NOBLE GROUP LIMITED
SUPPLEMENTARY DOCUMENTS TO THE 2015 FULL YEAR ANNOUNCEMENT TO SGX

Audited Financial Statements

NOBLE GROUP LIMITED
(Incorporated in Bermuda with limited liability)

31 December 2015

Remark:
It should be noted that the 2015 financial statements is respect of a material listed associate, Yancoal Australia Limited, is redacted as this associate has not announced its 2015 financial statements (C4.4 refers).

NOBLE GROUP LIMITED

CONTENTS

EXPLANATION OF CHANGES TO THE STRUCTURE OF THE NOTES TO FINANCIAL STATEMENTS AND AUDITOR'S REPORT

During 2015, the Group has reviewed the disclosures it makes to the market and has sought to enhance these to promote greater transparency and understanding of the Group's performance and business. As a result, additional disclosures and changes to disclosures were made in the 2015 quarterly reports.

As part of this initiative, the Board also requested management to review the annual financial statements and consider both what is disclosed and how it is disclosed and make recommendations, taking account of latest market practices and regulatory expectations as well as the Group's disclosure objectives. As a result, the notes to the financial statements have been restructured to group relevant information together covering the key areas of focus of the Group's external stakeholders. On certain critical topics, additional, more detailed disclosures have been made.

The Board also requested the Group's external auditor to early adopt for the 31 December 2015 audit the new international standards governing external audit reports, which would otherwise have been adopted for the 31 December 2016 audit. The new auditor's report discloses in significantly more depth the work undertaken by the external auditors.

The Board believes that these developments in the Group's public reporting will enhance stakeholder understanding of the Group.

NOBLE GROUP LIMITED

REPORT OF THE DIRECTORS

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 2015.

Principal activities

The principal activity of the Company is investment holding.

During the year, the principal activities of the Company's subsidiaries, joint ventures and associates (including the 49% held for sale associate in Noble Agri Limited ("NAL") 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. The Group signed a share sale agreement for its 49% interest in NAL on 23 December 2015.

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 2015 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 32 to 167.

No dividend is declared for the year ended 31 December 2015.

Property, plant and equipment

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

Subsidiaries

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

Joint ventures

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

Associates

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

Bank debts

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

Share capital

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

Material interests in contracts of significance

None of the Chief Executive Officer, 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.

NOBLE GROUP LIMITED

REPORT OF THE DIRECTORS

Board of Directors

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

Richard Samuel Elman, Chairman
David Gordon Eldon, Vice Chairman
Yusuf Alireza, Chief Executive Officer
William James Randall, President
Christopher Dale Pratt, Lead Independent Director
Milton M. Au[(1)]
Paul Jeremy Brough[(2)]
Iain Ferguson Bruce
Robert Tze Leung Chan
Irene Yun Lien Lee
Ambassador Burton Levin
Li Rongrong[(3)]
Richard Paul Margolis
Alan Howard Smith
David Yeow[(4)]
Yu Xubo[(5)]

(1) Retired on 17 April 2015
(2) Appointed as Independent Non-Executive Director, effective 6 May 2015
(3) Retired on 17 April 2015
(4) Appointed as Independent Non-Executive Director, effective 14 July 2015
(5) Appointed as Non-Executive Director, effective 24 June 2015

Messrs. Richard Samuel Elman, David Gordon Eldon, Ambassador Burton Levin and Alan Howard Smith, being the Directors longest in office since their last re-election, will retire by rotation at the forthcoming Annual General Meeting in accordance with the Company's Bye-law 86, which requires one-third of the Directors to retire from office by rotation at each Annual General Meeting. Messrs. Paul Jeremy Brough, David Yeow and Yu Xubo will retire pursuant to Bye-law 85(2). Messrs. Richard Samuel Elman, David Gordon Eldon, Paul Jeremy Brough, David Yeow and Yu Xubo will offer themselves for re-election at the forthcoming Annual General Meeting. Ambassador Burton Levin and Alan Howard Smith will not offer themselves for re-election.

Directors' interests in securities

As at 21 January 2016, the Directors who held office as at 31 December 2015 had the following interests in the securities of the Company:

Number of shares of HK$0.25 each held:

Name of Director	Notes	Direct interest	Deemed interest	Total Interest
Richard Samuel Elman	1	-	1,456,327,737	1,456,327,737
Yusuf Alireza	2	9,286,181	17,849,748	27,135,929
William James Randall	3	25,841,655	7,326,741	33,168,396
Iain Ferguson Bruce	4	987,031	-	987,031
Robert Tze Leung Chan	5	300,000	-	300,000
Irene Yun Lien Lee	6	250,000	-	250,000
Ambassador Burton Levin	7	325,290	-	325,290
Richard Paul Margolis	8	130,000	-	130,000
Christopher Dale Pratt	9	200,000	-	200,000
David Yeow	9	10,000	-	10,000

Notes:

1. Mr. Elman has an aggregate deemed interest in 1,456,327,737 shares which are held by Noble Holdings Limited ("NHL") or in which NHL is deemed to have an interest. NHL's aggregate interest in 1,456,327,737 shares comprises (i) 1,439,379,510 shares held by NHL; and (ii) 16,948,227 shares held by NHL's wholly-owned subsidiary, Temple Trading Asia Limited ("TTAL"). NHL is a company registered in Bermuda and TTAL is a company incorporated in Hong Kong. NHL is beneficially wholly-owned by a discretionary trust, the beneficiaries of which include the children of Mr. Elman but not Mr. Elman himself. Fleet Overseas (New Zealand) Limited, a company incorporated in New Zealand, is the trustee of the discretionary trust.

2. Mr. Alireza has an aggregate interest in 27,135,929 shares comprising (i) a direct interest in 9,286,181 shares; and (ii) a deemed interest in 17,849,748 ordinary shares comprising (a) 7,250,000 shares are held by RBC Trustees (CI) Limited as Trustee for Mr. Alireza's pension trust, the beneficiaries of which include Mr. Alireza, his relatives and dependants; and (b) 10,599,748 shares held by a trust for the benefit of Mr. Alireza. As at 31 December 2015, the number of outstanding share options granted to Mr. Alireza was 75,000,000.

3. Mr. Randall has an aggregate interest in 33,168,396 shares comprising (i) a direct interest in 25,841,655 shares held by Royal Bank of Canada for the benefit of William Randall and Simone Lourey; and (ii) a deemed interest in 7,326,741 shares held by a trust for the benefit of Mr. Randall. As at 31 December 2015, the number of outstanding share options granted to Mr. Randall was 46,184,086.

4. These shares are registered in the name of nominees. As at 31 December 2015, the number of outstanding share options granted to Mr. Bruce was 436,361.

5. These shares are registered in the name of nominees. As at 31 December 2015, the number of outstanding share options granted to Mr. Chan was 436,361.

6. These shares are registered in the name of nominees. As at 31 December 2015, the number of outstanding share options granted to Ms. Lee was 250,000.

7. These shares are registered in the name of nominees. As at 31 December 2015, the number of outstanding share options granted to Ambassador Levin was 50,000.

Directors' interests in securities (continued)

8. These shares are registered in the name of nominees. As at 31 December 2015, the number of outstanding share options granted to Mr. Margolis was 200,000.

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

10. As at 31 December 2015, the number of outstanding share options granted to Mr. David Gordon Eldon was 822,725. The number of outstanding share options granted to Mr. Alan Howard Smith was 436,361.

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

Corporate Governance

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

1. Board of Directors

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 2015 and the attendance of each Board member at those meetings are set out below.

The Board comprises 14 Directors at the date of this report, 10 of whom are Independent Non-Executive Directors, whose objective judgment on corporate affairs and collective experience is valuable to the Group. The Board is of the view that its size is appropriate, taking into account the nature and scope of operations of the Group. The Directors as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

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

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

Executive Directors
Richard Samuel Elman, *Chairman*
Yusuf Alireza, *Chief Executive Officer*
William James Randall, *President*

Corporate Governance (continued)

1. Board of Directors (continued)

Non-Executive Director
Yu Xubo

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

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

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

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

Access: 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.

Corporate Governance (continued)

1. Board of Directors (continued)

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. Directors also attend the annual two-day offsite Group Strategy Meeting or Annual Business Review. 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.

Corporate Governance (continued)

1. Board of Directors (continued)

Meetings: The Board held twelve Board meetings during the year ended 31 December 2015. The Company's bye-laws provide for Directors to participate in Board meetings by telephone conference and similar communication methods, and for Board resolutions to be passed in writing, including by electronic means. The Directors' attendance at Board meetings, and at Audit Committee, Remuneration and Options Committee, and Nominating Committee meetings (being the three Committees recommended under the Code of Corporate Governance), including attendance by telephone conference and power of attorney during the year ended 31 December 2015, were as follows:

	Board	Audit Committee	Remuneration and Options Committee	Nominating Committee
Number of meetings	12	9	3	2
Richard Samuel Elman	11	7[a]	3	1[a]
Yusuf Alireza	12	*	*	*
William James Randall	10	*	*	*
Milton M. Au[b]	1	2	*	*
Paul Jeremy Brough[c]	8	4	-[d]	*
Iain Ferguson Bruce	11	9	*	*
Robert Tze Leung Chan	10	*	3	*
David Gordon Eldon	7	*	*	1
Irene Yun Lien Lee	11	9	*	2
Ambassador Burton Levin	5	*	*	1[a]
Li Rongrong[b]	2	*	*	*
Richard Paul Margolis	11	*	*	1[d]
Christopher Dale Pratt	10	9	3	*
Alan Howard Smith	11	*	3	1[a]
David Yeow[e]	7	4	*	1
Yu Xubo[f]	6	*	*	*

* Not applicable
(a) Stepped down on 23 September 2015
(b) Retired on 17 April 2015
(c) Appointed on 6 May 2015
(d) Appointed on 23 September 2015
(e) Appointed on 14 July 2015
(f) Appointed on 24 June 2015

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

Chairman and CEO: The posts of Chairman and Chief Executive Officer were held by separate persons throughout the year, who were not related to each other.

Corporate Governance (continued)

1. Board of Directors (continued)

The Board has agreed the division of responsibilities between the Chairman and Chief Executive Officer. 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 Chief Executive Officer'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 Corporate Risk Committee.

The President's responsibilities include developing with the Global Product Heads, the Group's customer strategy by product/region and leading business development globally. Mr. Randall reports to Mr. Yusuf Alireza, our Chief Executive Officer.

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

Appointments and Reappointments: 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.

Corporate Governance (continued)

1. Board of Directors (continued)

The following is a table reflecting the date Directors were initial/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	30 April 2013
Yusuf Alireza	16 April 2012	16 April 2014
William James Randall	6 February 2012	16 April 2014
Paul Jeremy Brough(a) *	6 May 2015	--
Iain Ferguson Bruce	9 April 2002	16 April 2014
Robert Tze Leung Chan	16 August 1996	17 April 2015
David Gordon Eldon*	1 January 2007	30 April 2013
Irene Yun Lien Lee	1 March 2012	17 April 2015
Ambassador Burton Levin#	16 August 1996	16 April 2014
Richard Paul Margolis	20 June 2013	16 April 2014
Christopher Dale Pratt	3 June 2014	17 April 2015
Alan Howard Smith#	22 March 2002	30 April 2013
David Yeow(b) *	14 July 2015	--
Yu Xubo(c) *	24 June 2015	--

(a) Appointed on 6 May 2015
(b) Appointed on 14 July 2015
(c) Appointed on 24 June 2015

* 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: 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.

Corporate Governance (continued)

1. Board of Directors (continued)

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

Other directorships: 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

The Audit Committee was comprised of five Directors at 31 December 2015, all being Independent Non-Executive Directors, including the Chairman. At least two members of the Audit Committee, including the Chairman, have recent and relevant accounting or related financial management expertise or experience, as recommended by the Code of Corporate Governance. The members of the Audit Committee at 31 December 2015 were Mr. Iain Ferguson Bruce (Chairman), Mr. Paul Jeremy Brough (Vice Chairman), Ms. Irene Yun Lien Lee, Mr. Christopher Dale Pratt (Lead Independent Director) and Mr. David Yeow.

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.

Corporate Governance (continued)

2. Audit Committee (continued)

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 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 the independent investigation of such matters and for appropriate follow up actions.

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

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

Corporate Governance (continued)

3. Remuneration and Options Committee

The members of the Remuneration and Options Committee as at 31 December 2015 were Mr. Christopher Dale Pratt (Chairman and Lead Independent Director), Mr. Alan Howard Smith (Vice Chairman), Mr. Robert Tze Leung Chan, Mr. Richard Samuel Elman and Mr. Paul Jeremy Brough. The majority of the Committee members, including the Chairman, are Independent Non-Executive Directors. Mr. Elman (the founder and Chairman of the Company) has an extensive knowledge of the remuneration requirements throughout the diverse operations of the Group, and provides valuable input into the remuneration deliberations and decisions of the Committee.

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

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

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

Corporate Governance (continued)

4. Nominating Committee

The members of the Nominating Committee as at 31 December 2015 were Mr. David Gordon Eldon (Chairman), Mr. Richard Paul Margolis (Vice Chairman), Ms. Irene Yun Lien Lee, and Mr. David Yeow. All of the Committee members, including the Chairman (who is not associated with any substantial shareholder), are Independent Non-Executive Directors.

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

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

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

5. Risk Committee

The members of the Risk Committee as at 31 December 2015 were Mr. David Gordon Eldon (Chairman), Mr. Christopher Dale Pratt (Vice Chairman and Lead Independent Director), Ms. Irene Yun Lien Lee, Mr. Richard Paul Margolis, Mr. Yu Xubo and Mr. Paul Jeremy Brough.

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

6. Corporate Governance Committee

The members of the Corporate Governance Committee as at 31 December 2015 were Mr. David Gordon Eldon (Chairman), Mr. Richard Paul Margolis (Vice Chairman), Mr. Robert Tze Leung Chan, Mr. Iain Ferguson Bruce and Mr. David Yeow. All of the Committee members, including the Chairman, were Independent Non-Executive Directors. The Committee's primary responsibility is to identify, monitor and implement good corporate governance practices and procedures.

Corporate Governance (continued)

7. Delegations of authority by the Board to Committees

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

8. Disclosure on Remuneration

Directors' Remuneration during the year

Remuneration band & name of Directors	Directors' Fees%	Base/Fixed salary %	Annual Bonus %	Share Incentive %	Benefits in kind %	Total %
S$1,500,000 and above						
Richard Samuel Elman	-	62	-	-	38	100
Yusuf Alireza	-	94	-	-	6	100
William James Randall	-	95	-	-	5	100
Below S$250,000						
Milton M. Au[(1)]	100	-	-	-	-	100
Paul Jeremy Brough	100	-	-	-	-	100
lain Ferguson Bruce	100	-	-	-	-	100
Robert Tze Leung Chan	100	-	-	-	-	100
David Gordon Eldon	100	-	-	-	-	100
Irene Yun Lien Lee	100	-	-	-	-	100
Ambassador Burton Levin	100	-	-	-	-	100
Li Rongrong[(2)]	-	-	-	-	-	-
Richard Paul Margolis	100	-	-	-	-	100
Christopher Dale Pratt	100	-	-	-	-	100
Alan Howard Smith	100	-	-	-	-	100
David Yeow	100	-	-	-	-	100
Yu Xubo[(3)]	-	-	-	-	-	-

(1) Retired on 17 April 2015

(2) Fee waived; and retired on 17 April 2015

(3) Fee waived.

Remuneration of top five key management executives:

Remuneration band	**No. of Executives**
S$1,500,000 and above	5
Below S$1,499,999	-

In view of the highly competitive industry conditions and of the fact that many of our competitors are private and do not publish remunerations 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.

Corporate Governance (continued)

8. Disclosure on Remuneration (continued)

Ms. Miriam Elman (who is Mr. Richard Elman's daughter) and Mr. Nicolas Ingram (who is Ms. Irene Lee's son), who are employed within the Group, received during the year remuneration within the band of S$100,000 to S$150,000. Save as disclosed, there are no employees whose remuneration exceeds S$50,000 during the year who is an immediate family member 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 E6 to the financial statements.

9. Internal controls

The Board is of the view that the Group has an adequate and effective system of internal controls which address financial, operational, and compliance and information technology risks. 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 Acting CFO 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.

Corporate Governance (continued)

10. Internal audit

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

(i) The Company's internal auditors meet or exceed standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

(ii) The Audit Committee ensures that the internal audit function is adequately resourced and has appropriate standing within the Company.

(iii) The Audit Committee, at least annually, ensures the adequacy of the internal audit function.

11. Shareholder communications

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

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

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

The quarterly results’ presentation and conference call webcast, which is hosted by the CEO and senior executives, is open to anyone in any location who wishes to take advantage of the toll free numbers offered to participate. A recording and transcript of the webcast is publicly available on Noble’s website at www.thisisnoble.com.

Investor Relations material is also accessible through Noble’s free iPad App, and copies of all the latest equity research reports that Noble is aware of are available on the Company’s website without any access restrictions.

Corporate Governance (continued)

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 financial year under review.

14. Use of Proceeds

For the purposes of Rule 704(30) of the SGX Listing Manual, as at the date of this report there are no unutilised proceeds from any offerings of securities previously made by the Company pursuant to Chapter 8 of the SGX Listing Manual.

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. 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.

17. Events after the reporting period

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

Corporate Governance (continued)

18. Auditors

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

19. Directors' biographies

Richard Samuel Elman is the founder and Chairman of the Company. Mr. Elman first arrived in Asia during the mid-1960s from England and has more than 50 years experience in the physical commodities industry. Prior to setting up the Group in 1986, he spent 10 years with Phibro as Regional Director of their Asia operations, including two years in New York as a Board Director. He is responsible for strategic issues facing the Company and to ensure that it retains its focus on Shareholder value.

Yusuf Alireza is an Executive Director and Chief Executive Officer of the Company. Prior to joining Noble, Mr. Alireza was Co-President of Asia (ex Japan) for Goldman Sachs and a member of that firm’s Global Management Committee. He joined Goldman in 1992 in New York, moved to London in 1997 where his last position was Head of EMEA sales and structuring efforts. In mid 2008 he moved to Hong Kong to lead Goldman’s Asia Pacific securities division. Mr. Alireza also serves on the Global Board of Room to Read. Mr. Alireza has a joint undergraduate and graduate degree from Georgetown University’s School of Foreign Service.

William James Randall is an Executive Director and President 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.

Paul Jeremy Brough is an Independent Non-Executive Director of the Company. Mr. Brough is an Independent Non-Executive Director of GL Limited (listed on the Singapore Stock Exchange); a Non-Executive Director of Habib Bank Zurich (Hong Kong) Limited, a Hong Kong restricted licence bank; and became an Executive Director and the Chief Restructuring Officer of China Fisheries Group Limited (listed on the Singapore Stock Exchange) on 21 January 2016. 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 the Hong Kong Securities and Investment Institute.

Corporate Governance (continued)

19. Directors' biographies (continued)

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

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

David Gordon Eldon is an Independent Non-Executive Director and Vice Chairman of the Company. He retired as Chairman of The Hongkong and Shanghai Banking Corporation Limited, and as a main Board Director of HSBC Holdings plc, in 2005 after 37 years with the HSBC Group, all of which were spent in the Middle and Far East. He is currently Non-Executive Chairman of HSBC Bank Middle East Limited, of HSBC Bank Oman S.A.O.G., and Chair of HSBC's Global Commercial Banking Risk Committee. He was previously Non-Executive Chairman of the Dubai International Financial Centre Authority ("DIFCA"), and is presently a member of the DIFCA 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, Past Chairman of the Seoul International Business Advisory Council. He is an Adviser to Singapore based Southern Capital Group and Hong Kong based New Lily International Ltd., as well an Adviser to Alexander Proudfoot. 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.

