsequently been retired.

2. The Group announced a restructure plan on 29 January 2018. For detail, please refer to "Basis of presentation, preparation and consolidation".

3. On 26 February 2018, the Group announced that its wholly-owned subsidiary, Noble Resources International Pte. Ltd. ("NRIPL"), had on 23 February 2018 entered into an asset purchase agreement with Tricon Dry Chemicals LLC and Tricon International Ltd. (doing business as Tricon Energy Ltd.) in connection with the proposed sale of a marketing and offtake agreement for petrochemical products. The aggregate consideration for the proposed disposal is approximately US$10 million.

A10 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS – ADJUSTMENTS TO PROFIT/(LOSS) BEFORE TAX

	NOTES	**2017 US$'000**	2016 US$'000 (RESTATED)
DEPRECIATION	C2.3	**83,062**	104,301
AMORTISATION OF INTANGIBLE ASSETS	C3.3	**18,792**	18,090
GAIN ON REDEMPTION OF SENIOR NOTES		**–**	(13,315)
NET LOSSES ON IMPAIRMENT AND DISPOSAL OF NON-CURRENT ASSETS*			
– FROM CONTINUING OPERATIONS		**431,427**	66,998
– FROM DISCONTINUED OPERATIONS		**119,355**	7,227
IMPAIRMENT OF LONG TERM LOANS	A3.2, C5.4	**6,497**	1,800
IMPAIRMENT OF TRADE RECEIVABLES		**97,965**	12,006
IMPAIRMENT OF PREPAYMENTS AND OTHER RECEIVABLES	B3.3	**172,236**	16,780
IMPAIRMENT OF INVENTORIES		**11,000**	–
LOSS ON DEEMED DISPOSAL OF AN ASSOCIATE	C4.5	**257,815**	–
NET LOSSES/(GAINS) ON DISPOSAL OF SUBSIDIARIES			
– FROM CONTINUING OPERATIONS (EXCLUDING NES)		**8,540**	3,718
– NES	C7.2	**–**	(291,485)
– FROM DISCONTINUED OPERATIONS		**202,536**	–
RE-MEASUREMENT GAIN ON A PRE-EXISTING INTEREST	C7.2	**(15,904)**	(4,245)
SHARE OF PROFITS AND LOSSES OF JOINT VENTURES/ASSOCIATES	C4.3, C4.5	**16,048**	71,519
SHARE-BASED PAYMENT AND EQUITY-SETTLED SHARE OPTION EXPENSES		**28,730**	60,336
DIVIDEND INCOME FROM LONG TERM EQUITY INVESTMENTS		**(876)**	(859)
NET FINANCE COSTS	A4.2, A6	**194,319**	157,794
		1,631,542	210,665

* Impairment of non-current assets of US$421,662,000 (2016: US$66,461,000), being property, plant and equipment of US$169,101,000 (2016: US$50,453,000) (see note C2.3 and E2), mine properties of US$7,488,000 (2016: US$2,845,000) (see note C2.4), intangible assets of US$36,604,000 (2016: US$Nil) (see note C2.3 and E2), associates of US$112,978,000 (2016: US$4,888,000) (see note C4.6), joint ventures of US$36,779,000 (2016: US$44,000) (see note C4.6), long term equity investments of US$23,866,000 (2016: US$8,231,000) (see note C5.3) and assets held for sale of US$34,846,000 (2016: US$Nil).

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. The Company has a receivables purchase program in place which involves a true sale of receivables to the bank(s) and utilises 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. Such inventory sales programmes included an option, not an obligation, to repurchase the goods at a later time.

Revolving credit facilities, see note D3.2

The Company utilises 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 and unsecured.

Borrowing base facility, see note D3.2

Certain of the Group's subsidiaries in the US and Europe utilised borrowing base facilities with certain banks to finance a portion of its working capital. These entities provided a general lien over their assets to the banks providing the facilities. Drawings in the form of loans and letters of credit (including stand-by letters of credit) were provided against specific eligible collateral, which included inventories and receivables. These borrowing base facilities have been retired following the completion of the monetisation of the Company's Global Oil Liquids and North American Gas & Power businesses after the year end.

	NOTES	**2017 US$'000**	2016 US$'000
TRADE RECEIVABLES	B2.3	**665,128**	2,407,412
PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	B3.3	**398,577**	867,010
NET FAIR VALUE GAINS ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	B6.3	**352,901**	2,776,419
INVENTORIES	B4.2	**166,422**	1,643,046
TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES	B5.2	**(942,664)**	(3,151,299)
WORKING CAPITAL		**640,364**	4,542,588

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 was 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:

		NEITHER PAST DUE NOR	PAST DUE BUT NOT IMPAIRED				
	TOTAL US$'000	IMPAIRED US$'000	< 31 DAYS US$'000	31-60 DAYS US$'000	61-90 DAYS US$'000	91-120 DAYS US$'000	>120 DAYS US$'000
2017	**638,447**	**504,084**	**47,618**	**25,953**	**20,372**	**11,458**	**28,962**
2016	2,407,412	2,087,448	168,289	13,893	12,534	12,830	112,418

Trade receivables of US$Nil (2016: US$352,501,000) were pledged to banks for borrowing base facilities of US$Nil (2016: US$2,000,000,000).

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 2017, trade receivables of US$134,286,000 were impaired and provided for as detailed below:

	2017 US$'000	2016 US$'000
AT 1 JANUARY	**31,309**	21,895
IMPAIRMENT	**109,077**	12,006
AMOUNTS WRITTEN OFF	**(3,520)**	(2,150)
DISPOSAL OF SUBSIDIARIES	**(2,580)**	(442)
AT 31 DECEMBER	**134,286**	31,309

B2.4 Receivable purchase programmes

	PROGRAMME SIZE US$'000	2017 US$'000	2016 US$'000
OIL LIQUIDS, ENERGY COAL AND METALS BUSINESSES	111,582	**98,110**	191,615

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. The size of the programme was reduced gradually to US$111,582,000 as at 31 December 2017. It was further reduced down to US$100,000,000 in January 2018.

As at 31 December 2017, trade receivables, with a credit period of up to 180 days, of US$98,110,000 (2016: US$191,615,000) were discounted. Pursuant to the Group's derecognition accounting policy as described in note F2, US$85,510,000 (2016: US$179,115,000) was derecognised on receipt of the associated financing, and US$12,600,000 (2016: 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$12,600,000 (2016: US$12,500,000) was recorded as bank borrowings at the end of the reporting period. Of the cash receipts, US$85,510,000 (2016: US$179,115,000) was recorded as cash and US$12,600,000 (2016: US$12,500,000) was held in a separate cash reserve account and was recognised within other receivables at the end of the reporting period. 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$12,600,000 (2016: 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 historical experience the Group believes the likelihood of a repurchase event occurring to be remote.

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. 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 was 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.

B3.3 Details of prepayments, deposits and other receivables

	GROUP		COMPANY	
	2017 US$'000	2016 US$'000	**2017 US$'000**	2016 US$'000
PREPAYMENTS	**191,386**	320,746	**30,099**	12,419
DEPOSITS AND OTHER RECEIVABLES	**207,191**	546,264	**25,791**	28,047
	398,577	867,010	**55,890**	40,466

During the year, prepayments and other receivables of US$172,236,000 (2016: US$16,780,000) were 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

	2017 US$'000	2016 US$'000
COMMODITY INVENTORIES AT FAIR VALUE		
– LEVEL 1	**79,377**	59,307
– LEVEL 2	**79,755**	1,573,083
	159,132	1,632,390
OTHER INVENTORIES AT THE LOWER OF COST AND NET REALISABLE VALUE	**7,290**	10,656
	166,422	1,643,046

Inventories of US$Nil (2016: US$1,053,608,000) and US$Nil (2016: US$109,477,000) were pledged to banks for borrowing base facilities of US$Nil (2016: US$2,000,000,000) 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 2017, RMI amounted to US$104,068,000 (2016: US$1,526,251,000), which represented 63% (2016: 93%) of total inventories, of which inventories in transit to customers were US$2,025,000 (2016: US$2,651,000).

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 as evidenced by the decrease in total inventories to US$166,422,000 (2016: US$1,643,046,000). As at 31 December 2017, inventory sales amounted to US$Nil (2016: US$129,000,000).

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 end of the reporting period; 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	
	2017 US$'000	2016 US$'000	**2017 US$'000**	2016 US$'000
TRADE PAYABLES (NON-INTEREST BEARING)	**371,898**	2,504,430	**–**	–
OTHER PAYABLES AND ACCRUED LIABILITIES	**570,766**	646,869	**272,761**	182,864
	942,664	3,151,299	**272,761**	**182,864**

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

	2017 US$'000	2016 US$'000
AT 1 JANUARY	**105,750**	132,175
ADDITIONAL PROVISIONS MADE	**36,056**	18,427
PROVISION UTILISED	**(7,200)**	(38,349)
WRITE BACK OF PROVISION	**(61,999)**	(6,503)
AT 31 DECEMBER	**72,607**	105,750

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.

B6 COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS (continued)

B6.1 Significant accounting policies (continued)

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 2017 and 2016:

		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
2017										
CURRENT ASSETS:										
TRADING	**PHYSICAL CONTRACTS**	**252,617**	**53,602**	**104,648**	**72,315**	**18,115**	**–**	**501,297**	**–**	**501,297**
	CASH-SETTLED CONTRACTS	**10,523**	**1,391**	**–**	**–**	**–**	**2,911**	**9,003**	**–**	**11,914**
CASH FLOW HEDGE	**IRS**	**–**	**–**	**50**	**–**	**54**	**–**	**104**	**–**	**104**
TOTAL		**263,140**	**54,993**	**104,698**	**72,315**	**18,169**	**2,911**	**510,404**	**–**	**513,315**
CURRENT LIABILITIES:										
TRADING	**PHYSICAL CONTRACTS**	**(121,449)**	**(7,443)**	**(6,923)**	**(959)**	**254**	**–**	**(136,520)**	**–**	**(136,520)**
	CASH-SETTLED CONTRACTS	**(17,465)**	**(3,589)**	**–**	**–**	**–**	**(21,040)**	**(14)**	**–**	**(21,054)**
	FX/IRS	**(34)**	**–**	**–**	**–**	**–**	**(32)**	**(2)**	**–**	**(34)**
CASH FLOW HEDGE	**CASH-SETTLED CONTRACTS**	**(2)**	**–**	**(13)**	**–**	**–**	**(15)**	**–**	**–**	**(15)**
	IRS	**–**	**–**	**(266)**	**(810)**	**(1,715)**	**–**	**(2,791)**	**–**	**(2,791)**
TOTAL		**(138,950)**	**(11,032)**	**(7,202)**	**(1,769)**	**(1,461)**	**(21,087)**	**(139,327)**	**–**	**(160,414)**
NET FINANCIAL ASSETS		**124,190**	**43,961**	**97,496**	**70,546**	**16,708**	**(18,176)**	**371,077**	**–**	**352,901**
PERCENTAGE OF TOTAL NET FINANCIAL ASSETS		**35%**	**12%**	**28%**	**20%**	**5%**	**(5%)**	**105%**	**0%**	**100%**
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%

During the years ended 31 December 2017 and 2016, 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 2017 and 2016, 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 2017 and 2016:

		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
2017										
CURRENT ASSETS:										
CASH FLOW HEDGE	**IRS**	**–**	**–**	**50**	**–**	**54**	**–**	**104**	**–**	**104**
CURRENT LIABILITIES:										
CASH FLOW HEDGE	**IRS**	**–**	**–**	**(266)**	**(810)**	**(1,715)**	**–**	**(2,791)**	**–**	**(2,791)**
NET FINANCIAL LIABILITIES		**–**	**–**	**(216)**	**(810)**	**(1,661)**	**–**	**(2,687)**	**–**	**(2,687)**
PERCENTAGE OF TOTAL NET FINANCIAL LIABILITIES		**N/A**	**N/A**	**8%**	**30%**	**62%**	**N/A**	**100%**	**N/A**	**100%**
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%

During the years ended 31 December 2017 and 2016, 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	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 FLOWS ARE DISCOUNTED AT A RISK ADJUSTED DISCOUNT RATE.
DISCOUNTED CASH FLOW	CASH-SETTLED CONTRACTS	CURRENT COMMODITY PRICE AND CREDITWORTHINESS OF THE COUNTERPARTIES AND NOBLE 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		UNFAVOURABLE	
				2017 US$'M	2016 US$'M	**2017 US$'M**	2016 US$'M
LEVEL 3 DISCOUNTED CASH FLOW	PHYSICAL CONTRACTS/ CASH-SETTLED CONTRACTS	INFLATION RATE*1	0.5%	–	197	–	(204)
		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:

	2017 **US$'000**	2016 US$'000
AT 1 JANUARY	**660,048**	614,832
ADDITIONS	**–**	(4,389)
DISPOSALS	**–**	(87,158)
REALISED DURING THE YEAR	**(14,313)**	(19,086)
UNREALISED GAIN/(LOSS) INCLUDED IN THE INCOME STATEMENT	**(698,383)**	126,225
ASSETS TRANSFER INTO LEVEL 3, NET	**–**	5,706
LIABILITIES TRANSFER OUT OF LEVEL 3, NET	**52,648**	23,918
AT 31 DECEMBER	**–**	660,048

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 were transferred into Level 3 during 2016 primarily due to the increase in sensitivity of the unobservable components of the transactions. The volatility in commodity prices during 2016 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. There was no transfer of contracts from Level 2 to Level 3 in 2017.