Corporate Governance (continued)

19. Directors' biographies (continued)

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

Ambassador Burton Levin is an Independent Non-Executive Director of the Company. He has more than 38 years’ experience in the diplomatic service for the United States of America in Asia. Ambassador Levin is an advisor to Sit Investment Associates and also the Chairman Emeritus of the Hopkins-Nanjing center. He holds a Bachelor of Arts degree from Brooklyn College and a Master of International Affairs degree from Columbia University, the United States of America.

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

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

Corporate Governance (continued)

19. Directors' biographies (continued)

Alan Howard Smith is an Independent Non-Executive Director of the Company. Mr. Smith was the Vice Chairman - Pacific Region of Credit Suisse First Boston, Hong Kong ("CSFB") from 1997 until he retired in 2001. Before joining CSFB, he was the Chairman from 1994 to 1996 and Managing Director from 1983 to 1994 of the Jardine Fleming Group, which he joined in 1972. He graduated with an LLB (Hons) degree from Bristol University in 1964, and was admitted as a Solicitor in England in 1967, and in Hong Kong in 1970. Mr. Smith is a Director of Genting Hong Kong Limited, Guangdong Land Holdings Limited (formerly known as Kingway Brewery Holdings Limited) and Wheelock and Company Limited. He was Asian Finance Banker of the Year and was twice elected to the Council of the Stock Exchange of Hong Kong.

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 privatization from the then Rubber Association of Singapore. He served as a Member of the Advisory Board, Singapore Mercantile Exchange Limited (SMX) and was its legal advisor in its sale to ICE; and was a member of the Monetary Authority of Singapore's Financial Centre Advisory Group Banking Sub-Committee. Mr. Yeow is on the mediation panel of the Association of Banks Singapore since 2003; and is a member of the Singapore International Arbitration Centre SGX-DT Panel of Arbitrators. Mr. Yeow graduated from the National University of Singapore with a Bachelor of Laws (Honours) degree. Mr. Yeow is an Advocate and Solicitor of the Supreme Court of Singapore.

Yu Xubo is a Non-Executive Director of the Company. Mr. Yu has been the President of COFCO Corporation ("COFCO") since 2007, and he is also the Non-executive Director of China Agri-Industries Holdings Limited (stock code: 0606 HK), Non-executive Director of China Foods Limited (stock code: 0506 HK), Vice-Chairman and Non-executive Director of China Mengniu Dairy Company Limited (stock code: 2319 HK), Chairman and Non-executive Director of China Modern Dairy Holdings Ltd. (stock code:1117 HK). He joined COFCO's agri-commodity import and export department in 1988 and started COFCO's commodity futures business in 1992 after working in the joint venture between COFCO and the Continental Grain Company in the US. He is also the President of China Nutrition and Health Food Association, the Vice President of China Chamber of International Commerce and the Vice President of China National Association of Grain Sector. Mr. Yu obtained a degree of Executive Master of Business Administration from China Europe International Business School, and a Bachelor's degree in economics from University of International Business & Economics, China.

Corporate Governance (continued)

20. Key management staff biographies

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

ON BEHALF OF THE BOARD

Chairman
25 February 2016

EY 安永
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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of Noble Group Limited and its subsidiaries ("the Group") set out on pages 32 to 167, which comprise the statements of financial position of the Group and the Company as at 31 December 2015, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and explanatory notes, including the significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2015 and of the Group's consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our report on the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 74-84).* 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.	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. During the year the Group undertook an external independent review of its mark-to-market valuation processes and associated governance activities. We considered the recommendations and the Group's response to the recommendations identified by the review.

Key audit matter:	How our audit addressed the key audit matter:
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. During 2015, prices for most commodities have fallen significantly and this has increased performance risk within the contracts due to the economic impact of the depressed price environment on the businesses of the counterparties to the contracts. The Group has assessed a heightened risk of a lower commodity price environment existing for an extended period of time, and has reflected this in their valuations. This has had a material impact on the valuation of these contracts.	We tested the valuation of individually material long term contracts which included contracts within the greater than four years category in the maturity table and within Level 3 of the fair value hierarchy, as follows:

Assets	>4 years	L3
Tested US$'million	1,223	790
Total US$'million	1,430	816
Coverage %	86%	97%

Liabilities	>4 years	L3
Tested US$'million	0	(200)
Total US$'million	(91)	(201)
Coverage %	0%	99%

These included new and revised contracts signed in 2015.

For each contract:

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

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

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

Key audit matter:	How our audit addressed the key audit matter:
	We employed EY internal valuation specialists to assist us with our audit of the valuation models, the price curves, and of unobservable inputs to those models. We evaluated the rationale for valuation adjustments that were taken at both an individual contract level and for the portfolio as a whole. We assessed the reasonableness of the valuation adjustments based on our understanding of the performance of the contract, the counterparty, and the current market environment. We also assessed the adequacy of the related disclosures in the notes to the financial statements.
Impairment of non-current and current assets *Related disclosures in the Financial Statements are included in the following notes:* - *Note B2 Trade Receivables (Pages 65-68)* - *Note B3 Prepayments, Deposits and other receivables (page 69)* - *Note B7 Market, credit, performance, political and country risk management (pages 85-93)* - *Note C2 Property, plant and equipment and mine properties (pages 94-99)* - *Note C3 Intangible assets (pages 100-103)* - *Note C4 Investments in joint ventures and associates (pages 104-116)* - *Note C5 Long term equity investments and loans (pages 117-120)* The Group has material investments in various non-current assets, including vessels, plant and equipment, mine properties, associates, joint-ventures, equity investments and long term loans. It also has material credit exposures in its portfolio of trade receivables and prepayments. Given the nature of these assets, the assessment of impairment involves significant estimation uncertainty, subjective assumptions and the application of significant judgement. The deterioration of commodity markets in 2015 has created economic stress in the commodity sector in general, and increased the required judgement in making these impairment assessments.	***Non-current assets except long term loans*** We reviewed the Group's non-current assets to determine where impairment indicators existed, taking note of third party information where available. Based on existing market conditions, impairment indicators were identified for most categories of the Group's non-current assets. We then audited the impairment assessments. The assets selected included, but were not limited to: - Vessels - Mine Properties in Indonesia - Goodwill associated with various businesses in North America - Associate investments in Cockatoo, Yancoal, Noble Agri Limited, and PT Atlas The approach to assessing impairment varied for different assets, and incorporated the following across the portfolio: ➢ We tested whether the impairment model selected for each asset was appropriate for the asset by understanding the model methodology and comparing that to our understanding of the asset. Discounted cashflow models were prepared for all assessments except for some smaller mine assets which used a resource or reserve multiple approach. ➢ We compared key market-derived estimates, including commodity prices, foreign exchange rates and interest rates, against external data, where available. We tested the consistency of the assumptions both across the portfolio for the current period for assets using common market related estimates and for each asset with estimates used in prior periods.

Key audit matter:	How our audit addressed the key audit matter:
	- We compared key operational estimates in the models to source data and publically available information where it existed. - We performed our own sensitivity analyses to assess the range of acceptable valuations. - We assessed the modeling 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 2015. 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 confirmation 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.

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Key audit matter:	How our audit addressed the key audit matter:
	We also assessed the adequacy of the related disclosures in the notes to the financial statements.
Debt repayment and liquidity At 31 December 2015, the Group had senior notes of US$260,521,000 due for repayment on 29 January 2016, senior notes of US$99,720,000 due for repayment on 26 April 2016, and unsecured bank debts of US$1,634,675,000 under its current revolving credit facilities due for repayment on 21 May 2016. Further details of these facilities and the Group's processes for managing its liquidity are disclosed in Note D3 Bank Debt and Senior Notes (pages 129-134) and Note D8 Liquidity, Interest Rate and Foreign Currency Risk Management (pages 140-143). The Group repaid the senior notes due for repayment on 31 January 2016, and is in the process of executing a refinancing plan for the revolving credit facilities.	We have obtained and reviewed the terms of the debt facilities and senior notes. We have also reviewed the Group's assessment of compliance with relevant covenants within these facilities. We have obtained a detailed understanding of the refinancing plan, and the progress made on executing against the plan up to the date of this report. We evaluated the refinancing options being considered by the Group, and made our own assessment of the feasibility of each option. We also assessed the adequacy of the related disclosures in the notes to the financial statements.
Working capital financing programs The Group utilizes two main types of working capital financing programs with various financial institutions including (1) accounts receivable discounting programs, and (2) readily marketable inventory sales programs. The readily marketable inventory sales programs typically incorporate an option, not an obligation, for the Group to repurchase the inventory. As at 31 December 2015, the total balances of discounting facilities and inventory sales programs utilized were US$647,137,000 and US$475,000,000 respectively. De-recognition of assets under these working capital financing programs requires detailed analyses by the Group to demonstrate that specific criteria outlined in the accounting standards have been met. These analyses involve significant judgment by the Group based on the terms and conditions of the agreements with the financial institutions, as to the extent of the transfer of the risk and rewards of the assets. Related disclosures are included in Note B2 Trade Receivables (pages 65-68) and Note B4 Inventories (pages 70-71).	We evaluated whether the Group's accounting policy for the treatment of working capital finance programs complied with the requirements of IFRS. We obtained a detailed understanding of the Group's internal processes to apply its accounting policy. We read key terms and conditions of existing and new inventory sales and discounting agreements with financial institutions and made our own assessment of the transfer of risk and rewards, and the application of the Group's accounting policy to the transactions. We also assessed the adequacy of the related disclosures in the notes to the financial statements

Information Other than the Financial Statements and Auditor's Report Thereon
The directors are responsible for the other information. The other information comprises the Directors Report included in pages 3 to 24, 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 Audit Committee is responsible for overseeing the Group's financial reporting process.

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

The objectives of our audit 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 judgment 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 responsible for the audit resulting in this independent auditor's report is Peter Picton-Phillipps.

Ernst & Young

Certified Public Accountants
Hong Kong
25 February 2016

NOBLE GROUP LIMITED

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2015

	Notes	2015 US$'000	2014 US$'000
CONTINUING OPERATIONS			
REVENUE	A1, A2.3	66,712,404	85,816,088
Cost of sales and services	A1, A3.2	(66,597,372)	(84,325,248)
Operating income from supply chains		115,032	1,490,840
Losses on supply chain assets, net	A1, A3.3	(815,628)	(290,127)
Share of profits and losses of:			
Joint ventures	A1, C4.3	(12,984)	(3,192)
Associates	A1, C4.4	(271,505)	(175,050)
TOTAL OPERATING INCOME/(LOSS)		(985,085)	1,022,471
Other income net of other expenses	A3.4	1,205	817
Selling, administrative and operating expenses	A3.5	(555,143)	(565,077)
PROFIT/(LOSS) BEFORE INTEREST AND TAX		(1,539,023)	458,211
Finance income	A4.2	57,404	55,777
Finance costs	A4.2	(232,000)	(236,325)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		(1,713,619)	277,663
Taxation	A1, A5.3	43,167	(35,736)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		(1,670,452)	241,927
NET LOSS FOR THE YEAR FROM AGRICULTURAL DISCONTINUED OPERATIONS	E2	-	(109,403)
PROFIT/(LOSS) FOR THE YEAR	A1	(1,670,452)	132,524
Attributable to:			
Equity holders of the parent		(1,672,010)	132,031
Non-controlling interests		1,558	493
		(1,670,452)	132,524

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

	Note	Continuing operations		Agricultural discontinued operations		Group	
		2015 US$	2014 US$	2015 US$	2014 US$	2015 US$	2014 US$
Basic	A6	(0.2616)	0.0332	-	(0.0172)	(0.2616)	0.0160
Diluted	A6	(0.2616)	0.0328	-	(0.0170)	(0.2616)	0.0158

The accounting policies and explanatory notes on pages 41 to 167 form an integral part of the financial statements.

NOBLE GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Continuing operations		Agricultural discontinued operations	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
PROFIT/(LOSS) FOR THE YEAR	(1,670,452)	241,927	-	(109,403)
OTHER COMPREHENSIVE INCOME/(LOSS)				
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Cash flow hedges:				
Net gains/(losses) arising during the year	(58,788)	(107,270)	-	643
Net losses/(gains) transferred to the income statement	114,916	47,198	-	(2,208)
Share of gains on cash flow hedge of a joint venture	1,828	25,348	-	-
Share of losses on cash flow hedge of associates	(5,610)	(74,561)	-	-
Income tax impact	-	-	-	(1,609)
Net gains/(losses) on cash flow hedges after tax	52,346	(109,285)	-	(3,174)
Revaluation of long term equity investments:				
Net change in fair value during the year	(14,387)	(1,594)	-	(292)
Net losses on disposal transferred to the income statement	-	386	-	-
Impairment transferred to the income statement (note C5.3)	8,057	16,811	-	-
	(6,330)	15,603	-	(292)
Exchange differences on translation of foreign operations	(40,533)	(9,243)	-	(19,319)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	5,483	(102,925)	-	(22,785)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	(1,664,969)	139,002	-	(132,188)
Attributable to:				
Equity holders of the parent	(1,666,527)	139,692	-	(133,957)
Non-controlling interests	1,558	(690)	-	1,769
	(1,664,969)	139,002	-	(132,188)

NOBLE GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 US$'000	2014 US$'000 (restated*)
NON-CURRENT ASSETS			
Property, plant and equipment	C2.3	833,210	895,467
Mine properties	C2.4	15,776	43,398
Intangible assets	C3.3	331,843	354,038
Investments in joint ventures	C4.3	289,951	265,951
Investments in associates	C4.4	502,345	1,986,774
Long term equity investments	C5.3	35,558	51,106
Long term loans	C5.4	282,425	259,932
Deferred tax assets	A5.4	165,116	135,976
Total non-current assets		2,456,224	3,992,642
CURRENT ASSETS			
Cash and cash equivalents	D2.2	1,953,270	903,822
Trade receivables	B2.3	2,434,076	3,704,142
Prepayments, deposits and other receivables	B3.3	1,166,089	1,556,582
Fair value gains on commodity and other derivative financial instruments	B6.3	6,204,980	7,380,618
Inventories	B4.3	1,791,520	2,287,076
Tax recoverable		92,237	40,453
		13,642,172	15,872,693
Assets in subsidiaries classified as held for sale	E3	227,456	224,616
Assets in associates classified as held for sale	E2	748,000	-
Total current assets		14,617,628	16,097,309
CURRENT LIABILITIES			
Trade and other payables and accrued liabilities	B5.2	4,726,877	8,156,117
Fair value losses on commodity and other derivative financial instruments	B6.3	3,026,629	2,813,561
Bank debts	D3.2	2,127,814	440,141
Senior notes	D3.3	360,241	597,791
Tax payable		7,511	15,087
		10,249,072	12,022,697
Liabilities in subsidiaries classified as held for sale	E3	6,178	4,471
Liabilities related to held for sale subsidiaries	E3	64,449	64,449
Total current liabilities		10,319,699	12,091,617
NET CURRENT ASSETS		4,297,929	4,005,692
TOTAL ASSETS LESS CURRENT LIABILITIES		6,754,153	7,998,334

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* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Note F1.

NOBLE GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2015

	Notes	2015 US$'000	2014 US$'000 (restated)
NON-CURRENT LIABILITIES			
Bank debts	D3.2	1,846,189	718,101
Senior notes	D3.3	1,586,911	2,214,926
Deferred tax liabilities	A5.4	1,318	1,342
Total non-current liabilities		3,434,418	2,934,369
NET ASSETS		3,319,735	5,063,965
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	D5.2	216,360	216,357
Share premium		2,049,677	2,049,617
Treasury shares		(102,075)	-
Capital securities	D4,D5.3	397,547	397,547
Reserves		(278,418)	(379,418)
Reserves in subsidiaries classified as held for sale	E3	5,609	5,609
Retained profits		1,024,956	2,767,389
		3,313,656	5,057,101
Non-controlling interests		3,114	3,858
Non-controlling interests attributable to subsidiaries classified as held for sale	E3	2,965	3,006
		6,079	6,864
TOTAL EQUITY		3,319,735	5,063,965

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Director

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Director

The accounting policies and explanatory notes on pages 41 to 167 form an integral part of the financial statements.

NOBLE GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

		Attributable to equity holders of the parent																	
						Reserves													
	Notes	Share 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$'000	Capital reserve US$'000	Cash flow hedging reserve US$'000	Long term investment revaluation reserve US$'000	Exchange fluctuation reserve US$'000	Acquisition of non-controlling interests US$'000	Reserves in subsidiaries classified as held for sale US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Non-controlling interests attributable to subsidiaries classified as held for sale US$'000	Total equity US$'000
At 1 January 2014		213,850	2,007,083	(31,272)	344,891	(187,939)	97,005	6,237	11,693	(211,947)	(6,608)	(4,900)	5,039	-	2,913,688	5,156,820	10,091	-	5,166,911
Profit for the year		-	-	-	-	-	-	-	-	-	-	-	-	-	132,031	132,031	493	-	132,524
Other comprehensive income for the year, net of tax:		-	-	-	-	-	-	-	-	(112,459)	15,311	(29,148)	-	-	-	(126,296)	586	-	(125,710)
Total comprehensive income, net of tax		-	-	-	-	-	-	-	-	(112,459)	15,311	(29,148)	-	-	132,031	5,735	1,079	-	6,814
Held for sale operation	E3	-	-	-	-	-	-	-	-	-	-	(570)	(5,039)	5,609	-	-	(3,006)	3,006	-
Disposal of subsidiaries		-	-	-	-	-	-	-	-	22,100	(1,026)	(27,478)	12,138	-	-	5,734	(5,267)	-	467
Issue of capital securities		-	-	-	397,547	-	-	-	-	-	-	-	-	-	-	397,547	-	-	397,547
Redemption of capital securities		-	-	-	(344,891)	-	-	-	-	-	-	-	-	-	(5,109)	(350,000)	-	-	(350,000)
Redemption of convertible bonds		-	-	-	-	-	-	-	(11,693)	-	-	-	-	-	11,693	-	-	-	-
Issue of shares on exercise of share options		1,033	18,398	-	-	-	-	-	-	-	-	-	-	-	-	19,431	-	-	19,431
Share-based payment		832	5,360	31,272	-	42,648	-	-	-	-	-	-	-	-	-	80,112	-	-	80,112
Equity-settled share option expenses		-	-	-	-	-	19,356	-	-	-	-	-	-	-	-	19,356	-	-	19,356
Scrip dividend	D7.2	642	18,776	-	-	-	-	-	-	-	-	-	-	-	(19,418)	-	-	-	-
Cash dividend	D7.2	-	-	-	-	-	-	-	-	-	-	-	-	-	(34,379)	(34,379)	-	-	(34,379)
Special cash dividend	D7.2	-	-	-	-	-	-	-	-	-	-	-	-	-	(202,255)	(202,255)	-	-	(202,255)
Capital securities dividend		-	-	-	-	-	-	-	-	-	-	-	-	-	(28,862)	(28,862)	-	-	(28,862)
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(12,138)	-	-	(12,138)	961	-	(11,177)
At 31 December 2014		216,357	2,049,617	-	397,547	(145,291)	116,361	6,237	-	(302,306)	7,677	(62,096)	-	5,609	2,767,389	5,057,101	3,858	3,006	5,063,965

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NOBLE GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

Year ended 31 December 2015

		Attributable to equity holders of the parent																
						Reserves												
	Notes	Share 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	Long term investment revaluation reserve US$'000	Exchange fluctuation reserve US$'000	Acquisition of non-controlling interests US$'000	Reserves in subsidiaries classified as held for sale US$'000	Retained profits US$'000	Total US$'000	Non-controlling interests US$'000	Non-controlling interests attributable to subsidiaries classified as held for sale US$'000	Total equity US$'000
At 1 January 2015		216,357	2,049,617	-	397,547	(145,291)	116,361	6,237	(302,306)	7,677	(62,096)	-	5,609	2,767,389	5,057,101	3,858	3,006	5,063,965
Profit/(loss) for the year		-	-	-	-	-	-	-	-	-	-	-	-	(1,672,010)	(1,672,010)	1,599	(41)	(1,670,452)
Other comprehensive income for the year, net of tax:		-	-	-	-	-	-	-	52,346	(6,330)	(40,533)	-	-	-	5,483	-	-	5,483
Total comprehensive income, net of tax		-	-	-	-	-	-	-	52,346	(6,330)	(40,533)	-	-	(1,672,010)	(1,666,527)	1,599	(41)	(1,664,969)
Non-controlling interest arising from business combination		-	-	-	-	-	-	-	-	-	-	-	-	-	-	20	-	20
Disposal of a subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	-	(186)	-	(186)
Issue of shares on exercise of share options		3	60	-	-	-	-	-	-	-	-	-	-	-	63	-	-	63
Acquisition of treasury shares		-	-	(102,075)	-	-	-	-	-	-	-	-	-	-	(102,075)	-	-	(102,075)
Share-based payment		-	-	-	-	72,070	-	-	-	-	-	-	-	-	72,070	-	-	72,070
Equity-settled share option expenses		-	-	-	-	-	21,270	-	-	-	-	-	-	-	21,270	-	-	21,270
Cash dividend	D7.2	-	-	-	-	-	-	-	-	-	-	-	-	(46,423)	(46,423)	-	-	(46,423)
Capital securities dividend		-	-	-	-	-	-	-	-	-	-	-	-	(24,000)	(24,000)	-	-	(24,000)
Acquisition of non-controlling interests		-	-	-	-	-	-	-	-	-	-	2,177	-	-	2,177	(2,177)	-	-
At 31 December 2015		216,360	2,049,677	(102,075)	397,547	(73,221)	137,631	6,237	(249,960)	1,347	(102,629)	2,177	5,609	1,024,956	3,313,656	3,114	2,965	3,319,735

The accounting policies and explanatory notes on pages 41 to 167 form an integral part of the financial statements.