Contracts with a fair value loss of US$52,648,000 (2016: US$23,918,000) 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 2017				
FINANCIAL ASSETS				
COMMODITY CONTRACTS	–	–	–	–
FOREIGN EXCHANGE CONTRACTS	–	–	–	–
	–	–	–	–
FINANCIAL LIABILITIES				
COMMODITY CONTRACTS	–	–	–	–
FOREIGN EXCHANGE CONTRACTS	–	–	–	–
	–	–	–	–
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)	–

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 CEO, 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 CEO, 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 historical 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 2017 and 2016:

	2017	2016
AS AT 31 DECEMBER	**N/A**	0.36%
DAILY AVERAGE	**0.28%**	0.44%
HIGHEST	**1.18%**	1.16%
LOWEST	**N/A**	0.25%

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 team 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.

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

B7.3 Credit risk (continued)

Credit risk framework ("CRF") (continued)

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 enter/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.

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.

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.

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 (continued)

   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 2017, the fair value of such collateral and credit enhancements, including cash deposits, parent company guarantees, letters of credit and credit insurances, was US$3,160,227,000 (2016: US$8,250,942,000).

   The Group has a diverse customer base, with no customer representing more than 5% (2016: 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 2017 (2016: 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

	2017 **US$'000**	2016 US$'000
DECREASE/(INCREASE) IN TRADE RECEIVABLES	**1,210,423**	(330,859)
DECREASE IN PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	**264,985**	239,876
DECREASE IN NET FAIR VALUE GAINS/LOSSES IN COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	**2,446,769**	234,234
DECREASE IN INVENTORIES	**995,777**	148,069
DECREASE IN TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES	**(1,795,778)**	(1,426,781)
	3,122,176	(1,135,461)

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 (except for freehold land) 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 (other than freehold land) to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Leasehold land and building	$2^{1/2}$% 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 land and buildings, computer systems under development and other plant and equipment, 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.

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.

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 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 AND 1 JANUARY 2017	**252,657**	**20,623**	**387,885**	**453,064**	**9,341**	**24,161**	**1,147,731**
ADDITIONS	**48,323**	**1,008**	**689**	**3,231**	**82**	**15,691**	**69,024**
ADDITION ON ACQUISITION OF SUBSIDIARIES	**–**	**–**	**94,000**	**–**	**–**	**–**	**94,000**
ASSET TRANSFERS	**–**	**–**	**1,909**	**1,938**	**81**	**(3,928)**	**–**
DISPOSALS	**(410)**	**(142)**	**(62,980)**	**(22,715)**	**(816)**	**(877)**	**(87,940)**
DISPOSAL OF SUBSIDIARIES	**(1,078)**	**–**	**–**	**(91,028)**	**–**	**(2,702)**	**(94,808)**
IMPAIRMENT*/WRITTEN OFF	**(7,802)**	**(87)**	**(44,284)**	**(36,928)**	**–**	**–**	**(89,101)**
ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**(94,633)**	**(8,592)**	**–**	**(105,240)**	**–**	**(10,608)**	**(219,073)**
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	**–**	**–**	**(94,000)**	**–**	**–**	**–**	**(94,000)**
EXCHANGE ADJUSTMENTS	**1,255**	**134**	**–**	**1,038**	**(63)**	**(61)**	**2,303**
AT 31 DECEMBER 2017	**198,312**	**12,944**	**283,219**	**203,360**	**8,625**	**21,676**	**728,136**
ACCUMULATED DEPRECIATION:							
AT 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 AND 1 JANUARY 2017	**40,548**	**14,799**	**117,487**	**207,634**	**7,511**	**–**	**387,979**
PROVIDED DURING THE YEAR	**12,802**	**1,814**	**14,899**	**52,438**	**1,109**	**–**	**83,062**
DISPOSALS	**–**	**(143)**	**(51,219)**	**(21,795)**	**(561)**	**–**	**(73,718)**
DISPOSAL OF SUBSIDIARIES	**–**	**–**	**–**	**(19,160)**	**(85)**	**–**	**(19,245)**
ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**(23)**	**(5,352)**	**–**	**(56,293)**	**–**	**–**	**(61,668)**
EXCHANGE ADJUSTMENTS	**1,360**	**129**	**–**	**(1,296)**	**(58)**	**–**	**135**
AT 31 DECEMBER 2017	**54,687**	**11,247**	**81,167**	**161,528**	**7,916**	**–**	**316,545**
NET BOOK VALUE:							
AT 31 DECEMBER 2016	212,109	5,824	270,398	245,430	1,830	24,161	759,752
AT 31 DECEMBER 2017	**143,625**	**1,697**	**202,052**	**41,832**	**709**	**21,676**	**411,591**

* The recoverable amount of vessels was determined based on a value in use calculation at a discount rate of 8.75% (2016: 6.40%).

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

C2.3 Property, plant and equipment (continued)

Land and buildings – at cost

	2017			2016		
	FREEHOLD US$'000	**LEASEHOLD US$'000**	**TOTAL US$'000**	FREEHOLD US$'000	LEASEHOLD US$'000	TOTAL US$'000
COUNTRY						
JAMAICA	**179,412**	**–**	**179,412**	174,198	–	174,198
INDONESIA	**15,387**	**–**	**15,387**	23,189	–	23,189
USA/AUSTRALIA/UAE/INDIA/MONGOLIA	**3,513**	**–**	**3,513**	9,468	45,802	55,270
	198,312	**–**	**198,312**	206,855	45,802	252,657

Vessels

As at 31 December 2017, vessels with a net carrying amount of approximately US$202,052,000 (2016: US$267,712,000) 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

	2017 US$'000	2016 US$'000
COMPUTER SYSTEMS UNDER DEVELOPMENT	**–**	3,368
LAND AND BUILDINGS	**19,738**	18,585
OTHER PLANT AND EQUIPMENT	**1,938**	2,208
	21,676	24,161

Non-current assets classified as held for sale

The four dry bulk carrier vessels are categorised as held for sale and written down to estimated recoverable amount as at 31 December 2017, resulting in an impairment charge of US$36,604,000 against goodwill previously recorded.

As at 31 December 2017, vessels under held for sale with a net carrying amount of US$94,000,000 were pledged to secure certain vessel 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.

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 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 AND 1 JANUARY 2017	**4,472**	**13,034**	**10,314**	**27,820**
IMPAIRMENT* (NOTE A1)	**–**	**(7,488)**	**–**	**(7,488)**
DISPOSALS OF SUBSIDIARIES	**(41)**	**(147)**	**–**	**(188)**
ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**(4,702)**	**(5,521)**	**(8,328)**	**(18,551)**
EXCHANGE ADJUSTMENTS	**271**	**252**	**–**	**523**
AT 31 DECEMBER 2017	**–**	**130**	**1,986**	**2,116**
ACCUMULATED AMORTISATION:				
AT 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 AND 1 JANUARY 2017	**1,235**	**3,448**	**10,314**	**14,997**
ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**(1,294)**	**(3,477)**	**(8,328)**	**(13,099)**
EXCHANGE ADJUSTMENTS	**59**	**159**	**–**	**218**
AT 31 DECEMBER 2017	**–**	**130**	**1,986**	**2,116**
NET BOOK VALUE:				
AT 31 DECEMBER 2016	3,237	9,586	–	12,823
AT 31 DECEMBER 2017	**–**	**–**	**–**	**–**

* Impairment of US$7,488,000 in 2017 was related to a coal mine in Indonesia. Impairment of US$2,845,000 in 2016 was related to an iron ore mine in Australia.

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 2017 and 2016.

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 2017 and 2016.

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 cash-generating units ("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 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 AND 1 JANUARY 2017	**71,460**	**111,835**	**3,320**	**–**	**186,615**
ADDITIONS ON ACQUISITION OF SUBSIDIARIES (C7.2)	**39,152**	**–**	**–**	**–**	**39,152**
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	**(36,604)**	**–**	**–**	**–**	**(36,604)**
ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**(70,019)**	**(111,835)**	**(3,320)**	**–**	**(185,174)**
DISPOSAL OF SUBSIDIARIES	**(1,441)**	**–**	**–**	**–**	**(1,441)**
AT 31 DECEMBER 2017	**2,548**	**–**	**–**	**–**	**2,548**
ACCUMULATED AMORTISATION AND IMPAIRMENT:					
AT 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 AND 1 JANUARY 2017	**23,122**	**38,416**	**–**	**–**	**61,538**
AMORTISATION	**–**	**18,792**	**–**	**–**	**18,792**
ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**(23,122)**	**(57,208)**	**–**	**–**	**(80,330)**
AT 31 DECEMBER 2017	**–**	**–**	**–**	**–**	**–**
NET CARRYING AMOUNT:					
AT 31 DECEMBER 2016	48,338	73,419	3,320	–	125,077
AT 31 DECEMBER 2017	**2,548**	**–**	**–**	**–**	**2,548**

The carrying amount of goodwill as at 31 December 2017 represents goodwill arising from the acquisition of Tailai Coal (Shanghai) Company Limited in 2017 ("Tailai Goodwill") which has been allocated as a standalone CGU for impairment testing. The carrying amount of goodwill as at 31 December 2016 also included goodwill arising from the acquisition of Noble Petro Inc., a subsidiary of NAC, in 2010 ("NPI Goodwill"). The intangible assets reclassified to assets held for sale were fully impaired following the decision to sell NAC. Please refer to note E2 for details.

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.

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.

C4.3 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 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 AND AT 1 JANUARY 2017	**74,779**	**83,634**	**(1,283)**	**39,128**	**196,258**
ADDITIONS	**90,000**	**–**	**–**	**–**	**90,000**
DISPOSAL	**(1,209)**	**(12,710)**	**–**	**(4,779)**	**(18,698)**
SHARE OF LOSS	**(5,501)**	**–**	**–**	**–**	**(5,501)**
SHARE OF OTHER COMPREHENSIVE INCOME	**2,282**	**–**	**–**	**–**	**2,282**
DIVIDEND INCOME	**(10,648)**	**–**	**–**	**–**	**(10,648)**
IMPAIRMENT**	**(1,072)**	**(1,613)**	**–**	**(34,094)**	**(36,779)**
CHANGE IN LONG TERM BALANCES	**–**	**(14,631)**	**1,283**	**–**	**(13,348)**
TRANSFER OF PREVIOUS EQUITY ACCOUNTED INVESTMENTS TO SUBSIDIARY	**(11,347)**	**(33,032)**	**–**	**(255)**	**(44,634)**
OTHERS	**(1,787)**	**–**	**–**	**–**	**(1,787)**
AT 31 DECEMBER 2017	**135,497**	**21,648**	**–**	**–**	**157,145**

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

** Please refer to note C4.6 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
HARBOUR ENERGY LP	*1	CAYMAN ISLANDS	75	50	75	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
WATT POWER LIMITED	*5	UNITED KINGDOM	75	50	75	DEVELOPER OF POWER GENERATION ASSETS
YN ENERGY PTY LTD	*6	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 Scott Moncrieff
*6 Deloitte Touche Tohmatsu

The Group has increased its equity interests in Tailai Coal (Shanghai) Company Limited ("Tailai Shanghai"), Panacore Investments Limited ("Panacore") and Core Shipping Limited ("Core Shipping") during the year. As a result, each of these entities became a subsidiary of the Group. For detail, please refer to note C7.2.

During the year, the Group disposed of its entire interests in Coalridge Limited, Ekhgoviin Chuluu LLC, PT Borneo Sejahtera Mulya ("PT BSM") and Triumph Alliance with loss on disposals of US$7,616,000.

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.3 Investments in joint ventures (continued)

Material joint venture

Harbour Energy

Pursuant to a joint venture agreement executed 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. 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 2017. For the purpose of equity accounting, the management has used the financial statements of Harbour for the nine-month period ended September 2017. Harbour's full year audited results may be different. Any difference will be adjusted for by the Group in 2018.