NOBLE GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

31 December 2015

	Notes	2015 US$'000	2014 US$'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax			
From Continuing operations		(1,713,619)	277,663
From Agricultural discontinued operations		-	(196,587)
Total		(1,713,619)	81,076
Adjustments to profit before tax	A9	1,381,792	874,022
Operating profit before working capital changes		(331,827)	955,098
Decrease/(increase) in working capital	B8	119,193	(1,745,299)
Net increase of cash balances with futures brokers not immediately available for use in the business operations		(46,636)	(264,000)
Interest received		57,404	76,718
Taxes paid		(33,665)	(95,355)
Net cash flows used in operating activities		(235,531)	(1,072,838)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	C9	(286,930)	1,830,739
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	D9	1,544,821	(1,171,376)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,022,360	(413,475)
Net foreign exchange differences		(17,325)	(1,793)
Cash and cash equivalents at beginning of year		554,276	969,544
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,559,311	554,276
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and short term time deposits	D2.2	1,170,078	357,695
Cash balances with futures brokers	D2.2	783,192	546,127
Cash and cash equivalents as stated in the statement of financial position		1,953,270	903,822
Cash balances attributable to subsidiaries classified as held for sale		3,085	862
Less: Cash balances with futures brokers not immediately available for use in the business operations	D2.2	(397,044)	(350,408)
Cash and cash equivalents as stated in the statement of cash flows		1,559,311	554,276

The accounting policies and explanatory notes on pages 41 to 167 form an integral part of the financial statements.

NOBLE GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 US$'000	2014 US$'000 (restated)
NON-CURRENT ASSETS			
Investments in subsidiaries	E1.2	3,731,687	791,066
Investments in associates	C4.4	16,303	16,462
Long term equity investments	C5.3	843	1,625
Total non-current assets		3,748,833	809,153
CURRENT ASSETS			
Cash and cash equivalents	D2.2	754,932	111,346
Due from subsidiaries	E1.2	5,773,980	8,503,764
Prepayments, deposits and other receivables	B3.3	46,707	139,542
Fair value gains on commodity and other derivative financial instruments	B6.3	394	45,039
Total current assets		6,576,013	8,799,691
CURRENT LIABILITIES			
Due to subsidiaries	E1.2	2,044,916	1,887,750
Other payables and accrued liabilities	B5.2	248,001	261,145
Fair value losses on commodity and other derivative financial instruments	B6.3	62,065	116,302
Bank debts	D3.2	1,692,054	207,998
Senior notes	D3.3	360,241	597,791
Total current liabilities		4,407,277	3,070,986
NET CURRENT ASSETS		2,168,736	5,728,705
TOTAL ASSETS LESS CURRENT LIABILITIES		5,917,569	6,537,858
NON-CURRENT LIABILITIES			
Bank debts	D3.2	1,779,775	632,412
Senior notes	D3.3	1,586,911	2,214,926
Total non-current liabilities		3,366,686	2,847,338
NET ASSETS		2,550,883	3,690,520

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NOBLE GROUP LIMITED

STATEMENT OF FINANCIAL POSITION (continued)

31 December 2015

	Notes	2015 US$'000	2014 US$'000
EQUITY			
Issued capital	D5.2	216,360	216,357
Share premium	D5.3	2,049,677	2,049,617
Treasury shares	D5.3	(102,075)	-
Capital securities	D4, D5.3	397,547	397,547
Reserves	D5.3	(30,890)	(104,198)
Retained profits	D5.3	20,264	1,131,197
TOTAL EQUITY		2,550,883	3,690,520

Director

Director

The accounting policies and explanatory notes on pages 41 to 167 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 (including the 49% held for sale associate in Noble Agri Limited ("NAL") 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. The Group signed a share sale agreement for its 49% interest in NAL on 23 December 2015.

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

The Group operates over 60 offices worldwide and employed over 1,500 (2014: over 1,900) employees as at 31 December 2015.

The consolidated financial statements of the Company for the year ended 31 December 2015 were approved and authorised for issue in accordance with a resolution of the board of directors on 25 February 2016.

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 2015, 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.

BASIS OF PRESENTATION, PREPARATION AND CONSOLIDATION (continued)

Basis of presentation and preparation (continued)

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 2015, the Group's current liabilities include US$2,128 million of bank debt and US$360 million of senior notes, of which US$261 million of the senior notes were settled on their maturity dates in January 2016. The Directors are confident in the Group's ability to refinance its bank debt as it comes due in 2016.

In addition, the Group has the following additional sources of liquidity available at 31 December 2015, which may be used towards the repayment of debt and to enhance the Group's liquidity position if required:

(a) Proceeds of US$750 million from the disposal of the remaining 49% interest in NAL. Group shareholder approval occurred on 28 January 2016, and all regulatory approvals have been received. The Group expects to receive the proceeds from the sale in early March 2016;
(b) Proceeds from the further sale of assets, or the reduction in working capital allocated to certain business units within the Group; and
(c) Proceeds from the potential issuance of new debt or equity securities

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

BASIS OF PRESENTATION, PREPARATION AND CONSOLIDATION (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries now comprising the Group for the year ended 31 December 2015. 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 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.

When relevant, total comprehensive income within a subsidiary is attributed to a non-controlling interest even if this results in a deficit balance.

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.

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 note B1.1; (ii) pledged vessels, see note C2.3; and (iii) cash balances with future brokers which is not immediately available for use in the Group's business operations, see note D2.2.

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

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SECTION A: PERFORMANCE

A1 PROFIT/(LOSS) FROM UNDERLYING BUSINESSES

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

Accordingly, adjusted net profit excludes exceptional non-cash gains or losses included in the Group's operating income from supply chains along with other non-operational items such as impairment losses on supply chain assets, negative goodwill recognised on business combinations, re-measurement gain on a pre-existing interest in associates, share of profits and losses of disposed joint ventures and associates and profits and losses of discontinued operations.

	Year ended 31 Dec 2015			Year ended 31 Dec 2014		
	IFRS income statement US$'000	Adjustments US$'000	Adjusted income statement US$'000	IFRS income statement US$'000	Adjustments US$'000	Adjusted income statement US$'000
Revenue	66,712,404		66,712,404	85,816,088		85,816,088
Cost of sales and services	(66,597,372)	1,061,204	(65,536,168)	(84,325,248)	178,821	(84,146,427)
		*1			*1	
Operating income from supply chains	115,032		1,176,236	1,490,840		1,669,661
Losses on supply chain assets	(815,628)	709,580	(106,048)	(290,127)	72,283	(217,844)
		*2			*2	
Share of profits and losses of:						
Joint ventures	(12,984)		(12,984)	(3,192)		(3,192)
Associates	(271,505)	192,578	(78,927)	(175,050)	94,765	(80,285)
		*3			*3	
Total operating income/(loss)	(985,085)		978,277	1,022,471		1,368,340
Selling, administrative and operating expenses and other income, net	(553,938)		(553,938)	(564,260)		(564,260)
Profit/(loss) before interest and tax	(1,539,023)		424,339	458,211		804,080
Net finance costs	(174,596)		(174,596)	(180,548)		(180,548)
Taxation	43,167	(48,676)	(5,509)	(35,736)	(2,195)	(37,931)
		*4			*4	
Net profit/(loss) for the year	(1,670,452)		244,234	241,927		585,601

SECTION A: PERFORMANCE

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

Income statement

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

	2015 US$'000	2014 US$'000
Valuation adjustment due to changes in long term price and discount rate curves *1#	(771,372)	(171,521)
Write-off of commodity contracts and other provisions *1##	(289,832)	(7,300)
	(1,061,204)	(178,821)

*1# Long term price curves represent forward prices beyond the observable market and are based on fundamental demand/supply analysis backed by broker consensus. Forward curves beyond the tenor supported by broker consensus are built incorporating CPI inflation derived from market quotes plus a commodity cost adjustment. Forward cash flows 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 primarily relates to a change in our long term coal prices, reflected by a lowering of the "anchor" coal price, used for projecting the years subsequent to those for which observable market data exists. In light of the recent sharp decline in long term oil prices management determined and the Board agreed that it was appropriate to adopt conservative prices for thermal and coking coal, to ensure that the contracts will be covered against a possible scenario of "lower prices for longer".

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

	Notes	2015 US$'000	2014 US$'000
*2 The adjustment to losses on supply chain assets includes:			
- impairment of non-current assets	A9	(701,759)	(390,083)
- investment in NAL		(531,615)	-
- investment in other associates		(96,317)	(276,143)
- mine properties		(23,742)	(45,610)
- long term equity investments		(11,140)	(49,811)
- investments in joint ventures		(8,735)	(4,919)
- property, plant and equipment		(30,210)	(13,600)
- impairment of prepayments	A9	(7,821)	-
- negative goodwill on acquisition of subsidiaries	A9	-	178,002
- re-measurement gain on a pre-existing interest in associates	A9	-	139,798
		(709,580)	(72,283)

SECTION A: PERFORMANCE

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

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

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

Statement of cash flow

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

	Year ended 31 Dec 2015			Year ended 31 Dec 2014		
	IFRS statement of cash flows US$'000	Adjustments US$'000	Adjusted statement of cash flows US$'000	IFRS statement of cash flows US$'000	Adjustments US$'000	Adjusted statement of cash flows US$'000
Profit/(loss) before tax	(1,713,619)	1,963,362	249,743	81,076	345,869	426,945
		*1+*2+*3 above			*1+*2+*3 above	
Adjustments to profit before tax	1,381,792	(902,158)	479,634	874,022	(167,048)	706,974
		*2+*3 above			*2+*3 above	
Operating profit before working capital change	(331,827)		729,377	955,098		1,133,919
Decrease/(increase) in working capital	119,193	(1,061,204)	(942,011)	(1,745,299)	(178,821)	(1,924,120)
		*1 above			*1 above	
Net decrease of cash balances with futures brokers not immediately available for use in the business operations	(46,636)		(46,636)	(264,000)		(264,000)
Interest received	57,404		57,404	76,718		76,718
Taxes paid	(33,665)		(33,665)	(95,355)		(95,355)
Net cash flows used in operating activities	(235,531)		(235,531)	(1,072,838)		(1,072,838)

SECTION A: PERFORMANCE

A2 SEGMENT INFORMATION

A2.1 ***Description of the segments***

Following the re-organisation of its business lines in Q1 2015, the Group revised its financial reporting operating segments based on their product and service similarity and their common business drivers. The Energy Coal and Oil Liquids businesses were combined into one reporting segment named Energy due to similar market environment and business strategies. Power and Gas, along with Noble Americas Energy Solutions, were combined into a reporting segment named Gas & Power due to similar product and market environment. A Metals and Mining operating segment was created which includes all the former Metals, Minerals and Ores businesses along with the Carbon Steel Materials business due to similar market environment and customer base. A new Corporate segment was created which incorporates the Logistics business, the Financial Services business, certain investments in associates and joint ventures and corporate unallocated costs. As a result of these changes, the segment information for the year ended 31 December 2014 has been restated to make it comparable. The detailed description of the four reporting operating segments is as follows:

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

(b) Gas & Power: The Group’s Gas & Power segment includes the following product divisions: Gas & Power, which trades and provides supply chain management services on gas, LNG, power and input coal, and Energy Solutions, which offers supply and risk management services to retail customers on power and gas.

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

(d) Corporate: The Group’s Corporate segment incorporates: Logistics, which provides internal and external customers with ocean transport in the dry bulk segment, long term freight solutions and freight market guidance; Financial Services, which leverages the origination and customer solution activities of the businesses of the Group; certain investments in our associates and joint ventures which include NAL, Yancoal Australia Limited (“Yancoal”), X2 Resources Limited (“X2”) and Harbour Energy (“Harbour”); and other corporate activities.

SECTION A: PERFORMANCE

A2 SEGMENT INFORMATION

A2.2 ***Relevant new accounting standard***

The Group has adopted the amendments to IFRS 8 Operating Segments - aggregation of operating segments for the first time for the current year's financial statements. The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are ‘similar’
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities

The Group has applied the aggregation criteria in IFRS 8.12, as disclosed in note A2.1.

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SECTION A: PERFORMANCE

A2 SEGMENT INFORMATION (continued)

A2.3 ***Operating segments***

The following tables present revenue and adjusted profit information regarding the Group's operating segments for the years ended 31 December 2015 and 2014.

	Energy		Gas & Power		Mining & Metals		Corporate		Adjustments		Notes	Consolidated per IFRS	
	2015	2014 (restated)	2015	2014 (restated)	2015	2014 (restated)	2015	2014 (restated)	2015	2014 (restated)		2015	2014 (restated)
Tonnage (MT'000)	150,360	117,532	N/A	N/A	33,865	37,380	87,116	60,110	N/A	N/A		271,341	215,022
Tonnage (Mwh'000)*	N/A	N/A	994,778	858,655	N/A	N/A	N/A	N/A	N/A	N/A		994,778	858,655
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000		US$'000	US$'000
Revenue	51,003,973	69,378,215	756,976	590,163	11,710,832	13,975,786	3,240,623	1,871,924	-	-	A1	66,712,404	85,816,088
Cost of sales and services	(50,109,474)	(68,660,355)	(357,442)	(104,057)	(11,804,344)	(13,510,975)	(3,264,908)	(1,871,040)	(1,061,204)	(178,821)	A1	(66,597,372)	(84,325,248)
Operating income/(loss) from supply chains #	894,499	717,860	399,534	486,106	(93,512)	464,811	(24,285)	884	(1,061,204)	(178,821)		115,032	1,490,840
Profit/(losses) on supply chain assets, net #	(3,355)	3,924	(43)	-	1,224	(26,358)	(103,874)	(195,410)	(709,580)	(72,283)	A1	(815,628)	(290,127)
Share of profit/(losses) of:													
Joint ventures	394	1,604	(6,464)	(8,617)	(6,370)	(1,929)	(544)	5,750	-	-	A1	(12,984)	(3,192)
Associates #	(3,417)	(117)	(7,053)	7,986	(16,303)	(13,151)	(52,154)	(75,003)	(192,578)	(94,765)	A1	(271,505)	(175,050)
Total operating income/(loss) #	888,121	723,271	385,974	485,475	(114,961)	423,373	(180,857)	(263,779)	(1,963,362)	(345,869)		(985,085)	1,022,471
Profit/(losses) before interest and tax #	645,737	532,324	214,407	304,873	(228,748)	282,266	(207,057)	(315,383)	(1,963,362)	(345,869)		(1,539,023)	458,211

* Volume conversions from MMBTu to Mwh based on current market heat rates
\# Adjusted for exceptional non-cash losses

SECTION A: PERFORMANCE

A2 SEGMENT INFORMATION (continued)

A2.3 ***Operating segments*** **(continued)**

	Energy		Gas & Power		Mining & Metals		Corporate		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Segment assets other than investments in joint ventures and associates	5,813,845	8,071,453	3,660,156	3,059,912	3,291,425	4,528,836	2,768,130	2,177,025	15,533,556	17,837,226
Investments in:										
Yancoal (associate)	-	-	-	-	-	-	230,325	322,122	230,325	322,122
Harbour (joint venture)	-	-	-	-	-	-	150,414	150,414	150,414	150,414
NAL (associate held for sale /associate)	-	-	-	-	-	-	748,000	1,391,119	748,000	1,391,119
Others associates and joint ventures	136,860	58,607	85,967	91,702	110,784	186,104	77,946	52,657	411,557	389,070
Segment assets**	5,950,705	8,130,060	3,746,123	3,151,614	3,402,209	4,714,940	3,974,815	4,093,337	17,073,852	20,089,951
Segment liabilities**	(6,139,245)	(7,755,656)	(3,549,339)	(2,843,867)	(3,999,219)	(4,377,729)	(66,314)	(48,734)	(13,754,117)	(15,025,986)
Capital expenditure#	23,933	63,221	2,593	8,694	15,709	31,498	40,457	183,438	82,692	286,851
** Included in segment assets/liabilities are:										
Net fair value gains/(losses) on commodity and other derivative financial instruments										
- gains	2,482,287	3,711,440	2,074,699	1,654,034	1,173,495	1,835,754	474,499	179,390	6,204,980	7,380,618
- losses	(935,793)	(939,714)	(1,491,850)	(1,119,871)	(164,767)	(370,109)	(434,219)	(383,867)	(3,026,629)	(2,813,561)
Percentage of segment total over group total										
- gains	40%	50%	33%	22%	19%	25%	8%	2%	100%	100%
- losses	31%	33%	50%	40%	5%	13%	14%	14%	100%	100%

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

SECTION A: PERFORMANCE

A2 SEGMENT INFORMATION (continued)

A2.4 ***Geographical information***

	Income statement Revenue from external customers		Statement of financial position Specified non-current assets	
	2015 US$'000	2014 US$'000	2015 US$'000	2014 US$'000
Hong Kong (place of domicile)	-	-	455,957	1,888,709
PRC (excluding Hong Kong)	4,265,278	5,153,158	8,707	1,085
India	1,203,278	1,425,088	2,387	2,657
Australia	21,730	32,488	276,036	418,652
Asia Pacific (excluding Hong Kong, PRC, India and Australia)	6,332,360	7,462,713	253,335	235,122
North America	44,361,241	56,050,363	716,767	741,122
South America	771,442	5,509,093	226,620	244,235
Africa	1,099,775	2,362,339	32	57
Europe	8,657,300	7,820,846	33,284	13,989
	66,712,404	85,816,088	1,973,125	3,545,628

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

Account	Determining factor
Revenues from external customers	Location at which the services were provided or the goods delivered
Specified Non-Current Assets:	
- Property, plant and equipment and mine properties	Location of operation
- Intangible assets, investments in associates and joint ventures	Location of operation

SECTION A: PERFORMANCE

A3 PROFIT BEFORE INTEREST AND TAX

A3.1 ***Significant accounting policies***

Revenue recognition

Supply of products revenue (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) realized cost of commodity purchase contracts, unrealised fair value adjustments of commodity contracts and inventories, recognised gains and losses from hedging instruments;
(ii) other production activities direct costs such as freight, taxes, tariffs, operating lease payments, depreciation and amortization, and staff costs; and
(iii) other trading activities direct costs such as impairment of long term loans and impairment of trade receivables.

Profit/loss on supply chain assets

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

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

SECTION A: PERFORMANCE

A3 PROFIT BEFORE INTEREST AND TAX (continued)

A3.1 ***Significant accounting policies* (continued)**

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.

A3.2 ***Cost of sales and services***

	Notes	2015 US$'000	2014 US$'000
Cost of inventories sold and unrealised marked-to-market movements		64,711,329	82,068,868
Freight expenses		1,118,406	1,354,103
Operating lease payments on land and buildings		83,429	81,324
Operating lease payments on vessels		578,618	668,768
Amortisation of mine properties	C2.4	-	10,360
Amortisation of intangible assets		22,195	12,639
Depreciation related to production activities		64,645	39,592
Employee benefit expense:			
Salaries and bonuses		9,126	23,922
Pension scheme contributions		20	-
Impairment of non-current assets (long term loans)		6,200	47,486
Impairment of trade receivables	B2.3	3,404	18,186
		66,597,372	84,325,248

SECTION A: PERFORMANCE

A3 PROFIT BEFORE INTEREST AND TAX (continued)

A3.3 ***Losses on supply chain assets***

	Notes	2015 US$'000	2014 US$'000
Impairment of non-current assets			
- NAL		531,615	-
- Others excluding NAL		170,144	390,083
Impairment of prepayments[1]	B3.3	7,821	-
Net losses/(gains) on disposal of non-current assets		(7,924)	40,005
Re-measurement gain on a pre-existing interest in associates	E2	-	(139,798)
Negative goodwill	C7.2	-	(178,002)
Corporate overhead attributable to NAL[2]	C8	17,700	28,223
Expenses [3]		96,272	149,616
		815,628	290,127

1 Impairment related to prepayments to a mine supplier in view of the increased likelihood of default in current market environment.

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

3 Expenses for supply chain assets recycling activities include primarily (1) salaries, bonus provision and staff benefits for supply chain asset activities, (2) legal and professional fee for supply chain assets activities and (3) hedging exchange gains and losses on supply chain assets activities. Expenses decreased by 36% was generally in line with cost cutting initiative in supply chain activities.

A3.4 ***Other income net of other expenses***

	2015 US$'000	2014 US$'000
Dividend income from long term equity investments	263	18
Gain on disposal of long term equity investments	71	-
Gain/(loss) on disposal of property, plant and equipment	(121)	990
Exchange differences, net	992	(191)
	1,205	817

SECTION A: PERFORMANCE

A3 PROFIT BEFORE INTEREST AND TAX (continued)

A3.5 ***Selling, administrative and operating expenses***

	2015 US$'000	2014 US$'000
Employee benefit expense:		
Salaries and bonuses	275,199	306,192
Pension scheme contributions	10,087	10,653
Share-based payment expense, net	74,402	74,555
Equity-settled share option expenses	21,270	20,107
Audit fee	8,364	6,015
Non-audit fees	389	426
Depreciation	30,539	28,024
Operating lease payments on land and buildings	27,342	27,793
Others	107,551	91,312
	555,143	565,077

Salaries and bonuses decreased by 10% to US$275,199,000 for the year ended 31 December 2015 due to the Group's announced cost cutting initiative and due to the Group's performance. Headcount was reduced by 400 to approximately 1,500 as at 31 December 2015. Others mainly includes legal and professional fees and information services costs.

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 instrument to the net carrying amount of the instrument.

A4.2 ***Net finance costs excluding discontinued operations***

	2015 US$'000	2014 US$'000
Interest income:		
Bank deposits	(15,148)	(38,263)
Long term loans	(42,256)	(38,455)
	(57,404)	(76,718)
Less: discontinued operations	-	20,941
	(57,404)	(55,777)
Interest expense and amortisation:		
Bank debts	95,201	160,116
Convertible bonds	-	10,644
Senior notes	136,799	162,218
	232,000	332,978
Less: discontinued operations	-	(96,653)
	232,000	236,325
Net finance costs excluding discontinued operations	174,596	180,548

SECTION A: PERFORMANCE

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 amortization 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.

SECTION A: PERFORMANCE

A5 TAXATION (continued)

A5.1 ***Significant accounting policies* (continued)**

Deferred tax (continued)
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.

A5.2 ***Significant accounting judgements and estimates***

Income tax
The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes worldwide. There are certain transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the income statement in the period in which such determination is made.

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

SECTION A: PERFORMANCE

A5 TAXATION (continued)

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:

	2015 US$'000	2014 US$'000
Tax benefit/(provision) for the year	37,625	(62,853)
Over/(under) provision in prior years	(19,086)	1,066
Net deferred tax credit	24,628	26,051
	43,167	(35,736)

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

	2015 US$'000	2014 US$'000
Profit/(loss) before tax from continuing operations	(1,713,619)	277,663
Tax credit at the applicable rates in the countries concerned	266,544	35,535
Income not subject to tax	-	25,139
Unrecognised benefit of tax losses	(230,179)	(73,962)
Non-deductible expenses	(11,955)	(7,009)
Over/(under) provision in prior years	(19,086)	1,066
Tax credits	52,435	4,139
Others	(14,592)	(20,644)
Tax credit/(expense) for the year	43,167	(35,736)

The share of tax benefit attributable to joint ventures and associates amounted to US$8,920,000 (2014: tax charge of US$19,970,000) and was included in "Share of profits and losses of joint ventures and associates" in the consolidated income statement.

SECTION A: PERFORMANCE

A5 TAXATION (continued)

A5.4 ***Deferred tax assets and liabilities***

Deferred tax assets have been recognised at 31 December 2015 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 2015 and 2014 mainly for temporary differences arising from compensation and other accruals, tax depreciation and amortization in excess of related book accounting, and investment calculated at prevailing applicable tax rates.

In evaluating whether it is probable that taxable profits will be earned in future accounting periods prior to any tax loss expiry, all available evidence was considered, including approved budgets, forecasts, business plans and analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes. Following this evaluation, the Group believes that it is probable that sufficient profits will be available to allow recognised deferred tax assets to be recovered. Recognised deferred tax assets, largely tax losses carried forward, are attributable primarily to significant recent decrease in commodities prices and trading losses that were incurred in the UK and China during 2015, and, in the case of Jamaica, decrease in commodities prices and hedged fuel costs. Recognition of UK and Jamaica deferred tax assets also is supported by the indefinite carry forward of tax losses in these jurisdictions. Although the Group believes as of 31 December 2015 it is probable 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 utilize all its tax losses. A summary is as follows:

	2015 US$'000	2014 US$'000
Tax losses not benefited	1,908,282	937,444
Deferred tax assets not recognised in respect of such tax losses	399,447	235,836

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, Hong Kong, Brazil and Indonesia. These unrecognised tax losses may be carried forward indefinitely, except for Indonesia, may be carried forward five years.

SECTION A: PERFORMANCE

A5 TAXATION (continued)

A5.4 ***Deferred tax assets and liabilities*** **(continued)**

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 2014	217,900	153,903	371,803
Benefit recognised/(utilised) during year:			
in the income statement	227,840	(73,852)	153,988
in equity	(4,159)	10,819	6,660
Acquisition of subsidiaries	62,272	-	62,272
Disposal of subsidiaries	(388,316)	2,919	(385,397)
At 31 December 2014 and at 1 January 2015	115,537	93,789	209,326
Benefit recognised/(utilised) during year:			
in the income statement	50,814	1,816	52,630
in equity	-	(127)	(127)
At 31 December 2015	166,351	95,478	261,829

	2015 US$'000	2014 US$'000
Deferred tax assets per above	261,829	209,326
Offsets for balance sheet presentation*	(96,713)	(73,350)
Deferred tax assets after offsets	165,116	135,976

Deferred tax liabilities

	Property, plant & equipment and intangibles US$'000	Investment and other US$'000	Total US$'000
At 1 January 2014	163,229	38,197	201,426
Liability recognised during year:			
in the income statement	41,841	11,514	53,355
in equity	4,415	43,088	47,503
Disposal of subsidiaries	(160,298)	(67,294)	(227,592)
At 31 December 2014 and at 1 January 2015	49,187	25,505	74,692
Liability recognised/(discharged) during year:			
in the income statement	14,559	9,718	24,277
in equity	-	(938)	(938)
At 31 December 2015	63,746	34,285	98,031

	2015 US$'000	2014 US$'000
Deferred tax liabilities per above	98,031	74,692
Offsets for balance sheet presentation*	(96,713)	(73,350)
Deferred tax liabilities after offsets	1,318	1,342

* Offsets for balance sheet 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.

SECTION A: PERFORMANCE

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

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

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

2015	Continuing operations US$'000	Agricultural discontinued operations US$'000	Group US$'000
Earnings/(loss)			
Loss attributable to equity holders of the parent for basic and diluted earnings per share	(1,672,010)	-	(1,672,010)
Less: Capital securities dividend	(24,000)	-	(24,000)
Adjusted loss attributable to ordinary equity holders of the parent for basic and diluted earnings per share	(1,696,010)	-	(1,696,010)

2014	US$'000	US$'000	US$'000
Earnings/(loss)			
Profit/(loss) attributable to equity holders of the parent for basic and diluted earnings per share	243,203	(111,172)	132,031
Less: Capital securities dividend	(28,862)	-	(28,862)
Adjusted profit/(loss) attributable to ordinary equity holders of the parent for basic and diluted earnings per share	214,341	(111,172)	103,169

	2015 Share'000	2014 Share'000
Shares		
Weighted average number of ordinary shares	6,484,116	6,464,373
Dilutive effect of share options	-	62,246
Weighted average number of ordinary shares adjusted for the dilutive effect	6,484,116	6,526,619

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

	Continuing operations		Agricultural discontinued operations		Group	
	2015 US$	2014 US$	2015 US$	2014 US$	2015 US$	2014 US$
Basic	(0.2616)	0.0332	-	(0.0172)	(0.2616)	0.0160
Diluted	(0.2616)	0.0328	-	(0.0170)	(0.2616)	0.0158

SECTION A: PERFORMANCE

A7 OPERATING LEASE COMMITMENTS

A7.1 *Significant accounting policies*

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

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

A7.2 *Details of Operating Lease Commitments*

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

	Vessels	Office premises	Total	Vessels	Office premises	Total
		2015			2014	
As lessor						
Lease term	1 month to 5 months	up to 4 years		25 days to 24 months	up to 2 years	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Within one year	8,360	709	9,069	22,026	992	23,018
In the second to fifth years, inclusive	-	490	490	3,390	3,860	7,250
	8,360	1,199	9,559	25,416	4,852	30,268
As lessee						
Lease term	1 month to 10 years	up to 10 years		51 days to 10 years	up to 10 years	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Within one year	66,203	63,456	129,659	152,098	17,785	169,883
In the second to fifth years, inclusive	143,293	238,628	381,921	191,311	188,118	379,429
After five years	65,924	110,636	176,560	72,653	174,253	246,906
	275,420	412,720	688,140	416,062	380,156	796,218

A8 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the balance sheet date, on 28 January 2016, the Company's shareholders approved the 49% stake disposal in NAL under the Share Sale Agreement dated 23 December 2015 (see note E2.1).

SECTION A: PERFORMANCE

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

	Notes	2015 US$'000	2014 US$'000 (restated)
Share of profits and losses of joint ventures/associates	C4.3, C4.4	91,911	81,863
Share of loss of NAL	C4.4	192,578	94,765
Net finance costs	A4.2	174,596	256,260
Depreciation	C2.3	95,184	107,158
Amortisation of mine properties	C2.4.A3.2	-	10,360
Amortisation of intangible assets	C3.3	22,195	13,295
Share-based payment and equity-settled share option expenses		93,340	99,501
Impairment of non-current assets*	A1	701,759	390,083
Impairment of prepayments	A1,A3.3,B3.3	7,821	-
Impairment of long term loans	A3.2,C5.4	6,200	47,486
Impairment of trade receivables	A3.2,B2.3	3,404	18,186
Net losses/(gains) on disposal of non-current assets		(7,874)	70,425
Losses on redemption of senior notes		941	-
Dividend income from long term equity investments	A3.4	(263)	(18)
Decrease in fair value of agricultural assets less point-of-sale costs		-	2,458
Negative goodwill	A3.3,C7.2	-	(178,002)
Re-measurement gain on pre-existing interest in associates	A3.3,E2.3	-	(139,798)
		1,381,792	874,022

* Impairment of non-current assets of US$701,759,000 (2014: US$390,083,000), being property, plant and equipment of US$30,210,000 (2014: US$13,600,000) (see note C2.3), mine properties of US$23,742,000 (2014: US$45,610,000) (see note C2.4), associates of US$627,932,000 (2014: US$276,143,000) (see note C4.5), joint ventures of US$8,735,000 (2014: US$4,919,000) (see note C4.5) and long term equity investments of US$11,140,000 (2014: US$49,811,000) (see note C5.3).

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

B1 WORKING CAPITAL MANAGEMENT

B1.1 ***Overview***

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

<u>Monitoring trade receivables and use of trade receivables discount programs, see notes B2.4</u>
The Group closely monitors its outstanding trade receivables and seeks opportunities to monetize these, using non-recourse discounting and securitization through banks. Certain subsidiaries of the Company have bilateral facilities in place with certain banks under which they either have a direct true sale of a relevant invoice to the bank or use credit insurance programs to support the relevant true sale.

<u>Prefinancing, see note B3.3</u>
In an environment where bank or capital market funding to suppliers is scarce, or in which the Group can enhance its sourcing dynamic, it may elect to prepay these suppliers to secure future deliveries. The Group will identify banks to fund these prepayments with or without recourse. The Group manages the associated credit risk and may also elect to support this by adding insurance.

<u>Monitoring inventories and use of inventories sales programs, see note B4.3</u>
As part of its working capital management, the Group may elect to sell some of its commodity inventory to certain financial institutions, under a risk and reward transfer. The Group generally has the option, not an obligation, to repurchase the goods at a later time.

<u>Suppliers financing, see note B5.2</u>
At times, the Group will issue letters of credit to suppliers, with generally 30 to 90 day payment terms. This creates an account payable and enables the Group to settle its payment obligations at a later date (whilst its suppliers are often able to discount the related receivable of the Group at sight).

<u>Borrowing base facility, see note D3.2</u>
Some of the Group's subsidiaries in the US use a borrowing base facility with certain banks to finance some of its working capital. These entities provide a general lien over their assets to the banks providing the facility. Drawings in the form of loans and letters of credit (including stand-by letters of credit) are provided against specific eligible collateral, which includes inventory and receivables.

<u>Use of revolving credit facilities, see note D3.2</u>
The Company uses short to medium term revolving credit facilities to partially fund its working capital and is available for general corporate purposes. These facilities are committed, unsecured, generally issued with tenors of 1 and 3 years and are supported by a wide range of global and regional banks. The company manages a diverse maturity profile of separate tranches and tends to refinance some of the tranches, that are maturing, annually.

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

B1 WORKING CAPITAL MANAGEMENT

B1.1 ***Overview* (continued)**

	Notes	2015 US$'000	2014 US$'000
Trade receivables	B2.3	2,434,076	3,704,142
Prepayments, deposits and other receivables	B3.3	1,166,089	1,556,582
Net fair value gains on commodity contracts and derivative financial instruments	B6.3	3,178,351	4,567,057
Inventories	B4.3	1,791,520	2,287,076
Trade and other payables and accrued liabilities	B5.2	(4,726,877)	(8,156,117)
Working capital		3,843,159	3,958,740

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

Derecognition

Derecognition is determined based on the evaluation of the probability of credit default risk of each receivable and on management's judgement. A considerable amount of judgment 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 recognized to the extent of continuing involvement if the transferee do not have the practical ability to sell the receivable.

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

B2 TRADE RECEIVABLES (continued)

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	impaired	< 31 days	31-60 days	61-90 days	91-120 days	>120 days
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2015	2,434,076	1,982,014	247,218	67,064	25,815	14,111	97,854
2014	3,704,142	2,531,665	1,060,350	44,455	10,952	1,301	55,419

Trade receivables of US$17,911,000 (2014: US$44,218,000) were pledged to banks for borrowing base facilities of US$1,110,000,000 (2014: US$450,000,000).

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 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 B7.3.

About 81% of the trade receivables as at 31 December 2015 were neither past due nor impaired, compared to 68% as at 31 December 2014. Despite the poor business environment for the commodity sector, the Group’s overdue receivables less than 31 days significantly decreased to US$247 million (2014: US$1,060 million), which is a reflection of more timely collection of receivables and is partly due to decline in commodity prices.

Of the remaining past due but not impaired receivables, some US$23 million was receivable from certain counterparties to which the Group owes more money. Other overdue items include: receivables under legal proceedings and this requires a resolution of commercial disputes, which normally takes a long time and receivables from a customer in a country where the government has imposed foreign exchange controls, which is delaying payment. The past due receivables are not considered impaired by management in view of the credit quality of the counterparties, and the probability that the Group will win any legal action to recover amounts due.

As at 31 December 2015, trade receivables of US$21,895,000 were impaired and fully provided for as detailed below:

	2015	2014
	US$'000	US$'000
At 1 January	27,525	37,999
Impairment	3,404	18,186
Amounts written off	(9,034)	(14,158)
Disposal of subsidiaries	-	(14,502)
At 31 December	21,895	27,525

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

B2 TRADE RECEIVABLES (continued)

B2.4 ***Receivable Purchase Programs***

	Program size US$'000	2015 US$'000	2014 US$'000
Asia: Oil Liquids, Energy Coal and			
Metals businesses	230,000	133,793	-
North America:			
Energy Retail business	250,000	209,020	223,809
Gas & Power businesses	400,000	304,324	29,668

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

As at 31 December 2015, trade receivables, with a credit period of up to 180 days, of US$133,793,000 were discounted. Pursuant to the Group's derecognition accounting policy as described in note F2, US$121,293,000 was derecognised on receipt of the associated financing, and US$12,500,000 continues to be recorded in trade receivables. The Group does not retain any rights over the remaining trade receivables, except for the potential future cash receipt from the cash reserve account mentioned below. The remaining financing of US$12,500,000 was recorded as bank borrowings at the balance sheet date. Of the cash receipt, US$121,293,000 was recorded as cash and US$12,500,000 was held in a separate cash reserve account and was recognized within other receivables at the balance sheet date. The separate cash reserve account is maintained to fund any credit losses or delayed payment interest on the portfolio of trade receivables. Any credit loss in excess of US$12,500,000 will be covered by the credit insurance program. The credit insurance program 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 program. Based on historic experience the Group believes the likelihood of a repurchase event occurring to be remote.