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

	2017 **US$'000**	2016 US$'000
REVENUE INCLUDING INTEREST INCOME RECEIVED BY THE PARTNERSHIP	**5**	3
LOSS FOR THE YEAR	**(13,779)**	(22,121)
OTHER COMPREHENSIVE INCOME	**–**	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(13,779)**	(22,121)
DIVIDEND RECEIVED	**–**	–

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 shares in 55% of any loss once it exceeds a US$50,000,000 threshold.

In 2016, the accumulated loss exceeded the loss protection provided by EIG, therefore the Group's share of such loss amounted to US$17,456,000.

In 2017, after the Group's interest in Harbour increased to 75%, the Group's share of such loss amounted to US$9,050,000.

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.3 Investments in joint ventures (continued)

Material joint venture (continued)

Harbour Energy *(continued)*

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

	2017 US$'000	2016 US$'000
CURRENT ASSETS	**6,059**	27,775
NON-CURRENT ASSETS	**123,337**	16,163
CURRENT LIABILITIES	**(5,902)**	(110)
NET ASSETS	**123,494**	43,828
GOODWILL RECORDED IN HARBOUR'S FINANCIAL STATEMENTS	**–**	–
NET ASSETS, EXCLUDING GOODWILL	**123,494**	43,828
PROPORTION OF THE GROUP'S OWNERSHIP	**75%**	55%
GROUP'S SHARE OF NET ASSETS OF THE JOINT VENTURE	**92,621**	24,105
ACCOUNTING ADJUSTMENTS (SEE BELOW)	**31,287**	18,853
CARRYING AMOUNT OF THE INVESTMENT	**123,908**	42,958

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.

Subsequent to the date of the above statement of financial position, Harbour completed the acquisition of a well-diversified portfolio of oil and natural gas assets from Shell U.K. Limited and its affiliates through Chrysaor Holdings Limited. In order to fund the acquisition, Harbour raised US$527 million with the issuance of new Series B preferred units.

Other joint ventures

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

	2017 US$'000	2016 US$'000
SHARE OF PROFITS OF JOINT VENTURES OTHER THAN HARBOUR	**3,549**	5,196
SHARE OF OTHER COMPREHENSIVE INCOME/(LOSSES) OF JOINT VENTURES OTHER THAN HARBOUR	**2,282**	(10,096)
SHARE OF TOTAL COMPREHENSIVE INCOME/(LOSSES) OF JOINT VENTURES OTHER THAN HARBOUR	**5,831**	(4,900)

C4.4 Investment in joint operation

The Group has interests in one unincorporated joint arrangement. The Group classified the joint arrangement as joint operation and recognises in relation to its interests in the joint operation, its share of assets held jointly and liabilities incurred jointly. The details of the joint operation as at 31 December 2017 and 2016 are as follows:

NAME OF PARTNERSHIP	COUNTRY OF INCORPORATION AND PLACE OF BUSINESS	PRINCIPAL ACTIVITIES	PROPORTION (%) OF OWNERSHIP INTEREST	
			2017	2016
JAMALCO	JAMAICA	BAUXITE MINING AND ALUMINA PRODUCTION	**55%**	55%

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.5 Investment in associates

		LONG TERM BALANCES*			
	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 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 AND AT 1 JANUARY 2017	**418,284**	**14,017**	**(10,001)**	**39,046**	**461,346**
ADDITIONS	**7,772**	**–**	**–**	**–**	**7,772**
DISPOSALS	**(61,751)**	**–**	**–**	**–**	**(61,751)**
DEEMED DISPOSALS	**(283,889)**	**–**	**–**	**–**	**(283,889)**
SHARE OF LOSS	**(10,547)**	**–**	**–**	**–**	**(10,547)**
SHARE OF OTHER COMPREHENSIVE INCOME	**25,799**	**–**	**–**	**–**	**25,799**
IMPAIRMENT**	**(63,578)**	**(14,106)**	**–**	**(35,294)**	**(112,978)**
CHANGE IN LONG TERM BALANCES	**–**	**1,730**	**10,001**	**–**	**11,731**
OTHERS	**2,693**	**–**	**–**	**–**	**2,693**
AT 31 DECEMBER 2017	**34,783**	**1,641**	**–**	**3,752**	**40,176**
COMPANY:					
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 AND AT 1 JANUARY 2017	**618**	**12,823**	**–**	**–**	**13,441**
IMPAIRMENT	**(618)**	**(14,106)**	**–**	**–**	**(14,724)**
CHANGES IN LONG TERM BALANCES	**–**	**1,283**	**–**	**–**	**1,283**
AT 31 DECEMBER 2017	**–**	**–**	**–**	**–**	**–**

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

** Please refer to note C4.6 for the details of impairment assessment on investments in associates.

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.5 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	
			2017	2016		**2017 US$'000**	2016 US$'000
LISTED							
ASPIRE MINING LIMITED	*3	AUSTRALIA	**19.9**	10.4	COAL EXPLORATION	**3,917**	2,116
BARALABA	*4	AUSTRALIA	**35.4**	36.0	COAL MINING	**N/A#**	22,438
EAST ENERGY RESOURCES LIMITED ("EER")	*7	AUSTRALIA	**40.9**	40.9	COAL EXPLORATION	**1,137**	843
PT ATLAS RESOURCES TBK. ("ATLAS")	*5	INDONESIA	**–^**	10.1	COAL MINING	**–**	11,716
RESOURCE GENERATION LIMITED ("RESGEN")	*6	AUSTRALIA	**13.7**	13.7	COAL MINING	**4,095**	4,311
XANADU MINES LTD ("XML")	*1	AUSTRALIA	**8.0**	7.8	COAL EXPLORATION	**10,093**	6,071
YANCOAL	*8	AUSTRALIA	**–^**	13.2	COAL MINING	**–**	46,311
UNLISTED							
INFLECTION ENERGY LLC	*5	UNITED STATES OF AMERICA	**–**	17.4	NATURAL GAS EXPLORATION	**N/A**	N/A
TERMINALES PORTUARIAS DEL PACIFICO, S.A.P.I. DE C.V.	*2	MEXICO	**20.0**	20.0	MINERAL AND STEEL TERMINAL	**N/A**	N/A
NORTHERN MONGOLIAN RAILWAYS LIMITED	*9	BRITISH VIRGIN ISLANDS	**20.0**	–	BUILD, OPERATE AND TRANSFER A RAILWAY LINE IN MONGOLIA	**N/A**	–

List of statutory auditors

*1 Ernst & Young
*2 PwC
*3 HLB Mann Judd
*4 KPMG
*5 Mulyamin Sensi Suryanto & Lianny
*6 Deloitte Touche Tohmatsu
*7 Regency Audit Pty Ltd
*8 ShineWing Hall Chadwick
*9 No statutory audit requirement
The stock was suspended from trading as at 6 July 2017
^ During the year, the Group had lost the capacity to exercise significant influence over the associates and had re-classified them to long term equity investments.

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)

C4.5 Investment in associates (continued)

Material associates

Yancoal

The Group's investment in Yancoal was previously accounted for on the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses, as an investment in an associate. Following the dilution of the Group's shareholding in Yancoal during 2017, the investment is now accounted for as a long term equity investment. The investment is now carried on the consolidated statement of financial position with reference to its Australian Stock Exchange quoted market price. US$257,815,000 loss on deemed disposal was recognised in the income statement for the year ended 31 December 2017 (A3.3, A10).

Extract of the associate's income statement and the Group's share of total comprehensive loss for the year ended 31 December 2016 was as follows:

	2016 US$'000
REVENUE	920,838
LOSS FOR THE YEAR	(168,879)
OTHER COMPREHENSIVE INCOME	47,072
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(121,807)
DIVIDEND RECEIVED	–
SHARE OF LOSS FOR THE YEAR#	(42,596)
SHARE OF OTHER COMPREHENSIVE LOSS FOR THE YEAR^	(5,155)
SHARE OF TOTAL COMPREHENSIVE LOSS	(47,751)

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)

C4.5 Investment in associates (continued)

Material associates (continued)

Yancoal *(continued)*

Reconciliation of the Group's interest in the associate to its statement of financial position as at 31 December 2016 was as follows:

	2016 US$'000
CURRENT ASSETS	533,507
NON-CURRENT ASSETS	4,997,834
CURRENT LIABILITIES	(359,547)
NON-CURRENT LIABILITIES	(4,195,624)
NET ASSETS	976,170
GOODWILL RECORDED IN FINANCIAL STATEMENTS	(43,521)
SUBORDINATE CAPITAL NOTE ("SCN") NET DISTRIBUTION TO SCN HOLDERS AND TRANSACTION COST	(1,452,484)
NET LIABILITIES, EXCLUDING GOODWILL AND SCN	(519,835)
PROPORTION OF THE GROUP'S OWNERSHIP	13.16%
GROUP'S SHARE OF NET LIABILITIES OF THE ASSOCIATE	(68,410)
ACQUISITION FAIR VALUE AND OTHER ADJUSTMENTS[#]	248,837
CARRYING AMOUNT OF THE INVESTMENT	180,427

[#] 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:

	2017 **US$'000**	2016 US$'000
SHARE OF LOSSES OF ASSOCIATES EXCLUDING MAJOR ASSOCIATES	**(13,501)**	(16,663)
SHARE OF OTHER COMPREHENSIVE INCOME/(LOSSES) OF ASSOCIATES EXCLUDING MAJOR ASSOCIATES	**1,607**	(3,715)
SHARE OF TOTAL COMPREHENSIVE LOSSES OF ASSOCIATES EXCLUDING MAJOR ASSOCIATES	**(11,894)**	(20,378)

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.6 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 2017 and 2016 together with the details of impairment assessment.

DESCRIPTION	**2017 US$'000**	2016 US$'000	DETAILS OF IMPAIRMENT ASSESSMENT
ASSOCIATES			
BARALABA	**31,629**	(40,000)	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$40,000,000 OF THE IMPAIRMENT LOSS TAKEN IN 2015. THE RECOVERABLE AMOUNT WAS DETERMINED BASED ON A VALUE IN USE CALCULATION AT DISCOUNT RATE OF 20%. FOLLOWING AN UNSUCCESSFUL ATTEMPT TO RAISE ADEQUATE FUNDS TO RE-START BARALABA NORTH MINE AND MEET ON-GOING WORKING CAPITAL AND DEBT OBLIGATIONS, BARALABA WENT INTO VOLUNTARY ADMINISTRATION IN JULY 2017. IN VIEW OF THE ABOVE, THE GROUP IMPAIRED THE CARRYING VALUE OF BARALABA TO NIL. THE CARRYING AMOUNT OF THE ASSOCIATE WAS US$NIL AS AT 31 DECEMBER 2017 (2016: US$37,153,000).
EER	**19,115**	4,888	IN 2016 THE GROUP HAS MADE A PROVISION OF US$4,888,000 WHICH WAS RELATED TO THE LONG TERM LOAN DUE FROM EER DUE TO THE CONTINUED DOWNTURN IN THE THERMAL MARKET. THE PROVISION FOR THE LONG TERM LOAN WAS CALCULATED BASED ON 25% OF THE CREDIT EXPOSURE OUTSTANDING. IN VIEW OF EER'S REQUEST FOR VOLUNTARY SUSPENSION OF ITS SECURITIES ON 29 SEPTEMBER 2017, THE GROUP IMPAIRED THE CARRYING VALUE OF EER TO NIL. AS AT 14 DECEMBER 2017, EER REQUESTED TO LIFT THE VOLUNTARY SUSPENSION AND REINSTATE ITS SECURITIES TO TRADING. THE CARRYING AMOUNT OF THE ASSOCIATE WAS US$NIL AS AT 31 DECEMBER 2017 (2016: US$17,055,000).
ASPIRE	**27,624**	–	THE GROUP ACQUIRED ADDITIONAL SHARES IN ASPIRE IN 2017 AT MARKET TRADED PRICE AND INCREASED ITS SHAREHOLDING FROM 10.4% TO 19.9% IN THE COMPANY. DURING THE YEAR, THE GROUP PERFORMED IMPAIRMENT ASSESSMENT AND IMPAIRED THE VALUE OF RECOVERABLE AMOUNT. THE CARRYING AMOUNT OF THE ASSOCIATE WAS US$3,917,000 AS AT 31 DECEMBER 2017 (2016: US$28,288,000).
ATLAS	**34,610**	–	THE GROUP RECLASSIFIED ATLAS TO LONG TERM EQUITY INVESTMENT FOLLOWING LOSS OF ITS CAPACITY TO EXERCISE SIGNIFICANT INFLUENCE AND THE INVESTMENT HAS BEEN STATED AT MARKET VALUE OF US$24 MILLION AS AT 31 DECEMBER 2017. THE CARRYING AMOUNT OF THE ASSOCIATE AS AT 31 DECEMBER 2016 WAS US$58,690,000.
	112,978	(35,112)	
JOINT VENTURES			
TRIUMPH ALLIANCE	**34,742**	–	THE GROUP DISPOSED OF ITS HOLDING IN 2017 AND THE CARRYING VALUE WAS IMPAIRED TO THE DISPOSAL VALUE AGREED PER THE TERM SHEET SIGNED PRIOR TO THE ACTUAL DISPOSAL.
OTHERS	**2,037**	44	THESE IMPAIRMENT CHARGES WERE DRIVEN BY THE GROUP'S REASSESSMENT OF EXPECTED FUTURE INCOME STREAMS.
	36,779	44	