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

B2 TRADE RECEIVABLES (continued)

B2.4 ***Receivable Purchase Program*** **(continued)**

North America: Energy Retail business

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

As at 31 December 2015, trade receivables, with a credit period of up to 180 days, of US$209,020,000 (2014: US$223,809,000) were discounted. Pursuant to the Group's derecognition accounting policy as mentioned in note F2, US$188,700,000 (2014: US$207,631,000) were derecognised on receipt of the associated funding, and US$20,320,000 (2014: US$16,178,000) 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. Of the cash receipt, US$1,000,000 (2014: US$1,000,000) was held in a separate cash reserve account and was recognized within other receivables at the balance sheet date. The separate cash reserve account is maintained to fund any credit losses or delayed payment interest on the portfolio of trade receivables. Any credit loss in excess of US$3,000,000 (2014: US$3,000,000) will be covered by the credit insurance program. The credit insurance program has a term equal to the receivable purchase program. The balance of the cash reserve account will be released to the Group upon termination of the receivable program. Under the terms of the program, the Group will have to repurchase the receivables at the original invoice amount upon the occurrence of defined repurchase events, including as a result of a commercial dispute between the Group and the receivable payer. Based on historic experience the Group believes the likelihood of a repurchase event occurring to be remote.

North America: Oil Liquids and Gas and Power businesses

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

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

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

B3.3 ***Details of prepayments, deposits and other receivables***

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000 (restated)	US$'000	US$'000 (restated)
Prepayments to suppliers *	328,475	340,531	-	-
Trade prepayments	123,375	166,176	-	-
Non-trade prepayments	20,619	32,904	2,441	4,018
Deposits and other receivables	358,455	440,535	31,312	102,832
Contracts in progress	58,852	235,461	-	-
Current portion of long term loans (note C5.4)	138,375	133,621	-	-
Cash reserve (note B2.4)	13,500	-	12,500	-
Amount due from joint ventures /associates	124,438	207,354	454	32,692
	1,166,089	1,556,582	46,707	139,542

* As at 31 December 2014, the Group had made certain trade prepayments to suppliers which were funded by bank borrowings of US$145,572,000 (note D3.2), and certain portions of the prepayments amounting to US$132,379,000 had been derecognised against the same amounts of associated bank borrowings with the remaining balance of US$13,193,000 not derecognised as the obligation under the liabilities was not fully discharged pursuant to the Group's derecognition accounting policy. There was no such funding arrangement for prepayments to suppliers as at 31 December 2015.

Prepayments to suppliers and trade prepayments represent advances to counterparties with whom the Group has off-take or other agreements under which the prepayments will be recovered from the production outputs of the counterparties. These prepayments are assessed for recoverability at the end of each reporting period as to whether there is any objective evidence that such receivables are impaired. During the year a prepayment of US$7,821,000 (2014: nil) was impaired, see note A3.3.

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

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 program with repurchase option

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

B4.2 ***Significant accounting judgements and estimates***

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

B4.3 ***Details of inventories***

	2015 US$'000	2014 US$'000
Commodity inventories at fair value		
- Level 1	125,104	-
- Level 2	1,648,818	2,198,933
	1,773,922	2,198,933
Other inventories at the lower of cost and net realisable value	17,598	88,143
	1,791,520	2,287,076

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

B4. INVENTORIES (continued)

B4.3 ***Details of inventories*** **(continued)**

Inventories of US$704,460,000 (2014: US$178,708,000) and US$28,652,000 (2014: US$55,138,000) were pledged to banks for borrowing base facilities of US$1,110,000,000 (2014: US$450,000,000) and bilateral bank borrowings, respectively.

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 2015 RMI was US$1,710,185,000 (2014: US$2,169,034,000), which represented 95% (2014: 95%) of total inventories, of which inventories in transit to customers were US$616,621,000 (2014: US$805,967,000).

Inventory sales program 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 program gradually decreased during the year as the Group tightened management of its inventory levels, particularly in its metals businesses and because of the reduction of commodity prices , as evidenced by the decrease in total inventories of US$1,791,520,000 (2014: US$2,287,076,000). As at 31 December 2015, inventory sales amounted to US$475,000,000 (2014: US$979,000,000).

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

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.

Financial guarantee contracts

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

Provisions

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

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

B5 TRADE AND OTHER PAYABLES AND ACCRUED LIABILITIES (continued)

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

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000 (restated)	US$'000	US$'000 (restated)
Trade payables (non-interest bearing)	3,731,013	6,668,542	-	-
Accrued purchases	327,388	353,475	-	-
Accrued trade liabilities	268,369	399,808	-	-
Accrued finance costs	61,948	79,065	59,339	77,331
Accrued non-trade liabilities	259,320	251,216	188,662	183,741
Excess of progress billings over contract costs	64,146	323,349	-	-
Amount due to joint ventures /associates	14,693	80,662	-	73
	4,726,877	8,156,117	248,001	261,145

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

	2015	2014
	US$'000	US$'000
At 1 January	133,482	138,782
Additional provisions made	8,923	1,800
Provision utilised	(4,059)	(250)
Write back of provision	(6,171)	(4,250)
Disposal of subsidiaries	-	(2,600)
At 31 December	132,175	133,482

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

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 includes 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.

When sales contracts have been settled, the associated revenue is recorded in revenue.

Commodity contracts

There are two categories of commodity contracts:

1. Physical commodity contracts ("physical contracts"), which include commodity forward purchase and sale 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 balance sheet.

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.

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

B6 COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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.

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

B6 COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS (continued)

B6.3 ***Details of commodity contracts and 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 2015:

		Analysis by maturity (in US$'000)					Analysis by fair value hierarchy (in US$'000)			
		< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	> 4 years	Level 1	Level 2	Level 3	Total
2015										
Current assets:										
Trading	Physical contracts	2,149,743	727,706	387,421	288,389	1,373,443	-	4,251,385	675,317	4,926,702
	Cash-settled contracts	592,185	219,909	93,440	136,753	37,144	657,494	280,975	140,962	1,079,431
	FX /IRS	141,525	8,238	6,272	2,173	19,038	137,398	39,848	-	177,246
Cash flow hedge	Physical contracts	5,290	1,920	130	-	-	4,146	3,194	-	7,340
	Cash-settled contracts	5,897	7,970	-	-	-	898	12,969	-	13,867
	IRS	-	-	-	-	394	-	394	-	394
Total		2,894,640	965,743	487,263	427,315	1,430,019	799,936	4,588,765	816,279	6,204,980
Current liabilities:										
Trading	Physical contracts	(1,469,701)	(337,913)	(170,012)	(36,893)	(47,923)	-	(1,860,995)	(201,447)	(2,062,442)
	Cash-settled contracts	(461,647)	(96,673)	(46,913)	(36,055)	(12,926)	(540,266)	(113,948)	-	(654,214)
	FX/IRS	(123,909)	(2,220)	(1,281)	(2,173)	(18,134)	(140,827)	(6,890)	-	(147,717)
Cash flow hedge	Cash-settled contracts	(57,482)	(5,323)	(19)	(30)	-	(23,635)	(39,219)	-	(62,854)
	FX /IRS	(86,346)	(562)	-	-	(12,494)	(340)	(99,062)	-	(99,402)
Total		(2,199,085)	(442,691)	(218,225)	(75,151)	(91,477)	(705,068)	(2,120,114)	(201,447)	(3,026,629)
Net financial assets		695,555	523,052	269,038	352,164	1,338,542	94,868	2,468,651	614,832	3,178,351
Percentage of total net financial assets		22%	17%	8%	11%	42%	3%	78%	19%	100%

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

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

B6 COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

		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
2014										
Current assets:										
Trading	Physical contracts	2,328,886	491,259	368,088	314,400	2,232,727	31,002	4,646,056	1,058,302	5,735,360
	Cash-settled contracts	1,199,291	185,960	38,484	43,019	(162)	677,379	773,357	15,856	1,466,592
	FX/IRS	149,788	-	-	-	-	-	149,788	-	149,788
Cash flow	Cash-settled contracts	27,014	-	-	-	-	25,725	1,289	-	27,014
hedge	IRS	-	-	1,445	-	419	-	1,864	-	1,864
Total		3,704,979	677,219	408,017	357,419	2,232,984	734,106	5,572,354	1,074,158	7,380,618
Current liabilities:										
Trading	Physical contracts	(1,545,481)	(261,957)	(116,807)	(49,940)	(54,367)	(10,941)	(1,989,233)	(28,378)	(2,028,552)
	Cash-settled contracts	(384,787)	(7,716)	(12,553)	(12,999)	(58,518)	(282,149)	(194,424)	-	(476,573)
	FX/IRS	(84,798)	(1,584)	-	(330)	-		(86,712)		(86,712)
Cash flow	Cash-settled contracts	(106,172)	-	-	-	-	-	(106,172)	-	(106,172)
hedge	IRS	(24,692)	(64,965)	(3,961)	-	(21,934)	-	(115,552)	-	(115,552)
Total		(2,145,930)	(336,222)	(133,321)	(63,269)	(134,819)	(293,090)	(2,492,093)	(28,378)	(2,813,561)
Net financial assets		1,559,049	340,997	274,696	294,150	2,098,165	441,016	3,080,261	1,045,780	4,567,057
Percentage of total net financial assets		34%	8%	6%	6%	46%	10%	67%	23%	100%

During the year ended 31 December 2014, there were no transfers between Level 1 and Level 2 fair value measurements.

Cash flow hedges

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

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

B6 COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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

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 2015:

		Analysis by maturity (in US$'000)					Analysis by fair value hierarchy (in US$'000)			
2015		< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	> 4 years	Level 1	Level 2	Level 3	Total
Current assets:										
Cash flow hedge	IRS	-	-	-	-	394	-	394	-	394
Current liabilities:										
Cash flow hedge	IRS	(52,433)	(612)	-	-	(9,020)	-	(62,065)	-	(62,065)
Net financial liabilities		(52,433)	(612)	-	-	(8,626)	-	(61,671)	-	(61,671)
Percentage of total net financial liabilities		85%	1%	N/A	N/A	14%	N/A	100%	N/A	100%

		Analysis by maturity (in US$'000)					fair value hierarchy (in US$'000)			
2014		< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	> 4 years	Level 1	Level 2	Level 3	Total
Current assets:										
Cash flow hedge	Cash-settled contracts	30,020	-	-	-	-	25,725	4,295	-	30,020
	IRS	-	-	1,609	419	11,723	-	13,751	-	13,751
	FX	1,268	-	-	-	-	-	1,268	-	1,268
Total		31,288	-	1,609	419	11,723	25,725	19,314	-	45,039
Current liabilities:										
Cash flow hedge	IRS	(13,224)	(64,967)	(4,124)	(330)	(33,657)	-	(116,302)	-	(116,302)
Net financial assets/(liabilities)		18,064	(64,967)	(2,515)	89	(21,934)	25,725	(96,988)	-	(71,263)
Percentage of total net financial liabilities		(25%)	91%	3%	0%	31%	(36%)	136%	N/A	100%

During the years ended 31 December 2015 and 2014, there were no transfers between Level 1 and Level 2 fair value measurements.

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

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**	**Range of input**	**Sensitivity Analysis**			
				Favourable		Unfavourable	
				2015 US$'M	2014 US$'M	2015 US$'M	2014 US$'M
Level 1							
Quoted prices in active markets	Physical contracts/cash-settled contracts	Quoted prices in active market	N/A	N/A	N/A	N/A	N/A
Level 2							
Discounted cash flow	Physical contracts/cash-settled contracts	Volume of the contract and the forward price which is either a flat price or a basis (premium or discount) plus the respective commodity index price applicable to the contracts. The future cash flow are discounted by a risk adjusted discount rate.	N/A	N/A	N/A	N/A	N/A
Discounted cash flow	Cash-settled contracts	Current commodity price and creditworthiness of the counterparties which are observable in the market	N/A	N/A	N/A	N/A	N/A
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.	N/A	N/A	N/A	N./A	N/A
Level 3							
Discounted cash flow	Physical contracts/cash-settled contracts	Inflation rate*[1] Forward price curve*[2] Premium for quality and location*[3] Discount for quality and location*[3] Volume variance*[4] Conversion price ratio of alumina from aluminium*[5]	0.5% US$2/MT to US$246/ MT 2% to 29% 14% to 100% -0.5 MT to 741 MT 13% to 17%	228	334	(225)	88

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

B6 COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS (continued)

B6.4 ***Fair value disclosures*** **(continued)**

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.

*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 Volume is determined based on the terms of the commodity contracts, and takes account of independent third party resource and reserve reports (typically JORC or equivalent), and estimated production profile. The Group has a diversified portfolio of contracts, both in terms of geographic locations and underlying products. The volumes for each transaction are contract specific.

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

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.

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

B6 COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS (continued)

B6.4 ***Fair value disclosures*** **(continued)**

Level 3 analysis (continued)

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

	2015 US$'000	2014 US$'000
At 1 January	1,045,780	487,160
Additions	1,564	185,068
Disposal	(34,470)	-
Realised during the year	(49,671)	(66,040)
Unrealised gain/(loss) included in the income statement	(465,195)	91,773
Transfers into Level 3	377,236	800,700
Transfers out of Level 3	(260,412)	(452,881)
At 31 December	614,832	1,045,780

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$377,236,000 (2014: US$800,700,000) were transferred into level 3 primarily due to the increase in sensitivity of the unobservable components of the transactions. The volatility in commodity prices during the year increased the sensitivity of contract valuation and introduced additional project risks. These volatilities and risks increased the significance of the unobservable input of certain contracts, and the Group has transferred these contracts from level 2 to level 3.

Contracts with a fair value of US$260,412,000 (2014: US$452,881,000) 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.

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

B6 COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS (continued)

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 consists of representatives from the Business, Finance, Market Risk, Credit Risk, Strats and Research team. 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 committee is submitted to the MTM Review Committee ("MTMRC"). Any unresolved issues at the committee are resolved by the MTMRC.

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 Curve Review 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 Curve Review Committee

Audit Committee ("AC")

The AC is responsible to review 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), standardized 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.

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

B6 COMMODITY AND OTHER DERIVATIVE FINANCIAL INSTRUMENTS (continued)

B6.5 ***Governance over valuation processes*** **(continued)**

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 applied in accordance to 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, including Global Financial Controllers, Regional CFO and Global Head of Valuations, 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 CEO, CFO and the President 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 input 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 review the trader’s fair value information submission which incorporated 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.
- Internal Audit reviews the fair valuation process in respective business units and provides assurance to enhance the fair valuation policy adherence and ensure there is no conflict of interest.

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

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	Net amount US$'000
31 December 2015					
Financial assets					
Commodity contracts	3,517,954	(1,852,289)	1,665,665	-	1,665,665
Foreign exchange contracts	-	(5)	(5)	-	(5)
Interest rate swaps	-	-	-	-	-
	3,517,954	(1,852,294)	1,665,660	-	1,665,660
Financial liabilities					
Commodity contracts	(3,046,164)	1,852,289	(1,193,875)	-	(1,193,875)
Foreign exchange contracts	(5)	5	-	-	-
Interest rate swaps	-	-	-	-	-
	(3,046,169)	1,852,294	(1,193,875)	-	(1,193,875)
31 December 2014					
Financial assets					
Commodity contracts	1,885,407	(1,133,554)	751,853	-	751,853
Foreign exchange contracts	759	(759)	-	-	-
Interest rate swaps	3,003	(2,978)	25	-	25
	1,889,169	(1,137,291)	751,878	-	751,878
Financial liabilities					
Commodity contracts	(1,632,591)	1,133,554	(499,037)	-	(499,037)
Foreign exchange contracts	(1,648)	759	(889)	-	(889)
Interest rate swaps	(2,978)	2,978	-	-	-
	(1,637,217)	1,137,291	(499,926)	-	(499,926)

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

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

B7.1 ***Governance of risk management***

Governance structure

The Group uses a multi-tiered organizational 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 chaired by the CEO as follows:
  - The Corporate Risk Committee ("CRC") overseeing market risk by discussing all market risks undertaken on a weekly basis. Members of the CRC are the CEO, CFO, CRO, Head of market risk and divisional and business heads; and
  - The Global Credit Committee ("GCC") overseeing credit risk through monthly meetings; members of the GCC are the CEO, CFO, CRO, Head of credit risk and senior managers from corporate functions and business units.
- The day to day risk management is under the responsibility of the Market Risk function ("MRF") led by the Head of Market Risk and the Credit Risk function ("CRF") led by the Head of Credit Risk. The Chief Risk Officer ("CRO") is in charge of both the MRF and CRF.

Key roles of the BROC are:

- Determines the broader approach to risk governance;
- Monitors the aggregate risk exposure to pursue its strategy, reputation or long-term viability,;
- Ensures action plans in place to mitigate the risks identified where possible;
- allocates risk capital in line with stated goal 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 BROC-approved umbrella policy;
- Overseeing market risk by:
  - Identifying and ensuring the appropriate risk content of the global Group portfolio at all times by reviewing transactional exposures with input from the commercial leads and the Market Risk function;
  - Reporting such risk to the BROC where appropriate;
  - Developing the Group market risk strategy by clearly communicating the acceptable levels of exposure to specific risk types for each division;
  - Approving additional one-off, transaction-based market risk limits;
- Ensuring that the Market Risk function is capable of monitoring and reporting these exposures;
- Enforcing policy with the help of the market risk function;

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

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

B7.1 ***Governance of risk management (continued)***

The GCC is responsible for:

- Develop the Group credit risk strategy by clearly communicating the acceptable levels of credit exposure to specific counterparties
- Approve credit limits for prepayments, mark-to-market and accounts receivable risk that exceed the credit authority of the Head of credit risk;
- Review and approve credit provisions and write offs recommended by the Product Credit Committees;
- Monitor adherence to the Group’s risk guidelines;
- Provide guidance on all matters relating to the credit function;
- Analyzing and evaluating credit exposures associated with new products and new business

Key roles of MRF are:

MRF is relied upon for the assessment and communication of market risk so as to minimize the Group’s uncertainty in reaching its goals and is responsible for:

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 authorized 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 modeling, 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,
- Making sure there are appropriate processes in place for dealing with limit violations

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

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

B7.1 ***Governance of risk management*** **(continued)**

Key roles of CRF are:

- The CRF is responsible for managing counterparty and credit risk on a regional basis and analyzing 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 organization;
- 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.

B7.2 ***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.

<u>Market risk framework</u>

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 activity

Pillar 2: A centralized, analytical enterprise-wide, risk management system capable of a standardized 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 Committee. Empowered risk managers at regional offices responsible for ensuring integrity of produced data, correct modeling of risk and understanding of strategies deployed;

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

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

B7.2 ***Market risk*** **(continued)**

Market risk framework (continued)

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 for monitoring and understanding the strategies employed by the business and to correctly characterize 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) to 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)
   - 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.

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

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

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

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

B7.2 ***Market risk*** **(continued)**

Market risk measurement (continued)

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 daily profit or loss 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 we understand trade behavior 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 year of 2015 and 2014:

	2015	2014
As at 31 December	0.31%	0.38%
Daily average	0.31%	0.33%
Highest	0.46%	0.58%
Lowest	0.19%	0.19%

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

The governance over the marking of unobservable curves, and specifically the anchor points, that are used to value these contracts, is explained in B6.5 On a weighted average basis, the sensitivity of a 0.5% movement in the anchor point is US$2,800,000 (2014: US$4,160,000).

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

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

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
- 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 and 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 and 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 risk team.

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

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

For the estimation of reserves, risk performs a PCA-based calculation indicating the potential adverse profit and loss move over the estimated liquidation period. That number is discussed amongst the Head of market risk, finance and the risk team and final decision is taken by finance team.

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

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

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.

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

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

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 differentiate 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 BROC. In-depth discussions between the BROC and risk management occur periodically as well.

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

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

B7.3 ***Credit risk*** (continued)

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, transactions which may involve a 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.

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, collateral, credit enhancements, and insurance to manage, reduce or minimise credit risk. As at 31 December 2015, the fair value of such collateral and credit enhancements, including cash deposits, parent company guarantees, letters of credit and credit insurances, was US$9,242,209,000 (2014: US$4,667,065,000).

The Group has a diverse customer base, with no customer representing more than 5% (2014: 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 2015 (2014: 5%).

SECTION B: WORKING CAPITAL MANAGEMENT AND TRADING POSITIONS

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

B7.3 ***Credit risk* (Continued)**

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. From non-investment grade clients, a letter of credit is generally received to cover the payment risk. Credit insurance is frequently obtained.

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 under takes 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

	2015 US$'000	2014 US$'000 (restated)
Decrease/(increase) in trade receivables	1,281,182	(1,822,417)
Decrease/(increase) in prepayments, deposits and other receivables	400,791	(1,193,369)
Decrease/(increase) in net fair value gain/losses in commodity contracts and derivative financial instruments	1,411,567	(1,468,802)
Decrease/(increase) in inventories	519,396	(704,092)
Increase/(decrease) in trade and other payables and accrued liabilities	(3,493,743)	3,443,381
	119,193	(1,745,299)

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. Investing activities have been substantially reduced in 2015. Investments under the Group's asset light business model now relate predominantly to discretionary items, as opposed to the significant multi-year committed capital expenditure required prior to the sale of NAL.

C2 PROPERTY, PLANT AND EQUIPMENT AND MINE PROPERTIES

C2.1 ***Significant accounting policies***

Property, plant and equipment

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

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

Land and buildings	$2^1/_2$% 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 mine and the discontinued agricultural production activities is charged to the cost of sales and services in the income statement. Depreciation other than that 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.

SECTION C: INVESTMENTS

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

C2.1 ***Significant accounting policies*** **(continued)**

Property, plant and equipment (continued)
The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at least at each statement of financial position date.

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

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

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 cost are amortised on a units-of-production basis (tonnes mined) over the life of mine based on the estimated economically recoverable reserves and resource to which they relate, or are written off if the mine property is abandoned.

Deferred stripping

The Group capitalises excess stripping costs incurred during production based on the strip ratio method. Stripping ratios are a function of the quantity of ore mined compared to the quantity of overburden, or waste required to be moved to mine the ore. For each interim pit or individual pit, (“component”) the actual strip ratio is compared to the life of component strip ratio and costs are deferred to the extent that the current period ratio exceeds the life of component strip ratio.

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

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

SECTION C: INVESTMENTS

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

C2.1 ***Significant accounting policies*** **(continued)**

Mine properties (continued)

Exploration and evaluation expenditure

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

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

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

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

Please refer to F2 for the accounting policy of impairment of non-financial assets which includes property, plant and equipment and mine properties.

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.

SECTION C: INVESTMENTS

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

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 2014	465,686	55,575	421,579	2,143,936	133,264	359,997	3,580,037
Additions	68,614	601	7,358	80,507	5,515	117,311	279,906
Acquisition of subsidiaries (note C7.2)	164,768	-	-	148,419	-	8,197	321,384
Asset transfers	2,629	407	-	218,727	10,223	(231,986)	-
Disposals	(15,094)	(1,132)	-	(80,443)	(5,622)	(14,324)	(116,615)
Impairment*	-	-	-	(8,600)	-	(5,000)	(13,600)
Disposal of subsidiaries	(433,107)	(3,313)	-	(2,074,122)	(130,686)	(105,718)	(2,746,946)
Assets in subsidiaries classified as held for sale (note E3)	(42,055)	(30,650)	-	(16,166)	(2,410)	(28,255)	(119,536)
Exchange adjustments	(4,729)	(137)	(4)	(7,899)	(186)	(629)	(13,584)
At 31 December 2014 and 1 January 2015	206,712	21,351	428,933	404,359	10,098	99,593	1,171,046
Additions	5,972	2,338	1,728	15,402	412	49,566	75,418
Asset transfers	-	-	-	73,609	-	(73,609)	-
Disposals	(1,920)	(10)	(8,787)	(21,559)	(595)	(755)	(33,626)
Impairment*	(1,362)	-	(25,000)	(3,840)	(8)	-	(30,210)
Exchange adjustments	(240)	(116)	-	(3,657)	(65)	(168)	(4,246)
At 31 December 2015	209,162	23,563	396,874	464,314	9,842	74,627	1,178,382
Accumulated depreciation:							
At 1 January 2014	49,389	13,221	59,989	525,537	55,469	-	703,605
Provided during the year	19,008	2,962	19,165	58,665	7,358	-	107,158
Disposals	(628)	(95)	-	(31,842)	(3,175)	-	(35,740)
Disposal of subsidiaries	(57,863)	(1,514)	-	(375,870)	(52,150)	-	(487,397)
Assets in subsidiaries classified as held for sale (note E3)	(3,155)	(1,113)	-	(4,862)	(1,092)	-	(10,222)
Exchange adjustments	647	(519)	1	(1,847)	(107)	-	(1,825)
At 31 December 2014 and 1 January 2015	7,398	12,942	79,155	169,781	6,303	-	275,579
Provided during the year	17,742	2,658	19,435	54,114	1,235	-	95,184
Disposals	(1,878)	-	-	(21,395)	(562)	-	(23,835)
Exchange adjustments	(33)	(60)	-	(1,602)	(61)	-	(1,756)
At 31 December 2015	23,229	15,540	98,590	200,898	6,915	-	345,172
Net book value:							
At 31 December 2014	199,314	8,409	349,778	234,578	3,795	99,593	895,467
At 31 December 2015	185,933	8,023	298,284	263,416	2,927	74,627	833,210

*Impairment of US$30,210,000 (2014: US$13,600,000) related to an iron ore mine in Australia of US$872,000 (2014: US$13,600,000), a coal mine in Indonesia of US$4,338,000 (2014: nil) and vessels of US$25,000,000 (2014: nil).

SECTION C: INVESTMENTS

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

C2.3 ***Property, plant and equipment*** **(continued)**

Land and buildings – at cost

	2015			2014		
	Freehold	Leasehold	Total	Freehold	Leasehold	Total
Country	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Jamaica	171,837	-	171,837	165,285	-	165,285
Indonesia	32,676	-	32,676	31,077	2,956	34,033
USA/Australia/UAE/India/Mongolia	1,776	2,873	4,649	7,343	51	7,394
	206,289	2,873	209,162	203,705	3,007	206,712

Vessels

As at 31 December 2015, vessels with a net carrying amount of approximately US$235,482,000 (2014: US$309,416,000) were pledged to secure certain vessels loans.

Assets under development – at cost

	2015	2014
	US$'000	US$'000
Computer systems under development	43,264	40,452
Land and buildings	12,408	8,489
Vessels	10,320	6,880
Ethanol plant	5,020	42,883
Other plant and equipment	3,615	889
	74,627	99,593

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SECTION C: INVESTMENTS

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 2014	34,304	46,184	78,886	159,374
Additions	6,821	124	-	6,945
Additions on acquisition of subsidiaries	69,834	-	-	69,834
Disposals	(4,768)	(13,592)	-	(18,360)
Disposals of subsidiaries (note C7.2)	(70,630)	-	-	(70,630)
Impairment (note A1)	(9,788)	(8,016)	(27,806)	(45,610)
Exchange adjustments	(4,619)	(978)	(1,761)	(7,358)
At 31 December 2014 and 1 January 2015	21,154	23,722	49,319	94,195
Impairment* (note A1)	-	(5,649)	(18,093)	(23,742)
Exchange adjustments	(5,252)	(1,419)	(2,246)	(8,917)
At 31 December 2015	15,902	16,654	28,980	61,536
Accumulated amortisation:				
At 1 January 2014	12,999	7,796	25,779	46,574
Provided during the year	2,965	912	6,483	10,360
Exchange adjustments	(3,047)	(1,190)	(1,900)	(6,137)
At 31 December 2014 and 1 January 2015	12,917	7,518	30,362	50,797
Exchange adjustments	(3,205)	(450)	(1,382)	(5,037)
At 31 December 2015	9,712	7,068	28,980	45,760
Net book value:				
At 31 December 2014	8,237	16,204	18,957	43,398
At 31 December 2015	6,190	9,586	-	15,776

*Impairment of US$23,742,000 (2014: US$45,610,000) related to an iron ore mine in Australia of US$5,362,000 (2014: US$45,610,000) and a coal mine in Indonesia of US$18,380,000 (2014: nil).

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

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

SECTION C: INVESTMENTS

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 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 negative goodwill.

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

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

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

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

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

SECTION C: INVESTMENTS

C3 INTANGIBLE ASSETS (continued)

C3.1 ***Significant accounting policies* (continued)**

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 or at the CGU level. 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.

C3.2 ***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.

SECTION C: INVESTMENTS

C3 INTANGIBLE ASSETS (continued)

C3.3 *Details of intangible assets*

	Goodwill US$'000	Trademark US$'000	Railroad & market lease US$'000	Customer lists US$'000	Information technology US$'000	Total US$'000
Cost:						
At 1 January 2014	720,715	44,926	30,242	38,900	22,500	857,283
Additions	25,849	6,824	77,393	-	-	110,066
Disposal of subsidiaries	(484,683)	(51,750)	-	-	-	(536,433)
Assets in subsidiaries classified as held for sale (note E3)	(9,461)	-	-	-	-	(9,461)
At 31 December 2014, at 1 January 2015 and at 31 December 2015	252,420	-	107,635	38,900	22,500	421,455
Accumulated amortisation/and impairment:						
At 1 January 2014	23,122	29,272	6,553	12,318	14,250	85,515
Additions	-	2,121	2,784	3,890	4,500	13,295
Disposal of subsidiaries	-	(31,178)	-	-	-	(31,178)
Exchange adjustments	-	(215)	-	-	-	(215)
At 31 December 2014 and 1 January 2015	23,122	-	9,337	16,208	18,750	67,417
Additions	-	-	14,555	3,890	3,750	22,195
At 31 December 2015	23,122	-	23,892	20,098	22,500	89,612
Net carrying amount:						
At 31 December 2014	229,298	-	98,298	22,692	3,750	354,038
At 31 December 2015	229,298	-	83,743	18,802	-	331,843

SECTION C: INVESTMENTS

C3 INTANGIBLE ASSETS (continued)

C3.3 ***Details of intangible assets*** **(continued)**

The carrying amount of goodwill in North America Energy of US$174,600,000 as at 31 December 2015 (2014: US$174,600,000), consists of goodwill arising from the acquisition of Noble Americas Energy Solution in 2010, and has been allocated as a standalone CGU for impairment testing ("NAES Goodwill").

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

Key assumptions used in the value in use calculation of the CGU for 31 December 2015 are as follows:

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

Discount rates – the Group has utilized its weighted average cost of capital to discount future cash flows. The pre-tax discount rate applied to the cash flow projection of the North America oil, gas and power CGUs is 10%.

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

SECTION C: INVESTMENTS

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 a type of joint arrangement whereby the parties that have joint 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 is 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 Company's income statement. The Company's investments in associates and joint ventures are treated as non-current assets and are stated at cost less any impairment losses.

SECTION C: INVESTMENTS

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.1 ***Significant accounting policies*** **(continued)**

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.

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.

Please refer to F2 for the accounting policy of impairment of non-financial assets which includes impairment of joint ventures and associates.

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.

SECTION C: INVESTMENTS

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.2 ***Significant accounting judgements and estimates*** **(continued)**

Impairment assessment on investment in associates

NAL Group

The investment in NAL Group was assessed for impairment by comparing its carrying amount to its estimated fair value less cost of disposal. When performing the assessment, the Group considered various factors including the recent transaction price of the disposal of its 49% interest to COFCO.

Yancoal

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

The Group has to exercise judgment in determining the model and make appropriate key assumptions in preparing the model such as expected sales and production volumes, future sales prices, expected future costs and expenses, discount rate and foreign exchange rate. Changing the assumptions could materially affect the value in use and consequently the impairment assessment.

Cockatoo

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

Goodwill

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.

SECTION C: INVESTMENTS

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.3 ***Investments in joint ventures***

		Long term balances*			
	Share of net assets US$'000	Due from joint ventures US$'000	Due to joint ventures US$'000	Goodwill on acquisition US$'000	Total US$'000
Group:					
At 1 January 2014	27,553	81,235	-	40,533	149,321
Additions	178,726	-	-	255	178,981
Share of loss	(3,192)	-	-	-	(3,192)
Share of other comprehensive income	3,511	-	-	-	3,511
Impairment**	(216)	(4,634)	-	(69)	(4,919)
Change in long term balances	-	(47,890)	(80)		(47,970)
Others	(8,190)	-	-	(1,591)	(9,781)
At 31 December 2014 and at 1 January 2015	198,192	28,711	(80)	39,128	265,951
Additions	5,049	-	-	-	5,049
Share of loss	(12,984)	-	-	-	(12,984)
Share of other comprehensive income	1,828	-	-	-	1,828
Impairment**	(75)	(8,660)	-	-	(8,735)
Change in long term balances	-	50,132	(11,454)	-	38,678
Others	164	-	-	-	164
At 31 December 2015	192,174	70,183	(11,534)	39,128	289,951
Company:					
At 1 January 2014	5,701	-	-	-	5,701
Impairment	(5,701)	-	-	-	(5,701)
At 31 December 2014 and at 1 January 2015	-	-	-	-	-
Additions	49	-	-	-	49
Impairment	(49)	-	-	-	(49)
At 31 December 2015	-	-	-	-	-

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

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

SECTION C: INVESTMENTS

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.3 ***Investment in joint ventures*** **(continued)**

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

Name	Statutory auditor	Place of incorporation/ registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
Acme Venture Limited	*2	Hong Kong	50	50	50	Ship operator
Coalridge Limited	*1	BVI	50	50	50	Investment holding
Ekhgoviin Chuluu LLC	*9	Mongolia	50	50	50	Exploration and mining
K Noble Hong Kong Limited	*4	Hong Kong	51	50	51	Ship operator
K-Noble Pte. Ltd.	*3	Singapore	51	50	51	Ship operator
Harbour	*2	Cayman Islands	75	50	75	Oil and gas investment
Noble Mansfield Renewable Energy, LLC	*2	United States of America	50	50	50	Renewable energy distribution
Nice Venture Limited	*2	Hong Kong	50	50	50	Ship operator
Padma Shipping Limited	*4	Hong Kong	50	50	50	Ship operator
Panacore Investments Limited	*5	Mauritius	65	50	65	Ship operator
PT Borneo Sejahtera Mulya	*1	Indonesia	45	50	45	Investment holding
PT Optima Coal	*8	Indonesia	50	50	50	Coking coal trading
Tecnica Holdings Limited	*1	BVI	50	50	50	Investment holding
Triumph Alliance Pte. Ltd.	*4	Singapore	49	50	49	Coal export terminal in Russia
Watt Power Limited	*6	United Kingdom	75	50	75	Developer of power generation assets
Tailai Coal (Shanghai) Company Limited	*1	The PRC	50	50	50	Coal trading

List of statutory auditors
*1 No statutory audit requirement
*2 PwC
*3 Entrust Public Accounting Corporation
*4 Ernst & Young
*5 BDO
*6 Scott Moncrieff
*7 Smith and Howard
*8 Other
*9 In the process of re-appointing auditor

SECTION C: INVESTMENTS

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.3 ***Investment in joint ventures*** **(continued)**

Material joint venture
Harbour
Pursuant to a joint venture agreement on 14 July 2014, the Group and EIG Global Energy Partners ("EIG") formed a joint venture and 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.

As at the date of this report, Harbour had not yet issued its audited financial statements for the year ended 31 December 2015. For the purpose of equity accounting, the management financial statements of Harbour have been used to estimate the full year results of this investment. Harbour's full year audited results may be different from the Group's estimate. Any difference will be adjusted for by the Group in 2016.

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

	2015 US$'000	2014 US$'000
Revenue including interest income received by the partnership	91	77
Loss for the year	(36,510)	(6,645)
Other comprehensive income/(loss)	-	-
Total comprehensive loss for the year	(36,510)	(6,645)
Dividend received	-	-

Pursuant to the joint venture agreement the Group shares in 75% of the profits; however, the Group's share in losses is effective after EIG absorbs 100% of the first US$50,000,000 loss. The accumulated loss as at 31 December 2015 was US$43,155,000, therefore the Group did not take any share of loss in both years.

SECTION C: INVESTMENTS

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.3 ***Investment in joint ventures* (continued)**

Material joint venture (continued)

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

	31 December 2015 US$'000	31 December 2014 US$'000
Current assets	28,646	197,721
Non-current assets	127,540	-
Current liabilities	(237)	(4,366)
Net assets	155,949	193,355
Goodwill recorded in Harbour's financial statements	-	-
Net assets, excluding goodwill	155,949	193,355
Proportion of the Group's ownership	75%	75%
Group's share of net assets of the joint venture	116,962	145,016
Accounting adjustments (see below)	33,452	5,398
Carrying amount of the investment	150,414	150,414

Accounting adjustments include the Group's ownership share of losses covered by common unit holders after the first US$50,000,000 loss to be absorbed by EIG.

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

	2015 US$'000	2014 US$'000
Share of loss of joint ventures other than Harbour	(12,984)	(3,192)
Share of other comprehensive income of joint ventures other than Harbour	1,828	25,348
Share of total comprehensive income/(loss) of joint ventures other than Harbour	(11,156)	22,156

SECTION C: INVESTMENTS

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.4 *Investment in associates*

	Note	Share of net assets US$'000	Long term balances* Due from associates US$'000	Long term balances* Due to associates US$'000	Goodwill on acquisition US$'000	Total US$'000
Group:						
At 1 January 2014		965,489	60,958	(5,316)	43,731	1,064,862
Additions - NAL		1,223,372	-	-	286,739	1,510,111
Additions - Others		17,118	-	-	-	17,118
Share of loss**		(175,050)	-	-	-	(175,050)
Share of other comprehensive loss**		(77,490)	-	-	-	(77,490)
Impairment***		(273,964)	(179)	-	(2,000)	(276,143)
Restated****		-	(41,617)	(22,148)		(63,765)
Others		` (12,754)	-	-	(115)	(12,869)
At 31 December 2014 and at 1 January 2015		1,666,721	19,162	(27,464)	328,355	1,986,774
Additions		98,772	12,592	13,123	-	124,487
Disposals		(152)	-	-	-	(152)
Share of loss**		(271,505)	-	-	-	(271,505)
Share of other comprehensive loss**		(1,623)	-	-	-	(1,623)
Impairment***		(338,623)	-	-	(289,309)	(627,932)
NAL reclassified as held for sale	E2	(748,000)	-	-	-	(748,000)
Others		` 40,296	-	-	-	40,296
At 31 December 2015		445,886	31,754	(14,341)	39,046	502,345
Company:						
At 1 January 2014		574	13,105	-	-	13,679
Additions		44	-	-	-	44
Changes in long term balances		-	2,739	-	-	2,739
At 31 December 2014 and at 1 January 2015		618	15,844	-	-	16,462
Change in long term balances		-	(159)	-	-	(159)
At 31 December 2015		618	15,685	-	-	16,303

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

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

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

**** Restated NAL and Yancoal trading balances as short term, see Material Associate Yancoal below and interests in NAL in note E2.3.