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 at the end of the reporting period. 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 was 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	
	2017 US$'000	2016 US$'000 (RESTATED)	**2017 US$'000**	2016 US$'000 (RESTATED)
LISTED EQUITY SECURITIES, AT LEVEL 1 FAIR VALUATION BASED ON OBSERVABLE MARKET PRICES:				
ENERGY	**21,902**	11,357	**–**	–
METALS, MINERALS AND ORES	**30,853**	9,230	**126**	195
	52,755	20,587	**126**	195
UNLISTED EQUITY INVESTMENTS, AT COST				
ENERGY	**54,444**	8,763	**–**	–
METALS, MINERALS AND ORES	**50,225**	43,892	**–**	415
	104,669	52,655	**–**	415
LESS ACCUMULATED IMPAIRMENT IN:				
ENERGY	**(22,444)**	(6,572)	**–**	–
METALS, MINERALS AND ORES	**(40,805)**	(38,234)	**–**	–
	41,420	7,849	**–**	415
TOTAL OF LISTED AND UNLISTED EQUITY INVESTMENTS	**94,175**	28,436	**126**	610

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 2017, the change in fair value of the Group's long term equity securities recognised in other comprehensive income amounted to a loss of US$300,000 (2016: gain of US$6,993,000). An impairment loss of US$1,422,000 (2016: US$Nil) 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.

The recoverable amount of the investment is determined based on the discounted estimated future cash flows.

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. Interest on the loans are at market rates. Operating segments to which the loans are related are set out below:

	2017 US$'000	2016 US$'000
LONG TERM LOANS:		
ENERGY	**157,072**	116,423
METALS, MINERALS AND ORES	**208,048**	270,635
	365,120	387,058
LESS CURRENT PORTION OF LONG TERM LOANS	**(94,553)**	(96,520)
	270,567	290,538
LESS IMPAIRMENT RELATED TO LOAN RESTRUCTURING WITH SUPPLIERS (NOTE A3.2):		
METALS, MINERALS AND ORES	**(6,497)**	(1,800)
	(6,497)	(1,800)
	264,070	288,738

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

	2017 US$'000	2016 US$'000
WITHIN ONE YEAR	**94,553**	96,520
1 – 2 YEARS	**27,490**	58,985
2 – 5 YEARS	**153,313**	89,852
> 5 YEARS	**83,267**	139,901
TOTAL	**358,623**	385,258

C6 CAPITAL COMMITMENTS

At 31 December 2017, the Group has entered into contracts to acquire certain vessels and construction assets of US$39,327,000 (2016: US$33,991,000) which have not been provided for in the financial statements.

C7 ACQUISITION AND DISPOSAL 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 OF SUBSIDIARIES (continued)

C7.2 Details of acquisition and disposal of subsidiaries

2017 Acquisitions

Tailai Shanghai

On 5 July 2017, the Group has increased its equity interests in Tailai Shanghai, a coal trading company and previously a joint venture of the Group, from 50% to 100% at cash consideration of US$5,397,000. The Group acquired Tailai Shanghai in order to obtaining full control over this entity and further its development and access to coal trading in China. Following the acquisition, Tailai Shanghai became a wholly-owned subsidiary of the Group. The provisional fair value of the identifiable assets and liabilities of Tailai Shanghai as at the date of acquisition are detailed below:

	FAIR VALUE RECOGNISED ON ACQUISITION US$'000
CASH AND CASH EQUIVALENTS	7,464
TRADE RECEIVABLES*	1,279
PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	18
TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES	(515)
TOTAL IDENTIFIABLE NET ASSETS AT FAIR VALUE	8,246
GOODWILL ON ACQUISITION	2,548
TOTAL CONSIDERATION	10,794
CASH INFLOW ON ACQUISITION:	
TOTAL CONSIDERATION FOR EQUITY INTEREST ACQUIRED	(10,794)
LESS: NON-CASH CONSIDERATION	5,397
CONSIDERATION SETTLED IN CASH	(5,397)
LESS: NET CASH ACQUIRED WITH THE SUBSIDIARY	7,464
NET CASH INFLOW	2,067
CONSIDERATION TRANSFERRED FOR THE ACQUISITION OF TAILAI SHANGHAI:	
CASH PAYMENT	5,397
FAIR VALUE OF EQUITY INTEREST IN TAILAI SHANGHAI HELD BY THE GROUP IMMEDIATELY BEFORE THE ACQUISITION	5,397
	10,794
INVESTMENT COST IN TAILAI SHANGHAI AT HISTORICAL COST	4,956
FAIR VALUE OF PRE-EXISTING EQUITY INTEREST	5,397
RE-MEASUREMENT GAIN	441

* The gross contractual amount of trade receivables was US$1,279,000.

C7 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

C7.2 Details of acquisition and disposal of subsidiaries (continued)

2017 Acquisitions (continued)

Tailai Shanghai *(continued)*

The goodwill of US$2,548,000 comprises the value of expected synergies arising from the acquisition which is not separately recognised.

The acquisition-related cost is insignificant.

From the date of acquisition, Tailai Shanghai generated revenue of US$62,247,000 and recorded a net loss of US$127,000 for the year ended 31 December 2017. If the combination had taken place at the beginning of the year, revenue and net loss attributable by Tailai Shanghai to the Group would have been US$103,297,000 and US$813,000 respectively for the year ended 31 December 2017.

Panacore

On 21 August 2017, the Group has increased its equity interests in Panacore, previously a joint venture of the Group, from 65% to 100% for a total consideration of US$11,905,000, including cash consideration of US$1 and debt forgiveness of US$11,905,000 with the previous joint venture partner of Panacore. The Group acquired Panacore to fully discharge the joint venture partner which was not meeting its financial obligations, and in the process obtained control over the entity. Following the acquisitions, Panacore became a wholly-owned subsidiary of the Group. The provisional fair value of the identifiable assets and liabilities of Panacore as at the date of acquisition are detailed below:

	FAIR VALUE RECOGNISED ON ACQUISITION US$'000
PROPERTY, PLANT AND EQUIPMENT	94,000
CASH AND CASH EQUIVALENTS	63
TRADE RECEIVABLES*	8
PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	834
INVENTORIES	2,609
TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES	(33,808)
CURRENT PORTION OF LONG TERM DEBTS	(4,545)
LONG TERM DEBTS	(61,751)
TOTAL IDENTIFIABLE NET LIABILITIES AT FAIR VALUE	(2,590)
GOODWILL ON ACQUISITION	36,604
TOTAL CONSIDERATION	34,014
CASH INFLOW ON ACQUISITION:	
TOTAL CONSIDERATION FOR EQUITY INTEREST ACQUIRED	(34,014)
LESS: NON-CASH CONSIDERATION	34,014
CONSIDERATION SETTLED IN CASH	–
LESS: NET CASH ACQUIRED WITH THE SUBSIDIARY	63
NET CASH INFLOW	63

* The gross contractual amount of trade receivables was US$8,000.

C7 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

C7.2 Details of acquisition and disposal of subsidiaries (continued)

2017 Acquisitions (continued)

Panacore *(continued)*

	US$'000
CONSIDERATION TRANSFERRED FOR THE ACQUISITION OF PANACORE:	
CASH PAYMENT	–
DEBT FORGIVENESS	11,905
FAIR VALUE OF EQUITY INTEREST IN PANACORE HELD BY THE GROUP IMMEDIATELY BEFORE THE ACQUISITION	22,109
	34,014
INVESTMENT COST IN PANACORE AT HISTORICAL COST	6,646
FAIR VALUE OF PRE-EXISTING EQUITY INTEREST	22,109
RE-MEASUREMENT GAIN	15,463

Subsequently when the Group classified the four dry bulk carrier vessels of Panacore as held for sale, the goodwill of US$36,604,000 was impaired.

The acquisition-related cost is insignificant.

From the date of acquisition, Panacore generated revenue of US$Nil and recorded a net loss of US$20,495,000 for the year ended 31 December 2017. If the combination had taken place at the beginning of the year, revenue and net loss attributable by Panacore to the Group would have been US$Nil and US$14,780,000 respectively for the year ended 31 December 2017.

C7 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

C7.2 Details of acquisition and disposal of subsidiaries (continued)

2017 Disposals

In 2017, the Group disposed of its controlling interests in NAGP, MR Coal and NASBE as well as other insignificant subsidiaries.

The carrying values of the assets and liabilities over which control was lost and the net cash received from these disposals are detailed below:

	NAGP US$'000	MR COAL US$'000	NASBE US$'000	OTHERS US$'000	TOTAL US$'000
PROPERTY, PLANT AND EQUIPMENT	–	–	74,423	1,140	75,563
MINE PROPERTIES	–	–	–	188	188
INTANGIBLE ASSETS	–	–	–	1,441	1,441
INTERESTS IN ASSOCIATES	61,751	–	–	–	61,751
DEFERRED TAX ASSETS	–	–	–	102	102
CASH AND CASH EQUIVALENTS*	160,915	–	2,364	2,198	165,477
TRADE RECEIVABLES	68,955	18,226	1,181	7,601	95,963
PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	2,499	1,852	2,368	8,009	14,728
FAIR VALUE GAINS ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	207,464	–	–	1,073	208,537
INVENTORIES	16,056	26,276	3,873	–	46,205
TAX RECOVERABLE	–	–	–	254	254
TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES	(59,263)	(11,822)	(4,689)	(1,493)	(77,267)
FAIR VALUE LOSSES ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	(146,606)	–	–	–	(146,606)
CURRENT PORTION OF BANK DEBTS	–	–	–	(113)	(113)
TAX PAYABLE	–	–	–	(7)	(7)
DEFERRED TAX LIABILITIES	–	–	–	(360)	(360)
NET ASSETS	311,771	34,532	79,520	20,033	445,856
EXCHANGE FLUCTUATION RESERVES	–	–	–	3,342	3,342
EQUITY VALUE ATTRIBUTABLE TO THE GROUP	311,771	34,532	79,520	23,375	449,198
CASH AND CASH EQUIVALENTS RECEIVED	(115,123)	(34,529)	(18,156)	(10,565)	(178,373)
FUTURE CONSIDERATION	(52,857)	–	–	(4,146)	(57,003)
DEBT FORGIVENESS	–	–	–	(4,231)	(4,231)
LOSS ON DISPOSAL	(143,791)	(3)	(61,364)	(4,433)	(209,591)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	NAGP US$'000	MR COAL US$'000	NASBE US$'000	OTHERS US$'000	TOTAL US$'000
CASH CONSIDERATION	115,123	34,529	18,156	10,565	178,373
CASH AND CASH EQUIVALENTS DISPOSED OF	(56)	–	(2,364)	(2,198)	(4,618)
NET INFLOW OF CASH AND CASH EQUIVALENTS IN RESPECT OF THE DISPOSAL OF SUBSIDIARIES	115,067	34,529	15,792	8,367	173,755

* US$160,859,000 broker cash was included in cash and cash equivalents of NAGP above. For the purpose of cashflow analysis, it is excluded from cash and cash equivalents.

C7 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

C7.2 Details of acquisition and disposal of subsidiaries (continued)

2017 Disposals (continued)

NAGP

On 26 July 2017, the Group announced that it had entered into a purchase agreement with Mercuria Energy America, Inc. ("Mercuria") in connection with the proposed sale of all of the issued and outstanding capital stock (the "Sale Shares") of NAGP.

On 29 September 2017, the disposal of NAGP was completed. At the closing date, the amount paid by Mercuria to the Group was approximately US$115 million. In addition, Mercuria has deposited with an escrow agent US$53 million.

Subsequent to year end, the Group collected US$33 million in January 2018 with balance of US$15 million due in Q3 of 2018 and remaining amount of US$5 million due in Q3 2019.

MR Coal

On 12 December 2017, the Group disposed of all its interest in MR Coal to a third party for approximately US$34,529,000 cash consideration.

NASBE

On 12 December 2017, the Group disposed of all its interest in NASBE to a third party for approximately US$18,156,000 cash consideration.

2016 Acquisitions

On 30 September, 2016, the Group 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% for a 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 of 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.

C7 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

C7.2 Details of acquisition and disposal of subsidiaries (continued)

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.

The carrying values 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 LOSSES 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) 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 was 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

C8 CONTINGENT LIABILITIES ASSOCIATED WITH INVESTING ACTIVITIES

C8.1 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.

C8.2 Cofco Agri Limited and its subsidiaries ("CAL Group") contingent liabilities

Further 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 2017, Corporate overhead attributed to CAL amounted to US$Nil (2016: US$Nil).

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 any remaining guarantees are to be terminated 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:

	2017 US$'000	2016 US$'000
GUARANTEES GIVEN TO THE BANK AND FINANCIAL INSTITUTIONS FOR BANKING FACILITIES GRANTED TO:		
CAL GROUP WITH 100% GUARANTEE FROM THE COMPANY*	**–**	777,237
CAL GROUP WITH 49% GUARANTEE FROM THE COMPANY**	**76,618**	198,887
NGL SUBSIDIARIES AND CAL GROUP	**–**	1,362,000
	76,618	2,338,124
UTILISED BY CAL GROUP	**–**	71,574

* The Company guarantees 100% of the facilities according to the terms of the relevant guarantee letter.
** The Company guarantees 49% of the facilities with the remainder covered by the other shareholders of CAL according to the terms of the relevant joint guarantee letter.

C8.3 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 end of the reporting period.

C9 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS – CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES

	NOTES	**2017** **US$'000**	2016 US$'000 (RESTATED)
ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT	C2.3	**(69,024)**	(114,224)
PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		**10,871**	5,230
NET CASH RECEIVED/(PAID) ON ACQUISITIONS OF SUBSIDIARIES	C7.2	**2,130**	(1,586)
CASH INFLOW ON DISPOSAL OF SUBSIDIARIES	C7.2	**173,755**	982,294
BROKER CASH OUTFLOW ON DISPOSAL OF SUBSIDIARIES	C7.2	**(160,859)**	–
INVESTMENTS IN JOINT VENTURES/ASSOCIATES		**–**	(6,151)
REDUCTION OF INVESTMENTS IN JOINT VENTURES/ASSOCIATES		**–**	862
DECREASE/(INCREASE) IN AMOUNTS DUE FROM JOINT VENTURES/ASSOCIATES		**(76,597)**	74,528
PROCEEDS FROM DISPOSAL OF JOINT VENTURES		**10,000**	6,869
PROCEEDS FROM DISPOSAL OF ASSOCIATES		**–**	750,000
DIVIDEND INCOME FROM JOINT VENTURES		**10,648**	–
DISPOSALS OF LONG TERM EQUITY INVESTMENTS, NET		**–**	8,868
DIVIDEND INCOME FROM LONG TERM EQUITY INVESTMENTS		**876**	859
DECREASE IN LONG TERM LOANS		**445**	30,975
DECREASE/(INCREASE) IN A TIME DEPOSIT		**10,000**	(10,000)
		(87,755)	1,728,524

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 2017 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 2017, the Group calculated the sum of total bank and capital market debt and equity capital of the Group to be US$2,781,089,000 (2016: US$8,023,000,000), consisting of US$3,582,000,000 (2016: US$4,043,000,000) of short and long term debts, and US$800,911,000 of shareholder's deficit (2016: US$3,980,000,000 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 CASH AND CASH EQUIVALENTS (continued)

D2.2 Cash and cash equivalents

	GROUP		COMPANY	
	2017 US$'000	2016 US$'000	**2017 US$'000**	2016 US$'000
BANK BALANCES AND SHORT TERM TIME DEPOSITS	**435,196**	817,794	**117,088**	301,789
CASH BALANCES WITH FUTURES BROKERS	**56,816**	352,677	**3,010**	460
AS STATED IN THE STATEMENT OF FINANCIAL POSITION	**492,012**	1,170,471	**120,098**	302,249
CASH BALANCES ATTRIBUTABLE TO SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**147,698**	1,420	**–**	–
TOTAL CASH AND CASH EQUIVALENTS	**639,710**	1,171,891	**120,098**	302,249
LESS: CASH BALANCES WITH FUTURES BROKERS AND/OR NOT IMMEDIATELY AVAILABLE FOR USE IN THE BUSINESS OPERATIONS*	**(40,566)**	(66,533)	**–**	–
LESS: TIME DEPOSIT WITH ORIGINAL MATURITY OF MORE THAN THREE MONTHS WHEN ACQUIRED	**–**	(10,000)	**–**	–
AS STATED IN THE STATEMENT OF CASH FLOWS	**599,144**	1,095,358	**120,098**	302,249

* 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. Certain other cash balances are pledged as security for normal trading facilities.

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 2017, except for a time deposit of nil (2016: US$10,000,000) 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 (2016: less than 90 days) and the interest rates ranging from 1.0% to 6.1% (2016: 0.8% to 8.0%) 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 BANK DEBTS AND SENIOR NOTES (continued)

D3.2 Bank debts

	2017		2016	
	EFFECTIVE AVERAGE INTEREST RATE (%)	**US$'000**	EFFECTIVE AVERAGE INTEREST RATE (%)	US$'000
GROUP:				
CURRENT BANK DEBTS				
SECURED BY CERTAIN TRADE RECEIVABLES AND INVENTORIES (NOTES B2.3, B4.2)				
– BORROWING BASE FACILITIES ("BBF")[1]	**N/A**	**–**	2.5	350,000
– BILATERAL[3]	**N/A**	**–**	2.0	109,476
SECURED BY VESSELS (NOTE C2.3)	**5.0**	**20,820**	6.0	17,000
UNSECURED				
– REVOLVING CREDIT FACILITIES ("RCF AND TERM LOAN")[2]	**2.8**	**1,140,747**	2.2	756,382
– BILATERAL[3]	**2.3**	**28,019**	1.2	60,567
		1,189,586		1,293,425
LONG TERM BANK DEBTS				
SECURED BY VESSELS (NOTE C2.3)	**3.9**	**98,125**	5.7	56,366
UNSECURED				
– RCF AND TERM LOAN	**N/A**	**–**	1.6	1,137,753
		98,125		1,194,119
		1,287,711		2,487,544
DENOMINATED IN – USD	**2.9**	**1,272,356**	2.0	2,487,544
– NON-USD	**2.4**	**15,355**		–
		1,287,711		2,487,544

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 allowed for the drawdown of loans and issuance of trade finance instruments including letters of credit, subject to the borrowers under the facility, namely NAC, Noble Petro Inc. and NAGP, each of which was a wholly-owned subsidiary of the Group, providing adequate working capital security. The facility was secured by certain trade receivables and inventories as mentioned in notes B2.3, B4.2 and E2 respectively. The facility amount was reduced to US$1,100,000,000 in 2017. The Group had drawn US$350,000,000 (2016: US$350,000,000) of the facility as loans and US$386,762,000 (2016: US$1,198,412,000) trade finance instruments as at 31 December 2017. The facility was fully repaid and cancelled upon the closing of the sale of NAC on 12 January 2018.

On 17 February 2017, the Group entered into a 364-day borrowing base facility of US$1,000,000,000, which included a US$500,000,000 committed tranche, and which allowed for the drawdown of loans and issuance of trade finance instruments, including letters of credit, subject to the borrower, NCFL, a wholly owned subsidiary of the Group, providing adequate working capital security. The facility was terminated and repaid in full, prior to its maturity date, on 11 December 2017.

D3 BANK DEBTS AND SENIOR NOTES (continued)

D3.2 Bank debts (continued)

2 Committed RCFs and term loans

COMMENCEMENT DATE	TERMS	UTILISED 2017 US$'000	UTILISED 2016 US$'000
CURRENT:			
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
18 MAY 2015	US$1,143,460,000 THREE-YEAR TRANCHE	1,143,460	–
		1,143,460	765,200
	TRANSACTION COSTS	(2,713)	(8,818)
		1,140,747	756,382
NON-CURRENT:			
18 MAY 2015	US$1,143,460,000 THREE-YEAR TRANCHE	–	1,143,460
		–	1,143,460
	TRANSACTION COSTS	–	(5,707)
		–	1,137,753
		1,140,747	1,894,135

3. Bilateral

As at 31 December 2017, the Group had short-term unsecured and secured bilateral loans with interest rates ranging from 2.0% to 3.0% (2016: 1.0% to 2.0%) per annum depending on currency and tenor. Secured bilateral loans of US$Nil (2016: US$109,476,000) were secured by trade receivables and inventories.

	2017		2016	
	EFFECTIVE AVERAGE INTEREST RATE (%)	US$'000	EFFECTIVE AVERAGE INTEREST RATE (%)	US$'000
COMPANY:				
CURRENT BANK DEBTS				
UNSECURED				
– RCF, NET OF TRANSACTION COSTS	2.8	1,140,747	2.2	756,382
– BILATERAL	2.3	12,654	1.4	27,888
		1,153,401		784,270
LONG TERM BANK DEBTS				
UNSECURED				
– RCF, NET OF TRANSACTION COSTS	N/A	–	1.6	1,137,753
		–		1,137,753
		1,153,401		1,922,023

D3 BANK DEBTS AND SENIOR NOTES (continued)

D3.3 Senior notes

CARRYING AMOUNT	**2017 US$'000**	2016 US$'000
CURRENT PORTION		
3.625% MEDIUM TERM NOTES DUE MARCH 2018	**378,815**	–
	378,815	–
NON-CURRENT PORTION		
3.625% MEDIUM TERM NOTES DUE MARCH 2018	**–**	377,996
6.75% SENIOR NOTES DUE JANUARY 2020	**1,177,240**	1,177,313
8.75% SENIOR NOTES DUE MARCH 2022	**738,280**	–
	1,915,520	1,555,309
	2,294,335	1,555,309
FAIR VALUE*	**1,155,167**	1,344,005

* The fair value of senior notes is a Level 1 fair value measurement using observable market prices.

*US$750,000,000 Senior Notes due 9 March 2022**

In March 2017, the Company issued 8.75% senior notes of US$750,000,000 at 100%.

The Company has the right to redeem up to 40% of the principal amount of the senior notes at any time prior to 9 March 2020 at a redemption price of 108.75%, plus accrued and unpaid interest, if any. The Company has the right to redeem all of the senior notes at any time on or after 9 March 2020 at the redemption prices stipulated in "Terms and Conditions of the Notes – Redemption and Purchase" in the agreement.

The principal amount of senior notes outstanding was US$750,000,000 as at 31 December 2017.

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 2017.

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.

There is no outstanding amount of senior notes as at 31 December 2017 and 2016.

* In February 2018, the trustee for the 2022 Notes gave notice to the Company that it considered that the January announcement "may" amount to a "Potential Event of Default".

D3 BANK DEBTS AND SENIOR NOTES (continued)

D3.3 Senior notes (continued)

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.

On 20 March 2013, the Company issued 3.625% medium term notes of US$400,000,000 at 99.268% due 20 March 2018.

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 2017 and were reclassified as current liabilities as at 31 December 2017.

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

	2017 **US$'000**	2016 US$'000
AUTHORISED:		
3,200,000,000 (2016: 32,000,000,000) SHARES OF HK$2.50 (2016: HK$0.25) EACH, EQUIVALENT TO HK$8,000,000,000 (2016: HK$8,000,000,000)	**1,032,259**	1,032,259
ISSUED AND FULLY PAID:		
1,327,483,781 (2016: 13,274,876,524) SHARES OF HK$2.50 (2016: HK$0.25) EACH, EQUIVALENT TO HK$3,318,709,453 (2016: HK$3,318,719,131)	**427,008**	427,008

Notes:

(a) The movements of the Company's issued share capital during the year were:

	2017		2016	
	SHARE'000	**US$'000**	SHARE'000	US$'000
AT 1 JANUARY	**13,274,877**	**427,008**	6,739,467	216,360
SHARE CONSOLIDATION	**(11,947,393)**	**–**	–	–
RIGHTS ISSUE OF SHARES	**–**	**–**	6,535,410	210,648
AT 31 DECEMBER	**1,327,484**	**427,008**	13,274,877	427,008

As at 31 December 2017, certain unvested shares were held by the Employee Benefit Trust which will be released to eligible participants when vesting conditions are met.

On 15 March 2017, the Group announced a share consolidation exercise pursuant to which the Company consolidated every ten existing issued shares (including treasury shares) into one ordinary share of par value of HK$2.50 each in the share capital of the Company, fractional entitlements to be disregarded. Unissued shares were also consolidated on the same basis. Shareholders approved the share consolidation in the Special General Meeting held on 28 April 2017. On 11 May 2017, the share consolidation was completed.