SECTION C: INVESTMENTS

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.4 *Investment in associates* (continued)

Particulars of the associates, which are directly held by the Group, are as follows:

Name	Statutory auditor	Place of incorporation/ registration and business	Percentage of equity attributable to the Group		Principal activities	Market value based on listed stock price as at 31 December	
			2015	2014		2015 US$'000	2014 US$'000
Listed							
Aspire Mining Limited	*3	Australia	11	14	Coal exploration	571	2,639
Cockatoo Coal Limited ("Cockatoo")	*4	Australia	41	23	Coal mining	N/A#	2,592
East Energy Resources Limited ("EER")	*9	Australia	41	41	Coal exploration	533	1,911
PT Atlas Resources Tbk. ("Atlas")	*6	Indonesia	10	10	Coal mining	8,797	10,942
Resource Generation Limited ("Resgen")	*7	Australia	14	14	Coal mining	2,676	7,169
Xanadu Mines Ltd ("XML")	*1	Australia	8	6	Coal exploration	2,835	1,778
Yancoal	*8	Australia	13	13	Coal mining	9,564	16,608
Unlisted							
Inflection Energy LLC	*5	United States of America	18	29	Natural gas exploration	N/A	N/A
NAL (associate/held for sale) (note E2)	*1	Bermuda	49	49	Agricultural supply chain management	N/A	N/A
Terminales Portuarias del Pacifico, S.A.P.I. de C.V.	*2	Mexico	25	25	Mineral and steel terminal	N/A	N/A
X2	*1	Guernsey	13	15	Mining & metals investment	N/A	N/A
PT Sriwijaya Multi Terminal	*10	Indonesia	49	N/A	Fuel storage, supply and distribution	N/A	N/A
PT Karimata Baru Terminal	*10	Indonesia	49	N/A	Fuel storage, supply and distribution	N/A	N/A

List of statutory auditors
*1 Ernst & Young
*2 PwC
*3 HLB Mann Judd
*4 KPMG
*5 BDO
*6 Mulyamin Sensi Suryanto & Lianny
*7 Deloitte
*8 ShineWing Hall Chadwick
*9 Regency Audit Pty Ltd
*10 Others
The stock was suspended from trading as at 31 December 2015

Although the Group held less than 20% of the ownership interest and voting rights in some of the above associates, it has judged 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.

SECTION C: INVESTMENTS

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.4 ***Investment in associates*** **(continued)**

<u>Acquisition during the year</u>
The Group acquired 18,751,294,000 ordinary shares in the share placement of Cockatoo on 19 February 2015 and further acquired 7,936,459,000 ordinary shares on 11 March 2015. Total consideration for these acquisitions was A$53,376,000 (equivalent to US$41,686,000).

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

As of the date of this report, Yancoal had not issued its financial statements for the year ended 31 December 2015. For the purpose of equity accounting, the management consolidated financial statements of Yancoal for the year ended 31 December 2015 have been used and appropriate adjustments have been made for the effects of significant transactions between the Group and Yancoal. Yancoal's full year audited financial statements may be different from the Group's estimate. Any difference will be adjusted for by the Group in 2016.

SECTION C: INVESTMENTS

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.4 ***Investment in associates* (continued)**

Material associates (continued)
Yancoal (continued)

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

	2015 US$'000	2014 US$'000
Revenue		1,418,513
Loss for the year		(318,645)
Other comprehensive income/(loss)		(420,976)
Total comprehensive loss for the year		(739,621)
Dividend received		-
Share of loss for the year #		(60,371)
Share of other comprehensive loss for the year^		(79,747)
Share of total comprehensive loss		(140,118)

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.

SECTION C: INVESTMENTS

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

C4.4 ***Investment in associates*** **(continued)**

Material associates (continued)
Yancoal (continued)

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

	31 December 2015 US$'000	31 December 2014 US$'000 (restated)
Current assets		547,533
Non-current assets		5,631,926
Current liabilities		(283,528)
Non-current liabilities		(3,852,151)
Net assets		2,043,780
Goodwill recorded in financial statements		(49,339)
Subordinate capital note ("SCN") net distribution to SCN holders and transaction cost		(1,797,143)
Net assets/(liabilities), excluding goodwill and SCN		197,298
Proportion of the Group's ownership		13.16%
Group's share of net assets/(liabilities) of the associate		25,964
Acquisition fair value and other adjustments#		296,158
Carrying amount of the investment		322,122

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

NAL
For details of the investment in NAL, please refer to note E2 for details.

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

	2015 US$'000	2014 US$'000
Share of loss of associates excluding major associates	(38,385)	(19,914)
Share of other comprehensive income/(loss) of associates excluding major associates	2,038	(981)
Share of total comprehensive loss of associates excluding major associates	(36,347)	(20,895)

SECTION C: INVESTMENTS

C4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

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

The Group performs impairment tests on its investments in joint ventures and associates when an indicator of impairment exists on a regular basis or if the investment included goodwill on an annual basis. These impairment tests take into account the joint ventures' and associates' operational performance, market values and carrying amounts. Set out below are the details of the impairment charge during 2015 and 2014 together with the details of impairment assessment.

Description	2015 US$'000	2014 US$'000	Details of impairment assessment
Associates			
NAL	531,615	-	The recoverable amount was determined based on the fair value less cost of sale ("FVLCS") which was calculated based on the agreed sale consideration less transaction cost, which is a level 2 valuation. The impairment charge was driven by the sale of the 49% interest in NAL. Please refer to note E2 for further details.
Yancoal	30,000	200,000	The recoverable amount was determined based on a value in use calculation at a discount rate of 9%. The impairment charges were driven by lower projected profit within the business. The carrying amount of the associate is US$230,325,000 as at 31 December 2015.
Cockatoo	51,929	30,880	An impairment loss was recognised for a coal mining associate which entered into voluntary administration in 2015, and the entire equity carrying amount of the associate has been written down to zero as at 31 December 2015 due to uncertainty over recovery of the investment.
EER	14,388	-	An impairment loss of US$14,388,000 was recognised for a coal exploration associate. This fair value measurement is classified as a level 2 valuation based on a comparable valuation approach. The valuation takes into account acquisition costs for comparable transactions as well as applying a significant haircut to reflect current market sentiment and market prices. The carrying amount of the associate is US$21,073,000 as at 31 December 2015.
Iron ore mining company	-	43,263	The Group considers that the project is marginal and its fair value is minimal based on external valuation reports and current market views on long term price of iron ore. The entire equity carrying amount of the associate has been written down to zero as at 31 December 2014.
Coal exploration company	-	2,000	The recoverable amount was determined based on a fair value less costs of disposal calculation using an independent valuation report. This fair value measurement is classified as a level 2 valuation based on a comparable valuation approach. Key assumptions included the selection of comparable companies based on country economics, scale and stage of maturity and their enterprise values, adjusted for scale and development risk to give the fair value of this associate. The carrying amount of the associate is US$7,796,000 as at 31 December 2015 (2014: US$6,884,000).
	627,932	276,143	
Joint ventures	8,735	4,919	These impairment charges were driven by the Group's reassessment of expected future income streams.

SECTION C: INVESTMENTS

C5 LONG TERM EQUITY INVESTMENTS AND LOANS

C5.1 ***Significant accounting policies***

Long term equity investments

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

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

The Group values certain of its unlisted long term equity investments at fair value. Estimating the value of long term equity investments requires the Group to make certain estimates and assumptions, and hence the values are judgmental. 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. Please refer to F2 for 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. Please refer to F2 for the accounting policy for the derecognition of financial assets which includes long term loans.

SECTION C: INVESTMENTS

C5 LONG TERM EQUITY INVESTMENTS AND LOANS (continued)

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

SECTION C: INVESTMENTS

C5 LONG TERM EQUITY INVESTMENTS AND LOANS (continued)

C5.3 ***Long term equity investments***

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Listed equity securities, at level 1 fair valuation based on observable market prices:				
Energy	12,903	9,028	-	-
Mining & Metals	4,797	19,657	-	-
Corporate	3,270	6,268	428	1,210
	20,970	34,953	428	1,210
Unlisted equity investments, at cost				
Energy	8,763	7,551	-	-
Mining & Metals	35,722	39,843	-	-
Corporate	8,901	9,535	415	415
	53,386	56,929	415	415
Less impairment in:				
Mining & Metals	(31,022)	(33,000)	-	-
Corporate	(7,776)	(7,776)	-	-
	14,588	16,153	415	415
	35,558	51,106	843	1,625

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 2015, the change in fair value of the Group's long term equity securities recognised in other comprehensive income amounted to a loss of US$12,557,000 (2014: loss of US$1,886,000). An impairment loss of US$8,057,000 (2014: US$16,811,000) was transferred from other comprehensive income to the income statement.

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

Impairment of US$3,083,000 (2014: US$33,000,000) was recognised in the income statement for an unlisted mine exploration company. The recoverable amount of the investment in this company is determined based on the estimated future cash flow using a level 3 valuation.

SECTION C: INVESTMENTS

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:

	2015 US$'000	2014 US$'000
Long term loans:		
Energy	112,492	164,281
Gas & Power	37,113	39,214
Mining & Metals	277,395	237,544
	427,000	441,039
Less: Current portion of long term loans (note B3.3)	(138,375)	(133,621)
	288,625	307,418
Less: Impairment related to loan restructuring with suppliers (note A3.2):		
Energy	-	(47,486)
Gas & Power	(4,200)	-
Mining & Metals	(2,000)	-
	(6,200)	(47,486)
	282,425	259,932

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

	2015 US$'000	2014 US$'000
Within one year	138,375	133,621
1 - 2 years	79,088	54,128
2 - 5 years	133,837	121,306
> 5 years	69,500	84,498
Total	420,800	393,553

C6 CAPITAL COMMITMENTS

At 31 December 2015, the Group has entered into contracts to acquire certain vessels, construction assets and computer equipment of US$71,131,000 (2014: US$37,131,000) which have not been provided for in the financial statements.

As a founding partner of X2, the Group continues to be X2's preferred marketer and provider of supply chain management and logistics services. As part of X2's investment process, the Group will consider any opportunity which is presented up to US$482,479,000 (2014: US$482,479,000).

SECTION C: INVESTMENTS

C7 ACQUISITION AND DISPOSAL/LOSS OF CONTROL OF SUBSIDIARIES

C7.1 ***Significant accounting policies***

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

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

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with 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 (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in the income statement.

SECTION C: INVESTMENTS

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

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

2015 Acquisitions

During the year, the Group acquired an interest in MR Coal Marketing & Trading LLC ("MR Coal"). The fair value of the identifiable assets and liabilities of MR Coal as at the date of acquisition are detailed below:

	Fair value recognised on acquisition US$'000
Trade receivables	14,263
Inventories	22,906
Trade and other payables and accrued liabilities	(13,256)
Total identifiable net assets at fair value	23,913
Cash consideration paid in 2015	23,913

On 23 April 2015, the Group acquired a 100% equity interest in MR Coal at a total cash consideration of US$23,913,000 MR Coal's main activities are coal trading and marketing.

From the date of acquisition, MR Coal generated revenue of US$146,684,000 and recorded a net profit US$4,141,000 for the year ended 31 December 2015. If the combination had taken place at the beginning of the year, net loss attributable to the Group would have been US$1,671,510,000 for the year ended 31 December 2015.

SECTION C: INVESTMENTS

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

C7.2 ***Details of acquisition and disposal/loss of control of subsidiaries*** **(continued)**

2014 Acquisitions

During the year ended 31 December 2014, the Group acquired interests in General Alumina Jamaica LLC (formerly Alcoa Minerals of Jamaica, L.L.C.) ("GAJ") and San Juan Fuels, LLC ("SJF"). The fair value of the identifiable assets and liabilities of GAJ and SJF as at the date of acquisition are detailed below:

	Notes	GAJ Fair value recognised on acquisition US$'000	SJF Fair value recognised on acquisition US$'000	Others Fair value recognised on acquisition US$'000	Total Fair value recognised on acquisition US$'000
Property, plant and equipment	C2.3	245,478	75,906	-	321,384
Deferred tax assets		66,713	-	-	66,713
Prepayments, deposits and other receivables		4,697	1,046	-	5,743
Inventories		22,481	2,103	-	24,584
Tax recoverable		10,031	-	-	10,031
Trade and other payables and accrued liabilities		(60,514)	(3,149)	(178)	(63,841)
Total identifiable net assets at fair value		288,886	75,906	(178)	364,614
Net cash consideration received/(paid) in 2014	C9	(130,634)	(10,000)	178	(140,456)
Cash consideration settled in 2015		(2,056)	(7,400)	-	(9,456)
Cash consideration to be settled in future years		-	(22,100)	-	(22,100)
Negative goodwill		156,196	36,406	-	192,602
Negative goodwill, net of tax		156,196	21,806	-	178,002

GAJ

On 1 December 2014, the Group acquired a 100% equity interest in GAJ at a total consideration of US$132,690,000, comprising cash consideration of US$130,634,000 and US$2,056,000 settled in cash in 2015. GAJ's main activities are bauxite mining and alumina refining through its 55% stake in Jamalco, a joint arrangement between GAJ and Clarendon Alumina Production Limited.

SJF

On 21 November 2014, the Group acquired 100% interests in SJF at a total consideration of US$39,500,000, comprising cash consideration of US$10,000,000 and deferred consideration at a present value of US$29,500,000. Deferred consideration is divided into a fixed portion, which bears interest at 6 % p.a. and is repayable by a fixed installment, and a variable portion, which is based on future production of the facility and is valued using the income approach of undiscounted future payments. Key assumptions of the income approach include discount rates and net operating income.

SECTION C: INVESTMENTS

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

C7.2 ***Details of acquisition and disposal/loss of control of subsidiaries*** **(continued)**

2014 Disposals

NAL Group
On 30 September 2014, the Company disposed of a 51% interest in NAL Group. Please refer to note E2 for details.

Enkhtunkh Orchlon LLC ("EO")
Pursuant to the Option Agreement dated 31 October 2013, the Group exercised an option in February 2014 to acquire 100% of the equity interest of EO, a company incorporated in Mongolia, for a consideration of US$3,755,000.

In December 2014, the Group disposed of 100% of its interest in EO. The carrying amount of the assets and liabilities at 31 December 2014 are detailed below:

	US$'000
Mine properties	70,630
Intangible assets	352
Cash and cash equivalents	4
Prepayments, deposits and other receivables	152
Trade and other payables and accrued liabilities	(13,068)
Tax payable	(68)
Net assets	58,002
Reserves	(148)
Equity value attributable to the Group	57,854
Loss on disposal	(11,201)
Consideration to be received in cash and royalties in other receivables	46,653

An analysis of the cash paid and disposed of during 2014 in respect of EO is as follows:

	US$'000
Cash consideration paid in 2014	(3,755)
Cash and cash equivalents of disposed subsidiary	(4)
Net cash outflow	(3,759)

SECTION C: INVESTMENTS

C8 CONTINGENT LIABILITIES ASSOCIATED WITH INVESTING ACTIVITIES

Significant accounting judgements and estimates
The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Please refer to note E2.4 contingent liabilities for investing activities in NAL.

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

	Note	2015 US$'000	2014 US$'000 (restated)
Additions of property, plant and equipment		(82,692)	(279,906)
Additions of mine properties		-	(6,945)
Additions of intangible assets		-	(108,308)
Net cash paid on acquisitions of subsidiaries	C7.2	(33,369)	(140,456)
Cash inflow on disposal of subsidiaries		-	1,500,000
Cash and cash equivalents of disposed subsidiaries		-	(516,300)
Investments in joint ventures/associates		(59,187)	(188,305)
Additions of long term equity investments, net		5,479	(24,269)
Proceeds from disposal of property, plant and equipment		9,558	65,011
Proceeds from disposal of associates		-	4,437
Dividend income from joint ventures/associates		-	857
Dividend income from long term equity investments		263	18
Increase in agricultural assets		(4,498)	(138,082)
Increase in long term loans		(28,693)	(50,916)
Decrease/(increase) in amounts due from joint ventures/associates		(93,791)	1,725,080
Acquisition of non-controlling interests		-	(11,177)
		(286,930)	1,830,739

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 matching of assets and liabilities,
(b) the nature of the Group's assets to be funded,
(c) assessment of the appropriate structure to fund the Group's business initiatives,
(d) the availability and cost of various financing strategies,
(e) the Company's credit rating, and
(f) 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 assess the use of the capital with respect to several factors including its cost, availability, and our ability to generate adequate returns on the invested capital. Our primary use of capital in 2015 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 (whilst managing subordination aspects), 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 looks to maintain a capital structure which corresponds to the nature of the assets to be funded by such capital and that provides a solid balance sheet. 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 our 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 2015, the Group calculated the sum of total bank and capital market debt and equity capital of the Group to be US$9,235 million (2014: US$9,028 million), consisting of US$5,921 million (2014: US$3,971 million) of short and long term debt, and US$3,314 million (2014: US$5,057 million) of equity capital. The level of equity capital decreased mainly due to the loss for the year.

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

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 standby 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 cash flow statement, 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 cash and cash equivalents approximate to their fair values because of their immediate or short term maturity.

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

D2 CASH AND CASH EQUIVALENTS (continued)

D2.2 ***Cash and cash equivalents***

	Group		Company	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Bank balances and short term time deposits	1,170,078	357,695	754,932	111,346
Cash balances with futures brokers	783,192	546,127	-	-
As stated in the statement of financial position	1,953,270	903,822	754,932	111,346
Cash balances attributable to subsidiaries classified as held for sale	3,085	862	-	-
Less: Cash balances with futures brokers not immediately available for use in the business operations*	(397,044)	(350,408)	-	-
As stated in the statement of cash flows	1,559,311	554,276	754,932	111,346

*Cash balances with futures brokers is not immediately available for use in the Group's business operations as it is earmarked to cover unrealised losses on futures contracts, and cannot be replaced by alternative collateral arrangements such as stand-by letters of credit.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. At 31 December 2015, the original maturity periods of all time deposits were less than 90 days (2014: less than 90 days), and the effective interest rates ranged from 1.8% to 7.2% (2014: 0.4% to 8.25%) per annum depending on currency and tenor.

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

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 liability and the carrying amount of the relevant liability.