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 no shares held as treasury shares as at 31 December 2017 (2016: 177,328,000 shares). By excluding these treasury shares, the total number of issued shares as at 31 December 2017 was 1,327,483,781 shares (2016: 13,097,548,524 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 50-51 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 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 AND 1 JANUARY 2017	427,008	2,323,902	(88,704)	397,547
LOSS FOR THE YEAR	**–**	**–**	**–**	**–**
OTHER COMPREHENSIVE INCOME, NET OF TAX	**–**	**–**	**–**	**–**
TOTAL COMPREHENSIVE INCOME/(LOSS), NET OF TAX	**–**	**–**	**–**	**–**
SHARE-BASED PAYMENT	**–**	**(75,928)**	**88,704**	**–**
EQUITY-SETTLED SHARE OPTION EXPENSES	**–**	**–**	**–**	**–**
CAPITAL SECURITIES DIVIDEND	**–**	**–**	**–**	**–**
AT 31 DECEMBER 2017	**427,008**	**2,247,974**	**–**	**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$'000	RETAINED PROFITS/ (ACCUMULATED LOSSES) US$'000	TOTAL US$'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
–	**–**	**–**	**–**	**–**	**(4,722,738)**	**(4,722,738)**
–	**–**	**–**	**21,979**	**1,353**	**–**	**23,332**
–	**–**	**–**	**21,979**	**1,353**	**(4,722,738)**	**(4,699,406)**
21,464	**–**	**–**	**–**	**–**	**–**	**34,240**
–	**–**	**(5,510)**	**–**	**–**	**–**	**(5,510)**
–	**–**	**–**	**–**	**–**	**(24,388)**	**(24,388)**
5,885	**6,237**	**143,201**	**(8,034)**	**(53)**	**(4,149,726)**	**(929,961)**

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 2017, the Group did not have contingent liabilities in respect of guarantees given to the banks and financial institutions for banking facilities granted (2016: Nil).

Company

	2017 **US$'000**	2016 US$'000
GUARANTEES GIVEN TO THE BANKS AND FINANCIAL INSTITUTIONS FOR BANKING FACILITIES GRANTED TO SUBSIDIARIES AND CAL*	**5,580,075**	11,594,294
UTILISED FACILITIES	**1,127,603**	3,404,613
GUARANTEES GIVEN TO TRADE COUNTERPARTIES	**5,729,855**	12,087,222
UTILISED FACILITIES	**219,824**	1,470,909

* For guarantees given to CAL, see note C8.2.

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 2017.

D8 LIQUIDITY, INTEREST RATE AND FOREIGN CURRENCY RISK MANAGEMENT

The following analysis did not consider the impact from assets in subsidiaries classified as held for sale and non-current assets classified as held for sale.

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 has historically been to ensure it has sufficient unrestricted cash and cash equivalents, plus available committed banking facilities on hand to meet anticipated and potential financing needs. However, liquidity was significantly constrained in 2017 and the Group was unable to procure such committed banking facilities to shore up liquidity headroom.

We have been able to tightly manage our day to day liquidity risk in this constrained environment with existing liquidity sources and proceeds generated from the monetisation and wind down of certain assets and businesses.

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								
2017								
ON DEMAND AND < 3 MONTHS	**32,017**	**458,403**	**490,420**	**340,995**	**544,046**	**98,152**	**–**	**1,473,613**
3 – 12 MONTHS	**1,157,569**	**72,534**	**1,230,103**	**30,903**	**26,720**	**40,798**	**–**	**1,328,524**
1 – 2 YEARS	**20,493**	**145,067**	**165,560**	**–**	**–**	**11,032**	**–**	**176,592**
2 – 5 YEARS	**31,539**	**2,130,703**	**2,162,242**	**–**	**–**	**8,830**	**–**	**2,171,072**
> 5 YEARS	**46,093**	**–**	**46,093**	**–**	**–**	**1,602**	**–**	**47,695**
TOTAL	**1,287,711**	**2,806,707**	**4,094,418**	**371,898**	**570,766**	**160,414**	**–**	**5,197,496**
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
COMPANY								
2017								
ON DEMAND AND < 3 MONTHS	**12,654**	**458,403**	**471,057**	**–**	**272,761**	**–**	**1,347,427**	**2,091,245**
3 – 12 MONTHS	**1,140,747**	**72,534**	**1,213,281**	**–**	**–**	**–**	**–**	**1,213,281**
1 – 2 YEARS	**–**	**145,067**	**145,067**	**–**	**–**	**–**	**–**	**145,067**
2 – 5 YEARS	**–**	**2,130,703**	**2,130,703**	**–**	**–**	**1,190**	**–**	**2,131,893**
> 5 YEARS	**–**	**–**	**–**	**–**	**–**	**1,601**	**–**	**1,601**
TOTAL	**1,153,401**	**2,806,707**	**3,960,108**	**–**	**272,761**	**2,791**	**1,347,427**	**5,583,087**
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

D8 LIQUIDITY, INTEREST RATE AND FOREIGN CURRENCY RISK MANAGEMENT (continued)

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) of which the maturity profiles as at 31 December 2017 and 2016 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.

D8.3 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 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"), British Pounds ("GBP") and Indonesian Rupiah ("IDR"). The Group has a policy of reducing its foreign currency risk from its trading activities.

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 2017 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		EQUITY INCREASE/(DECREASE)	
	2017 US$'000	2016 US$'000	**2017 US$'000**	2016 US$'000
AUD	**297**	91	**(1,008)**	(1,741)
CNY	**268**	242	**451**	378
EUR	**965**	733	**(829)**	(715)
GBP	**99**	97	**–**	–
IDR	**107**	59	**18**	117

D9 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS – CASH FLOWS USED IN FINANCING ACTIVITIES

	NOTES	**2017 US$'000**	2016 US$'000
INTEREST PAID ON FINANCING ACTIVITIES		**(233,774)**	(205,226)
BANK DEBTS – ADDITIONS		**1,623,745**	2,063,528
– REPAYMENTS		**(2,535,891)**	(3,549,986)
REDEMPTION OF SENIOR NOTES		**–**	(379,306)
NET PROCEEDS FROM RIGHTS ISSUE	D5.3	**–**	496,455
NET PROCEEDS FROM ISSUANCE OF SENIOR NOTES		**736,020**	–
DIVIDEND PAID FOR CAPITAL SECURITIES	D5.3	**–**	(24,000)
		(409,900)	(1,598,535)

D10 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	CURRENT BANK DEBTS US$'000	NON-CURRENT BANK DEBTS US$'000	CURRENT SENIOR NOTES US$'000	NON-CURRENT SENIOR NOTES US$'000	DIVIDEND PAYABLE US$'000	TOTAL US$'000
AT 1 JANUARY 2016	2,127,814	1,846,189	360,241	1,586,911	702	5,921,857
CASH						
REDEMPTION OF SENIOR NOTES	–	–	(360,241)	(19,065)	–	(379,306)
ADDITION/(REPAYMENT) OF BANK DEBTS	(834,388)	(652,070)	–	–	–	(1,486,458)
DIVIDEND PAID FOR CAPITAL SECURITIES	–	–	–	–	(24,000)	(24,000)
NON-CASH						
SENIOR NOTES AMORTISATION	–	–	–	777	–	777
GAIN ON REDEMPTION OF SENIOR NOTES	–	–	–	(13,315)	–	(13,315)
BANK DEBTS CLASSIFIED AS HELD FOR SALE	(1)	–	–	–	–	(1)
DIVIDEND ACCRUED FOR CAPITAL SECURITIES	–	–	–	–	24,000	24,000
OTHERS	–	–	–	1	(5)	(4)
AT 31 DECEMBER 2016 AND AT 1 JANUARY 2017	1,293,425	1,194,119	–	1,555,309	697	4,043,550
CASH						
NET PROCEEDS FROM ISSUANCE OF SENIOR NOTES	**–**	**–**	**–**	**736,020**	**–**	**736,020**
ADDITION/(REPAYMENT) OF BANK DEBTS	**245,599**	**(1,157,745)**	**–**	**–**	**–**	**(912,146)**
NON-CASH						
RECLASSIFICATION FROM NON-CURRENT TO CURRENT	**–**	**–**	**378,130**	**(378,130)**	**–**	**–**
SENIOR NOTES AMORTISATION	**–**	**–**	**685**	**2,321**	**–**	**3,006**
BANK DEBTS CLASSIFIED AS HELD FOR SALE	**(353,983)**	**–**	**–**	**–**	**–**	**(353,983)**
BANK DEBTS FROM ACQUISITION OF SUBSIDIARIES	**4,545**	**61,751**	**–**	**–**	**–**	**66,296**
DIVIDEND ACCRUED FOR CAPITAL SECURITIES	**–**	**–**	**–**	**–**	**24,388**	**24,388**
AT 31 DECEMBER 2017	**1,189,586**	**98,125**	**378,815**	**1,915,520**	**25,085**	**3,607,131**

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 of subsidiaries.

E1.2 Investment in subsidiaries

COMPANY	**2017** **US$'000**	2016 US$'000
UNLISTED SHARES, AT COST	**436,114**	757,578
LONG TERM RECEIVABLE FROM SUBSIDIARIES, NET OF PROVISION	**800,761**	2,543,729
	1,236,875	3,301,307
CURRENT RECEIVABLES FROM SUBSIDIARIES, NET OF PROVISION	**2,177,737**	4,174,522
DUE TO SUBSIDIARIES	**(797,503)**	(424,851)
	2,617,109	7,050,978

Amounts due from subsidiaries of US$383,842,000 (2016: US$3,764,961,000) 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 long term receivables from subsidiaries of US$800,761,000 (2016: US$2,543,729,000) 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$646,743,000 (2016: US$406,982,000) 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 CHARTERING INC.**	BRITISH VIRGIN ISLANDS	US$50,000	SHIP CHARTERING
NOBLE CHARTERING LIMITED#	HONG KONG	HK$2	SHIP CHARTERING
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#	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 UK LIMITED#	UNITED KINGDOM	GBP1	PROVISION OF SHIPPING SERVICES

Statutory auditors – Ernst & Young
* Statutory auditors – PKF Wallast
** No statutory audit requirement

The Company held a 100% interest in all the above subsidiaries as at 31 December 2017.

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 SUBSIDIARIES CLASSIFIED AS HELD FOR SALE

(i) Palm

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 2017, the Group is in discussion with potential buyers on the sale of the palm business. Based on the potential value, the Group assessed the value of promissory note to be zero.

The major classes of assets and liabilities for the business held for sale as at 31 December 2017 and 2016 are stated at the lower of cost and recoverable amount and were as follows:

	2017 US$'000	2016 US$'000
GROUP		
ASSETS		
PROPERTY, PLANT AND EQUIPMENT	**62,027**	197,034
INTANGIBLE ASSETS	**9,461**	9,461
AGRICULTURAL ASSETS	**368**	349
CASH AND CASH EQUIVALENTS	**799**	540
PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	**18,805**	17,092
INVENTORIES	**2,675**	3,781
ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**94,135**	228,257
LIABILITIES		
TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES	**(10,735)**	(7,949)
DEFERRED TAX LIABILITIES	**(2,686)**	(1,956)
LIABILITIES IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**(13,421)**	(9,905)
NET ASSETS ASSOCIATED WITH SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	**80,714**	218,352
LIABILITIES RELATED TO HELD FOR SALE	**–**	(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	**1,970**	2,411

An impairment loss of US$80,000,000 were made during the year.

E2 SUBSIDIARIES CLASSIFIED AS HELD FOR SALE (continued)

(ii) NAC

On 23 October 2017, the Group announced it had entered into a purchase agreement with Vitol US Holding Co. and Euromin Inc. in connection with the proposed sale of all of the issued and outstanding capital stock (the "Sale Shares") of NAC.

Consideration for the Proposed Disposal comprises: i) base consideration; ii) plus net working capital of NAC and its subsidiaries on the day immediately preceding the closing date; and iii) minus any indebtedness of NAC and its subsidiaries on the day immediately preceding the closing date.

The disposal was completed on 12 January 2018 (see Section A9).

The major classes of assets and liabilities for the business held for sale as at 31 December 2017 are stated at the lower of cost and recoverable amount and were as follows:

	2017 US$'000
GROUP	
ASSETS	
PROPERTY, PLANT AND EQUIPMENT	125,939
LONG TERM EQUITY INVESTMENTS	10,779
CASH AND CASH EQUIVALENTS	146,032
TRADE RECEIVABLES*	342,349
PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES	66,772
FAIR VALUE GAINS ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	164,709
INVENTORIES#	427,112
TAX RECOVERABLE	5,567
ASSETS IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	1,289,259
LIABILITIES	
TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES	(305,441)
FAIR VALUE LOSSES ON COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS	(224,759)
CURRENT PORTION OF BANK DEBTS	(353,983)
LIABILITIES IN SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	(884,183)
NET ASSETS ASSOCIATED WITH SUBSIDIARIES CLASSIFIED AS HELD FOR SALE	405,076

* Trade receivables of US$200,937,000 were pledged to banks for borrowing base facilities of US$1,100,000,000.

Inventories of US$362,062,000 were pledged to banks for borrowing base facilities of US$1,100,000,000.

(iii) The Group has signed a term sheet in September 2017, for the sale of Territory Resources Limited at book value of its assets.

E3 RELATED PARTY TRANSACTIONS

E3.1 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.

E3.2 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 (ceased to be associate in March 2016)
Yancoal	Associate of the Group (ceased to be associate in August 2017)
Atlas	Associate of the Group (ceased to be associate in December 2017)
Baralaba	Associate of the Group
K Noble Hong Kong Limited	Joint venture of the Group
PT BSM	Joint venture of the Group (ceased to be joint venture in June 2017)
Panacore	Joint venture of the Group (See Section C7.2)
Tailai Shanghai	Joint venture of the Group (See Section C7.2)
YN Energy Pty Ltd	Joint venture of the Group
Nice Venture Limited	Joint venture of the Group
Acme Venture Limited	Joint venture of the Group

E3 RELATED PARTY TRANSACTIONS (continued)

E3.2 Details of related party transactions (continued)

(b) Related party transactions

	NOTES	GROUP		COMPANY	
		2017 US$'000	2016 US$'000	**2017 US$'000**	2016 US$'000
SALES TO:	(i)				
CAL GROUP		**–**	26,021	**–**	–
K NOBLE HONG KONG LIMITED		**–**	1,962	**–**	–
TAILAI SHANGHAI		**7,606**	59,013	**–**	–
YN ENERGY PTY LTD		**16,972**	1,920	**–**	–
PURCHASE FROM:	(i)				
CAL GROUP		**–**	15,549	**–**	–
YANCOAL		**60**	22,957	**–**	–
ATLAS		**339**	1,007	**–**	–
K NOBLE HONG KONG LIMITED		**2,931**	4,696	**–**	–
PT BSM		**1,347**	6,191	**–**	–
YN ENERGY PTY LTD		**58,271**	12,362	**–**	–
PANACORE		**9,463**	4,923	**–**	–
NICE VENTURE LIMITED		**5,593**	–	**–**	–
ACME VENTURE LIMITED		**3,792**	–	**–**	–
MANAGEMENT FEE INCOME FROM	(i)				
K NOBLE HONG KONG LIMITED		**360**	271	**–**	–
MARKETING FEE INCOME FROM	(ii)				
BARALABA		**–**	471	**–**	–
OVERHEAD CHARGED BY CAL GROUP	(iii)	**–**	75	**–**	75
FINANCE COSTS CHARGED TO SUBSIDIARIES	(iv)	**–**	–	**27,087**	18,528
FINANCE INCOME RECEIVED FROM SUBSIDIARIES	(iv)	**–**	–	**189,642**	173,158
GUARANTEE FEE REIMBURSED FROM SUBSIDIARIES	(v)	**–**	–	**2,740**	34,491

(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 temporary advance was interest free and was repaid within one week. The loan bore interest at 0.43% per annum and was due to be repaid in installments in 2017 and 2018. During the year ended 31 December 2017, the loan was forgiven.

(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 C4.5 to the financial statements respectively.

(d) Details of the key management personnel's remuneration are included in note E4 to the financial statements.

E4 DIRECTORS' AND KEY MANAGEMENT PERSONNELS' REMUNERATION

The Company recognises the importance of an independent Remuneration & Options Committee which is made up of 4 Directors, chaired by an Independent Non-executive director and including the Chairman and Chairman Emeritus. All of whom have a depth of knowledge and experience necessary to govern the balance of a competitive compensation environment and progressive policies with are aligned to the long-term strategic objectives of the business and risk policies of the Group. The Remuneration & Options Committee therefore plays an important role in helping to ensure that the Company is able to attract, motivate and retain the right talent to drive the Group's business forward.

Section 3, page 30 of the financial statements fully describes the membership and terms of reference for the Remuneration & Options Committee. The principles for Remuneration & Compensation are regularly reviewed by the Committee and are based on the following components – competitive fixed salary; discretionary bonus award; and long term incentive plans.

Key management personnel who were the Executive Directors of the Group, were Richard Elman, Paul Brough, William Randall and Jeffrey Frase, whose remuneration, including exit, redundancy and other costs together with the fees paid to Non-Executive Directors, is set out below:

	2017 US$'000	2016 US$'000
CONTINUING OPERATIONS		
DIRECTORS' FEES	**517**	853
OTHER EMOLUMENTS	**12,286**	11,773
SHARE-BASED PAYMENT EXPENSE	**2,752**	3,046
	15,555	15,672
DISCONTINUED OPERATIONS		
OTHER EMOLUMENTS	**16,732**	339
SHARE-BASED PAYMENT EXPENSE	**3,457**	1,813
	20,189	2,152

During the year ended 31 December 2017, 3,464,889 shares (2016: 1,852,820 shares) and no options (2016: 29,655,174) were issued to certain Directors of the Company (shares and options adjusted for rights issue and share consolidation). 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 employee benefit expenses in the income statement pro-rata over the vesting period.

E5 PERFORMANCE SHARE PLAN, RESTRICTED SHARE PLAN AND SHARE OPTION SCHEMES

E5.1 Significant accounting policies

The Group operates performance share plan, restricted share plan and 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.

E5 PERFORMANCE SHARE PLAN, RESTRICTED SHARE PLAN AND SHARE OPTION SCHEMES (continued)

E5.2 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; (C) ASSOCIATES, WHICH IS 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 AND PAUL JEREMY BROUGH.			

E5 PERFORMANCE SHARE PLAN, RESTRICTED SHARE PLAN AND SHARE OPTION SCHEMES (continued)

E5.2 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 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 AND 1 JANUARY 2017	**282,186,367**	**289,360,543**	**571,546,910**	**43.76**
FORFEITED	**(36,660,304)**	**(46,923,749)**	**(83,584,053)**	**77.28**
ADJUSTED DUE TO SHARE CONSOLIDATION (SEE SECTION D5.2)	**(228,915,381)**	**(224,145,726)**	**(453,061,107)**	**83.87**
AT 31 DECEMBER 2017	**16,610,682**	**18,291,068**	**34,901,750**	**464.39***

The weighted average remaining contractual life for the share options outstanding as at 31 December 2017 was 6 years (2016: 7 years). The range of exercise prices for share options outstanding as at 31 December 2017 was US$2.17* to US$11.74* (2016: US$0.2004 to US$1.09).

No share option was granted during the year ended 31 December 2017.

* The numbers have taken into account the effect of share consolidation.

(c) Details of PSP granted to Directors are as follows:

NAME OF PARTICIPANTS	SHARE AWARDS GRANTED DURING THE YEAR ENDED 31 DECEMBER 2017	AGGREGATE NUMBER OF AWARDS SINCE COMMENCEMENT OF PSP TO 31 DECEMBER 2017		AGGREGATE NUMBER OF AWARDS OUTSTANDING AS AT 31 DECEMBER 2017
		GRANTED	FORFEITED	
DAVID GORDON ELDON	–	150,000	150,000	–
ROBERT TZE LEUNG CHAN (RETIRED ON 28 APRIL 2017)	–	100,000	100,000	–
IAIN FERGUSON BRUCE (RESIGNED ON 11 MAY 2017)	–	100,000	100,000	–

E5 PERFORMANCE SHARE PLAN, RESTRICTED SHARE PLAN AND SHARE OPTION SCHEMES (continued)

E5.2 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 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 AND 1 JANUARY 2017	**131,064,096**	**41.15**
GRANTED DURING 2017	**144,569,014**	**13.56**
VESTED	**(79,109,086)**	**94.99**
FORFEITED	**(37,261,739)**	**25.94**
ADJUSTED DUE TO SHARE CONSOLIDATION	**(155,561,621)**	
AT 31 DECEMBER 2017	**3,700,664**	**292.27**

Details of RSP granted to Directors are as follows:

NAME OF PARTICIPANTS	SHARE AWARDS GRANTED DURING THE YEAR ENDED 31 DECEMBER 2017	AGGREGATE NUMBER OF AWARDS SINCE COMMENCEMENT OF RSP TO 31 DECEMBER 2017		AGGREGATE NUMBER OF AWARDS OUTSTANDING AS AT 31 DECEMBER 2017
		GRANTED	VESTED/FORFEITED	
WILLIAM JAMES RANDALL	995,234	2,848,054	(1,852,820)	995,234
JEFFREY SCOTT FRASE[(1)]	2,469,655	6,873,729	(1,453,344)	5,420,385

* The above have been adjusted for rights issue and share consolidation (see Section D5.2) since share awards were granted.

(1) Resigned on 13 November 2017.

(e) The weighted average fair value of share options granted during the year ended 31 December 2016 was US$14.84 cents. No share option was granted in 2017. 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
DIVIDEND YIELD (%)	15.03
EXPECTED VOLATILITY (%)	63
HISTORICAL VOLATILITY (%)	63
RISK-FREE INTEREST RATE (%)	1.64
EXPECTED LIFE OF OPTION (YEARS)	10
WEIGHTED AVERAGE SHARE PRICE (US$)	0.33

(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.

E5 PERFORMANCE SHARE PLAN, RESTRICTED SHARE PLAN AND SHARE OPTION SCHEMES (continued)

E5.2 Details of performance share plan, restricted share plan and share option schemes (continued)

(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 2017	AGGREGATE NUMBER OF SHARE OPTIONS SINCE THE COMMENCEMENT OF SCHEMES TO 31 DECEMBER 2017		AGGREGATE NUMBER OF SHARE OPTIONS OUTSTANDING AS AT 31 DECEMBER 2017
		GRANTED	EXERCISED/LAPSED	
RICHARD SAMUEL ELMAN	–	–	–	–
WILLIAM JAMES RANDALL	–	9,097,758	(1,854,211)	7,243,547
JEFFREY SCOTT FRASE[1]	–	2,735,654	(2,735,654)	–
IAIN FERGUSON BRUCE[2]	–	63,484	–	63,484
ROBERT TZE LEUNG CHAN[3]	–	63,484	–	63,484
DAVID GORDON ELDON	–	119,616	–	119,616
IRENE YUN LIEN LEE[2]	–	36,764	–	36,764
RICHARD PAUL MARGOLIS[2]	–	29,411	–	29,411

* The above have been adjusted for any bonus issue, rights issue and share consolidation (see Section D5.2) since options were granted.

(1) Resigned on 13 November 2017.

(2) Resigned on 11 May 2017.

(3) Retired on 28 April 2017.

(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 financial statements have been reclassified and restated to conform with the current year's presentation, including:

(i) restated consolidated income statement as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period.
(ii) restated segment information in note A2 as some businesses are classified as discontinuing or to be discontinued.
(iii) related earnings/(loss) per share in note A7 due to the effect resulted from the share consolidation in May 2017.

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. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving 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 end of the reporting period. 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 end of the reporting period, 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 end of the reporting period 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, fair value less costs to sell 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.

IAS 7 Amendments*	Amendments to IAS 7 – Disclosure Initiative
IAS 12 Amendments*	Amendments to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses
IFRS 12 Amendments*	Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12 from Annual Improvements Cycle – 2014–2016

* *This has had no material financial impact or not applicable to the Group*

(a) Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for both the current and the comparative period in note D10.

(b) Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The Group applied amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

F3 OTHER NEW AND REVISED ACCOUNTING STANDARDS (continued)

Impact of other new and revised international financial reporting standards (continued)

(c) *Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12 from Annual Improvements Cycle – 2014-2016*

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

As at 31 December 2017 the Group classified its interest in Palm, NAC and TTY, wholly-owned subsidiaries, as held for sale (see Note E2), but these amendments did not affect the Group's financial statements.

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 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
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[3]
IFRS 2 Amendments	Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[4]
IAS 40 Amendments	Amendments to IAS 40 – Transfer of Investment Property[1]

Improvements to IFRS Standards 2014-2016 Cycle[1, 2]

IFRS 1	First-time Adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters
IAS 28	Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
IFRS 4 Amendments	Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC Interpretation 23	Uncertainty over Income Tax Treatment[2]

Annual Improvements to IFRS Standards 2015-2017 Cycle[2]

IFRS 3	Business Combinations and IFRS 11 Joint Arrangements – previously held interest in a joint operation
IAS 12	Income Taxes – income tax consequences of payments on financial instruments classified as equity
IAS 23	Borrowing Costs – borrowing costs eligible for capitalisation

[1] *Effective for annual periods beginning on or after 1 January 2018*
[2] *Effective for annual periods beginning on or after 1 January 2019*
[3] *The effective date of this amendment is postponed indefinitely pending the outcome of IASB's research project on the equity method of accounting*
[4] *Effective for annual periods beginning on or after 1 January 2021*

F3 OTHER NEW AND REVISED ACCOUNTING STANDARDS (continued)

Issued but not yet effective international financial reporting standards (continued)

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 plans to adopt the new standard on the effective date and will not restate comparative information. During 2017, the Group has performed a detailed assessment on the impact of the adoption of IFRS 9 summarised as follows:

(a) Classification and measurement

Upon adoption of IFRS 9, the classification and measurement of financial assets depends on two assessments: the financial asset's contractual cash flow characteristics and the entity's business model for managing the financial asset.

The Group has assessed that majority of the loan receivables pass the contractual cash flow characteristics and business model tests of IFRS 9 and will continue to be recorded at amortised cost. However, should the loan not pass the abovementioned tests, they will be reclassified as financial assets at fair value through profit or loss.

Equity instruments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses ("ECLs") on its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. Impairment is calculated based on historically observed data and may be subject to changes arising from further reasonable and supportable information available to the Group.

The Group will apply the simplified method for trade receivables, which implies no tracking of changes in credit risk but recognition of lifetime ECLs at all times. Furthermore, the general approach will be applied to loan receivables and 12-month ECLs are estimated based on the possible default events within the next twelve months. Should there be evidence of a significant increase in credit risk, impairment will be calculated based on lifetime ECLs.

The Group expects the ECL model will result in an increase in the losses recognised in equity during the transition from IAS 39 to IFRS 9.

(c) Hedge accounting

The Group determined that all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on Group's financial statements.

IFRS 15 was issued in May 2014, and amended in April 2016, 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. Early adoption is permitted. The Group expects to adopt IFRS 15 on 1 January 2018 and the directors do not anticipate that the application of the IFRS 15 requirements will have a material impact on the Group's consolidated financial statements.

F3 OTHER NEW AND REVISED ACCOUNTING STANDARDS (continued)

Issued but not yet effective international financial reporting standards (continued)

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.

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.

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. The Group has performed a preliminary impact assessment of the adoption of IFRS 16 and expects that the adoption of IFRS 16 will result in increase in total assets and total liabilities.

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

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.

F3 OTHER NEW AND REVISED ACCOUNTING STANDARDS (continued)

Issued but not yet effective international financial reporting standards (continued)

Annual Improvements 2014-2016 Cycle (issued in December 2016)

These improvements include:

IFRS 1 First-time Adoption of International Financial Reporting Standards – Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. The amendment is effective from 1 January 2018. This amendment is not applicable to the Group.

IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact. These amendments are not applicable to the Group.

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.

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.

The IFRIC Interpretation 23 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements and the required disclosures. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

F3 OTHER NEW AND REVISED ACCOUNTING STANDARDS (continued)

Issued but not yet effective international financial reporting standards (continued)

The amendments to IFRS 3 and IFRS 11

These amendments clarify whether the previously held interest in a joint operation (that is a business as defined in IFRS 3) should be remeasured to fair value, when:

- A party to a joint operation obtains control over the joint operation (IFRS 3)
- A party that participates in (but does not have joint control over) a joint operation obtains joint control over the joint operation (IFRS 11)

IFRS 3

When a party to a joint operation obtains control of a joint operation that is a business, it must remeasure to fair value the interest it previously held in that joint operation. A transaction where control is gained is viewed as a significant change in the nature of, and the economic circumstances surrounding, the interest in the joint operation. An entity should apply the amendments to business combinations with acquisition dates on or after 1 January 2019. Earlier application is permitted and should be disclosed.

IFRS 11

When a party that participates in (but does not have joint control over) a joint operation, obtains joint control over that joint operation that is a business (as defined in IFRS 3), it must not remeasure the interest it previously held in that joint operation. Although such a transaction changes the nature of an entity's interest in a joint operation, it does not result in a change to the group boundaries.

An entity must apply the amendments to transactions in which it obtains joint control on or after 1 January 2019. Earlier application is permitted and should be disclosed.

The amendment to IAS 12

An entity must recognise all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend. The amendments must be applied for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted and must be disclosed.

The amendments must first be applied to income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

The amendment to IAS 23

Paragraph 14 of IAS 23 requires an entity to exclude borrowings made specifically for the purpose of obtaining a qualifying asset, when determining the funds that an entity borrows generally and uses for the purpose of obtaining a qualifying asset. It is clarified that when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally. The amendments must be applied for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted and should be disclosed.

STATISTICS OF SHAREHOLDINGS

Authorised Share Capital	:	HK$8,000,000,000
Issued And Fully Paid-up Capital	:	HK$3,318,709,453
Total Number Of Issued Shares	:	1,327,483,781
Total Number Of Treasury Shares	:	Nil
Class Of Shares	:	Ordinary Share of HK$2.50 each
Voting Rights	:	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	% OF SHARES
1 – 99	2,540	7.45	69,259	0.01
100 – 1,000	12,345	36.23	6,632,225	0.50
1,001 – 10,000	14,265	41.86	54,090,700	4.07
10,001 – 1,000,000	4,894	14.36	258,992,764	19.51
1,000,001 AND ABOVE	33	0.10	1,007,698,833	75.91
TOTAL	34,077	100.00	1,327,483,781	100.00

20 LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
HSBC (SINGAPORE) NOMINEES PTE LTD	255,938,230	19.28
DBSN SERVICES PTE LTD	203,522,085	15.33
DBS NOMINEES PTE LTD	201,166,558	15.15
CITIBANK NOMINEES S'PORE PTE LTD	195,087,603	14.70
RAFFLES NOMINEES (PTE) LTD	32,609,872	2.46
UOB KAY HIAN PTE LTD	11,600,116	0.87
PHILLIP SECURITIES PTE LTD	10,132,295	0.76
OCBC SECURITIES PRIVATE LTD	9,563,844	0.72
ABN AMRO CLEARING BANK N.V.	9,392,539	0.71
MAYBANK KIM ENG SECURITIES PTE LTD	7,426,123	0.56
KOH YEW CHOO	7,295,300	0.55
BNP PARIBAS NOMINEES SINGAPORE PTE LTD	6,359,234	0.48
KEK SIN SHEN STEVE	6,319,900	0.48
DBS VICKERS SECURITIES (S) PTE LTD	6,143,367	0.46
UNITED OVERSEAS BANK NOMINEES PTE LTD	5,864,767	0.44
CGS-CIMB SECURITIES (S) PTE LTD	4,186,114	0.32
BPSS NOMINEES SPORE (PTE) LTD	3,902,630	0.29
DB NOMINEES (S) PTE LTD	3,695,361	0.28
MERRILL LYNCH (SPORE) PTE LTD	3,168,248	0.24
MORGAN STANLEY ASIA (S) SECURITIES PTE LTD	3,056,211	0.23
TOTAL	986,430,397	74.31

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 21 March 2018)

	DIRECT INTEREST		DEEMED INTEREST	
NAME	NO. OF SHARES	% OF SHARES[1]	NO. OF SHARES	% OF SHARES[1]
NOBLE HOLDINGS LIMITED	243,116,286	18.3141	—	—
BEST INVESTMENT CORPORATION [@]	126,111,890	9.5001	—	—
CHINA INVESTMENT CORPORATION [(2) @]	—	—	126,111,890	9.5001
CIC INTERNATIONAL CO., LIMITED [(3) @]	—	—	126,111,890	9.5001
GOLDILOCKS INVESTMENT COMPANY LIMITED [(4)]	107,564,500	8.1029	—	—
ADCM ALTUS INVESTMENT MANAGEMENT LTD [(4)]	—	—	107,564,500	8.1029
ADCM LTD [(4)]	—	—	107,564,500	8.1029
AD CAPMANAGE LTD [(4)]	—	—	107,564,500	8.1029
ABU DHABI FINANCIAL GROUP LLC [(4)]	—	—	107,564,500	8.1029
ORBIS HOLDINGS LIMITED [(5)]	—	—	106,141,995	7.9957
ORBIS ALLAN GRAY LIMITED [(5)]	—	—	106,141,995	7.9957
ALLAN & GILL GRAY FOUNDATION [(5)]	—	—	106,141,995	7.9957
ORBIS INVESTMENT MANAGEMENT LIMITED [(6)]	—	—	106,141,995	7.9957
OBRIS INVESTMENT MANAGEMENT (HONG KONG) LIMITED [(7)]	—	—	97,916,976	7.3761
EASTSPRING INVESTMENTS (SINGAPORE) LIMITED [(8)]	—	—	131,228,308	9.8855
PRUDENTIAL SINGAPORE HOLDINGS PTE. LIMITED [(9)]	—	—	131,228,308	9.8855
PRUDENTIAL CORPORATION ASIA LIMITED [(9)]	—	—	131,228,308	9.8855
PRUDENTIAL HOLDINGS LIMITED [(9)]	—	—	131,228,308	9.8855
PRUDENTIAL CORPORATION HOLDINGS LIMITED [(9)]	—	—	131,228,308	9.8855
PRUDENTIAL PLC [(9)]	—	—	131,279,982	9.8894

Notes:

@ Based on confirmation from China Investment Corporation received by the Company following the completion of the Company's rights issue in 2016 and prior to the completion of the Company's 10-to-1 share consolidation in May 2017, and adjusted to take into account such share consolidation.

(1) Percentage is calculated based on the total number of issued shares of the Company.

(2) 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.

(3) 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.

(4) Pursuant to an investment management agreement entered into between ADCM Altus Investment Management Ltd ("**Altus**") and Goldilocks Investment Company Limited, Altus is authorised to act on behalf of Goldilocks Investment Company Limited to acquire and dispose of securities in the Company. Altus is wholly-owned by ADCM Ltd, which in turn is wholly-owned by AD CapManage Ltd, a wholly-owned subsidiary of Abu Dhabi Financial Group LLC. Hence, each of Altus, ADCM Ltd, AD CapManage Ltd and Abu Dhabi Financial Group LLC is deemed to have an interest in the shares held by Goldilocks Investment Company Limited.

(5) 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 and Orbis Investment Management (Hong Kong) Limited, who are fund managers of the Orbis funds.

SUBSTANTIAL SHAREHOLDERS (continued)

(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 and Orbis Investment Management (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 Company's shares for and on behalf of the Orbis funds.

Orbis Investment Management Limited has the ability to vote and acquire/dispose of the Company's shares for and on behalf of the following Orbis funds:

- Orbis Global Equity LE Fund (Australia Registered);
- Orbis Global Equity Fund (Australia Registered);
- Orbis Institutional Global Equity Fund;
- Orbis Optimal Fund;
- Orbis Institutional Global Equity Fund (OFO);
- Orbis Optimal LP;
- Orbis Institutional International Equity LP;
- Orbis Optimal SA;
- Orbis SICAV - Orbis Global Equity Fund;
- Orbis SICAV - Orbis International Equity Fund;
- Orbis OEIC Global Equity Fund; and
- Orbis SICAV - Orbis Emerging Markets Fund.

(7) Orbis Investment Management Limited sub-delegated some of its portfolio management duties, including the authority to dispose of securities, to Orbis Investment Management (Hong Kong) Limited. By virtue of the sub-delegation, Orbis Investment Management (Hong Kong) Limited has deemed interest in the voting shares of the Company. Orbis Investment Management Limited still retains overall investment management oversight, including voting shares in the Company, held by the portfolios.

By virtue of the above, Orbis Investment Management (Hong Kong) Limited has the ability to vote and acquire/dispose of the Company's shares for and on behalf of the following Orbis funds:

- Orbis Global Equity LE Fund (Australia Registered);
- Orbis Global Equity Fund (Australia Registered);
- Orbis Institutional Global Equity Fund;
- Orbis Optimal Fund;
- Orbis Institutional Global Equity LP;
- Orbis Global Equity Fund;
- Orbis OEIC Global Equity Fund; and
- Orbis SICAV - Orbis Emerging Markets Fund.

(8) 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.

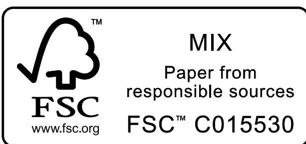
(9) Each of Prudential Singapore Holdings Pte. Limited, Prudential Corporation Asia Limited, Prudential Holdings Limited, Prudential Corporation Holdings Limited and Prudential plc is deemed to be interested in the shares managed by its subsidiaries as fund managers. Prudential Corporation Holdings Limited 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.

PUBLIC FLOAT

Based on information available to the Company as at 21 March 2018, approximately 45.68% 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 28 February 2018, 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.



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