D3.2 ***Bank debts***

Group	2015		2014	
	Effective average interest rate (%)	US$'000	Effective average interest rate (%)	US$'000
Current bank debts				
secured by certain trade receivables and inventories (B2.3 and B4.3)				
- borrowing base facilities ("BBF") [1]	1.2	365,000	2.1	150,000
- bilateral (note B1.1)	0.9	28,652	1.5	55,137
secured by vessels (note C2.3)	5.8	18,543	5.7	18,543
unsecured				
- revolving credit facilities ("RCF") [2]	1.6	1,634,675		-
- bilateral and others [3]	1.5	80,944	2.6	216,461
		2,127,814		440,141
Long term bank debts				
secured by vessels (note C2.3)	5.9	66,414	5.8	85,689
unsecured				
- RCF	1.5	1,779,775	3.6	631,293
- bilateral and others		-	2.7	1,119
		1,846,189		718,101
		3,974,003*		1,158,242
Denominated in - USD	1.6	3,952,976	3.3	1,154,454
- Non-USD	0.1	21,027	2.3	3,788
		3,974,003		1,158,242

* Bank debts increased year on year by US$2,815,761,000, which is partly due to the increase in cash and cash equivalents of US$1,005,035,000 (see note D2.2), repayment/redemption of senior notes of US$868,109,000 (see note D9) and cash outflow on investing activities of US$286,930,000 (see note C9).

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

D3 BANK DEBTS AND SENIOR NOTES (continued)

D3.2 *Bank debts* (continued)

1 Secured BBF

On 15 October 2015, the Group entered into a six-month borrowing base facility of US$1,110,000,000, comprising loan and letter of credit facilities, which was secured by certain trade receivables and inventories as mentioned in note B2.3. The Group had drawn US$365,000,000 of the facility as at 31 December 2015.

On 20 October 2014, the Group entered into a one year borrowing base facility of US$450,000,000 which was secured by certain trade receivables and inventories. The Group had drawn US$150,000,000 of the facility as at 31 December 2014.

2 Committed RCF

Commencement date	Terms	Utilised 2015 US$'000	Utilised 2014 US$'000
Current:			
13 May 2013	US$488,000,000 three-year tranche	488,000	-
18 May 2015	US$1,151,140,000 364-day tranche	1,151,140	-
13 May 2013	US$550,000,000 three-year tranche	-	-
		1,639,140	-
	Transaction costs	(4,465)	-
		1,634,675	-
Long term:			
1 May 2014	US$650,000,000 three-year tranche	650,000	650,000
18 May 2015	US$1,143,460,000 three-year tranche	1,143,460	-
		1,793,460	650,000
	Transaction costs	(13,685)	(18,707)
		1,779,775	631,293
		3,414,450	631,293

3 Derecognition of liabilities

In 2014, the Group had made certain prepayments to suppliers which were funded by bank borrowings (note B3.2). Total bank loans drawn under these banking facilities as at 31 December 2014 amounted to US$145,572,000 in aggregate. Certain portions amounting to US$132,379,000 were derecognised against the associated prepayments pursuant to the Group's accounting policy. There were no such prepayments to suppliers as at 31 December 2015.

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

D3 BANK DEBTS AND SENIOR NOTES (continued)

D3.2 ***Bank debts* (continued)**

Company

	2015		2014	
	Effective average interest rate (%)	US$'000	Effective average interest rate (%)	US$'000
Current bank debts				
unsecured				
- RCF, net of transaction costs	1.6	1,634,675		-
- bilateral	1.1	57,379	2.7	207,998
		1,692,054		207,998
Long term bank debts				
unsecured				
- RCF, net of transaction costs	1.5	1,779,775	3.6	631,293
- bilateral		-	2.7	1,119
		1,779,775		632,412
		3,471,829		840,410

D3.3 ***Senior notes***

	2015 US$'000	2014 US$'000
Carrying amount:		
Current portion		
4.30% Malaysian Ringgit denominated sukuk due January 2016	99,469	-
4.00% Chinese Yuan denominated notes due January 2016	161,052	-
3.55% Thai Baht denominated guaranteed bonds due April 2016	99,720	-
4.875% senior notes due August 2015	-	499,657
4.50% Malaysian Ringgit denominated sukuk due October 2015	-	98,134
	360,241	597,791
Non-current portion		
4.30% Malaysian Ringgit denominated sukuk due January 2016	-	99,469
4.00% Chinese Yuan denominated notes due January 2016	-	161,052
3.55% Thai Baht denominated guaranteed bonds due April 2016	-	99,720
3.625% senior notes due March 2018	378,193	397,281
6.625% senior notes due August 2020	-	248,758
6.75% senior notes due January 2020	1,208,718	1,208,646
	1,586,911	2,214,926
	1,947,152	2,812,717
Fair value*	1,405,063	2,946,192

*The fair value of senior notes is a level 2 fair value measurement valued using observable market prices.

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

D3 BANK DEBTS AND SENIOR NOTES (continued)

D3.3 ***Senior notes* (continued)**

US$500,000,000 Senior Notes due 5 August 2015 and
US$235,000,000 (Originally US$250,000,000) Senior Notes due 5 August 2020
In August 2010, the Company issued 4.875% senior notes of US$500 million at 99.842% and 6.625% senior notes of US$250 million at 99.704%.

At any time, the Company has the right to redeem all or any portion of the notes at 100% of the principal amount plus the applicable premium plus accrued and unpaid interest stipulated in "Description of notes – Optional redemption" in the agreement.

In March 2015, the Company repurchased US$15,000,000 of its US$250,000,000 6.625% senior notes. Such senior notes were cancelled subsequent to the repurchase.

The US$500 million 4.875% notes due 2015, together with US$235 million 6.625% notes due 2020, were redeemed in full on 5 August 2015.

As at 31 December 2014, the carrying amount was US$748,415,000.

US$1,208,531,000 (Originally US$1,250,000,000) Senior Notes due 29 January 2020
In October 2009, the Company issued 6.750% senior notes of US$850 million at 99.105%. On 9 February 2010, the Company issued another US$400 million 6.750% senior notes due 2020 at 103.6676% to form a single series of US$1,250 million 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 and June 2012, the Company repurchased US$41,469,000 of the US$1,250,000,000 6.75% senior notes. Such senior notes were cancelled subsequent to the repurchases.

As at 31 December 2015, the carrying amount was US$1,208,718,000 (2014: US$1,208,646,000).

Subsequent to the balance sheet date, the Company repurchased US$31,611,000 of its 6.750% senior notes due 2020. Such senior notes were cancelled subsequent to the repurchases on 28 January 2016.

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

D3 BANK NOTES AND SENIOR NOTES (continued)

D3.3 ***Senior notes* (continued)**

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 Ringgit Malaysia 3 billion (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 Company the option to redeem the Sukuk Murabahah, in whole or in part, prior to the maturity dates stipulated in the agreement of the notes.

In October 2012, December 2012 and January 2013, the Company issued 4.50% medium term notes of RM300,000,000 at par due on 16 October 2015, issued 4.22% medium term notes of RM300,000,000 at par due on 13 December 2014 and issued 4.30% medium term notes of RM300,000,000 at par due on 30 January 2016, respectively.

The notes which were due on 13 December 2014 and 16 October 2015 were fully redeemed. The notes due on 30 January 2016 were classified as current liabilities as at 31 December 2015.

As at 31 December 2015, the carrying amount was US$99,469,000 (2014: US$197,604,000).

Subsequent to the balance sheet date, the Company redeemed its RM300,000,000 4.30% medium term notes due 30 January 2016.

US$3,000,000,000 Medium Term Note
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, may bear 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 supplement issued in respect of each issue of the 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 30 January and 20 March 2013, the Company issued 4.00% medium term notes of RMB1,000,000,000 at par due on 29 January 2016 and issued 3.625% medium term notes of US$400,000,000 at 99.268% due on 20 March 2018, respectively.

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

D3 BANK NOTES AND SENIOR NOTES (continued)

D3.3 *Senior notes* (continued)

US$3,000,000,000 Medium Term Note (continued)

In March 2015, the Company repurchased US$20,000,000 of its US$400,000,000 3.625% medium term notes. Such medium term notes were cancelled subsequent to the repurchases. The principal amount of medium term notes outstanding was US$380,000,000 as at 31 December 2015.

The RMB1,000,000,000 4.00% medium term notes due on 29 January 2016 were classified as current liabilities as at 31 December 2015.

As at 31 December 2015, the carrying amount was US$539,245,000 (2014: US$558,332,000).

Subsequent to the balance sheet date, the Company repurchased US$1,000,000 of its 3.625% medium term notes due 2018. Such medium term notes were cancelled subsequent to the repurchases on 28 January 2016. The Company redeemed its RMB1,000,000,000 4.00% medium term notes due 29 January 2016.

THB 2,850,000,000 Guaranteed Bonds

On 26 April 2013, the Company issued Thai Baht denominated guaranteed bonds of THB 2,850,000,000 due 25 April 2016. The bonds are unconditionally and irrevocably guaranteed as to the payment of principal and interest by the Credit Guarantee and Investment Facility ("CGIF Guarantee") in accordance with the terms of the CGIF Guarantee.

The bonds were issued with a 3.55% coupon which is payable semi-annually in arrears. The bonds may be redeemable at the option of the Company prior to maturity for taxation reasons as set out in the terms and conditions of the bonds.

The THB 2,850,000,000 Guaranteed Bonds due on 26 April 2016 were classified as current liabilities as at 31 December 2015.

As at 31 December 2015, the carrying amount was US$99,720,000 (2014: US$99,720,000).

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

D4 CAPITAL SECURITIES

8.5% US$350,000,000 Perpetual Capital Securities
The Company issued perpetual capital securities with a par value of US$350,000,000 on 1 November 2010 which were fully redeemed on 21 July 2014.

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 perpetual capital securities were consolidated with the US$350,000,000 capital securities issued on 24 June 2014 to form a single series of US$400,000,000 in perpetual capital securities.

The capital securities are perpetual and do not have a fixed redemption date. The distribution of the securities is 6.0% per annum, payable in arrears on a semi-annual basis. 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 to rank pari passu with, or are junior to, the capital securities.

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

D5 SHARE CAPITAL AND RESERVES

D5.1 ***Significant accounting policies***

Treasury shares

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***

	2015 US$'000	2014 US$'000
Authorised:		
12,000,000,000 (2014: 12,000,000,000) shares of HK$0.25 each, equivalent to HK$3,000,000,000 (2014: HK$3,000,000,000)	387,097	387,097
Issued and fully paid:		
6,739,466,962 (2014: 6,739,366,962) shares of HK$0.25 each, equivalent to HK$1,684,866,741 (2014: HK$1,684,841,741)	216,360	216,357

Notes:

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

	2015		2014	
	Share'000	US$'000	Share'000	US$'000
At 1 January	6,739,367	216,357	6,661,637	213,850
Issue of shares on exercise of share options (note E6.2)	100	3	32,035	1,033
Share-based payment	-	-	25,799	832
Scrip dividend	-	-	19,896	642
At 31 December	6,739,467	216,360	6,739,367	216,357

As at 31 December 2015, certain unvested shares were held by the Employee Benefit Trust which will be released to eligible participants when vesting conditions are met.

(b) There were 204,057,400 shares held as treasury shares as at 31 December 2015 (2014: Nil). By excluding these treasury shares, the total number of issued shares as at 31 December 2015 was 6,535,409,562 shares (2014: 6,739,366,962 shares).

(c) Share capital has been translated against the historical exchange rate of the date of issue of share capital at US$1 = HK$7.787.

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

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 36 to 37 of the financial statements.

(b) Company

					Reserves							
	Issued capital US$'000	Share premium US$'000	Treasury shares US$'000	Capital securities US$'000	Share-based payment reserve US$'000	Capital redemption reserve US$'000	Capital reserve US$'000	Share option reserve US$'000	Cash flow hedging reserve US$'000	Long term investment revaluation reserve US$'000	Retained profits US$'000	Total US$'000
At 1 January 2014	213,850	2,007,083	(31,272)	344,891	(187,939)	6,237	11,693	97,005	(96,639)	(2,711)	1,240,218	3,602,416
Profit for the year	-	-	-	-	-	-	-	-	-	-	169,309	169,309
Other comprehensive income net of tax	-	-	-	-	-	-	-	-	15,525	2,320	-	17,845
Total comprehensive income net of tax	-	-	-	-	-	-	-	-	15,525	2,320	169,309	187,154
Issue of shares on exercise of share options	1,033	18,398	-	-	-	-	-	-	-	-	-	19,431
Issue of capital securities (note D9)	-	-	-	397,547	-	-	-	-	-	-	-	397,547
Redemption of capital securities (note D9)	-	-	-	(344,891)	-	-	-	-	-	-	(5,109)	(350,000)
Redemption of convertible bonds	-	-	-	-	-	-	(11,693)	-	-	-	11,693	-
Share-based payment	832	5,360	31,272	-	42,648	-	-	-	-	-	-	80,112
Equity-settled share option expenses	-	-	-	-	-	-	-	19,356	-	-	-	19,356
Scrip dividend (note D7.2)	642	18,776	-	-	-	-	-	-	-	-	(19,418)	-
Cash dividend (note D7.2)	-	-	-	-	-	-	-	-	-	-	(34,379)	(34,379)
Special cash dividend (note D7.2)	-	-	-	-	-	-	-	-	-	-	(202,255)	(202,255)
Capital securities dividend	-	-	-	-	-	-	-	-	-	-	(28,862)	(28,862)
At 31 December 2014 and 1 January 2015	216,357	2,049,617	-	397,547	(145,291)	6,237	-	116,361	(81,114)	(391)	1,131,197	3,690,520

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

D5 SHARE CAPITAL AND RESERVES (continued)

D5.3 ***Reserves* (continued)**

(b) Company (continued)

					Reserves							
	Issued capital US$'000	Share premium US$'000	Treasury shares US$'000	Capital securities US$'000	Share-based payment reserve US$'000	Capital redemption reserve US$'000	Capital reserve US$'000	Share option reserve US$'000	Cash flow hedging reserve US$'000	Long term investment revaluation reserve US$'000	Retained profits US$'000	Total US$'000
At 31 December 2014 and 1 January 2015	216,357	2,049,617	-	397,547	(145,291)	6,237	-	116,361	(81,114)	(391)	1,131,197	3,690,520
Loss for the year	-	-	-	-	-	-	-	-	-	-	(1,040,510)	(1,040,510)
Other comprehensive loss net of tax	-	-	-	-	-	-	-	-	(19,250)	(782)	-	(20,032)
Total comprehensive loss net of tax	-	-	-	-	-	-	-	-	(19,250)	(782)	(1,040,510)	(1,060,542)
Issue of shares on exercise of share options	3	60	-	-	-	-	-	-	-	-	-	63
Acquisition of treasury shares (note D9)	-	-	(102,075)	-	-	-	-	-	-	-	-	(102,075)
Share-based payment	-	-	-	-	72,070	-	-	-	-	-	-	72,070
Equity-settled share option expenses	-	-	-	-	-	-	-	21,270	-	-	-	21,270
Cash dividend (note D7.2, D9)	-	-	-	-	-	-	-	-	-	-	(46,423)	(46,423)
Capital securities dividend (note D9)	-	-	-	-	-	-	-	-	-	-	(24,000)	(24,000)
At 31 December 2015	216,360	2,049,677	(102,075)	397,547	(73,221)	6,237	-	137,631	(100,364)	(1,173)	20,264	2,550,883

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

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 values gains/losses of derivative financial instruments used in cash flow hedges.

(f) Long term investment revaluation reserve
Long term investment revaluation reserve related 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 issued letter of credits or guarantor by way of issuing a bank guarantee accepting responsibility for the Company subsidiaries contractual obligations.

D6.2 ***Details of contingent liabilities – bank guarantees***

The Group

At 31 December 2015, the Group did not have contingent liabilities in respect of guarantees given to the banks and financial institutions for banking facilities granted (2014: Nil).

The Company

	2015 US$'000	2014 US$'000
Guarantees given to the banks and financial institutions for banking facilities granted to subsidiaries and associates*	20,171,727	18,783,557
Utilised facilities	6,893,611	7,078,501
Guarantees given to trade counterparties	12,275,086	8,415,770
Utilised facilities	1,993,483	182,012

* Included guarantees given to NAL, see note E2.4.

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

D7 DIVIDENDS PAID AND PROPOSED

D7.1 *Significant accounting policies*

Dividends declared after the reporting period but before the financial statements are authorized for issue are not recognized 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 2015.

During the year, the Board declared an interim cash dividend of US$0.007 per share and was paid on 20 March 2015.

D8 LIQUIDITY, INTEREST RATE AND FOREIGN CURRENCY RISK MANAGEMENT

D8.1 *Liquidity risk*

Liquidity risk is the risk that the Group is unable to meet its payment obligations when due, or that it is unable on an ongoing basis to borrow funds on an unsecured or secured basis. The Group's approach to managing liquidity risk is to ensure it has sufficient cash and cash equivalents, plus available committed bank facilities on hand to meet anticipated funding needs. From time to time this liquidity headroom may vary in response to market conditions and circumstances the Group cannot control, such as general market disruptions, financial market stress or sharp movement in prices of commodities. The Group projects it cash flows from operating and investment activities, to allow it to manage this headroom actively.

The Group has demonstrated that it has access to a diverse banking and investor base and will raise the appropriate type of financing to match the needs of the business with appropriate tenors and in diverse geographies. These include the syndicated loan markets, trade finance markets and capital markets and allow for flexibility with respect to terms and conditions, interest rate mix and other financial considerations. In May 2015, the Group closed the syndication of its US$2,294,600,000 committed revolving credit facility, comprising of 1 and 3 year tranches for US$1,151,140,000 and US$1,143,460,000 respectively. As further disclosed in note D3.2, the Group increased the amount of secured borrowing facilities for some of its businesses in 2015.

Going into 2016 the Group had built up its liquidity headroom, defined as available cash and available committed bank facilities, to US$2,152,893,000 maturity portfolios. In addition the Group has various actions in progress to supplement its liquidity. These include reducing working capital in our non-ferrous metals book, the anticipated receipt of US$750 million from the disposal of the remaining 49% interest in NAL and potential capital raising and asset sales.

Senior notes of US$261 million were settled on their maturity dates in January 2016 and the Company has approximately US$100 million in Thai Baht bonds due in April 2016, which will be settled from excess liquidity.

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

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$'000	Fair value loss on commodity contracts and derivative financial instruments US$'000	Guarantees given in connection with facilities granted US$'000	Total US$'000
Group								
2015								
On demand	2,538	-	2,538	2,807,390	813,277	163,189	-	3,786,394
< 3 months	407,198	276,487	683,685	672,560	138,536	982,713	-	2,477,494
3 - 12 months	1,718,078	128,413	1,846,491	251,063	44,051	1,053,182	-	3,194,787
1 - 2 years	662,050	96,076	758,126	-	-	442,691	-	1,200,817
2 - 5 years	1,175,914	1,799,721	2,975,635	-	-	315,837	-	3,291,472
> 5 years	8,225	-	8,225	-	-	69,016	-	77,241
Total	3,974,003	2,300,697	6,274,700	3,731,013	995,864	3,026,628	-	14,028,205
2014								
On demand	8,292	-	8,292	2,009,194	348,140	206,960	-	2,572,586
< 3 months	418,985	73,522	492,507	4,259,662	1,045,983	1,164,254	-	6,962,406
3 - 12 months	12,864	655,759	668,623	399,686	93,452	774,716	-	1,936,477
1 - 2 years	650,955	448,202	1,099,157	-	-	336,222	-	1,435,379
2 - 5 years	47,353	709,679	757,032	-	-	270,039	-	1,027,071
> 5 years	19,793	1,482,220	1,502,013	-	-	61,370	-	1,563,383
Total	1,158,242	3,369,382	4,527,624	6,668,542	1,487,575	2,813,561	-	15,497,302
Company								
2015								
On demand	-	-	-	-	-	-	3,382,199	3,382,199
< 3 months	-	276,487	276,487	-	248,001	32,100	-	556,588
3 - 12 months	1,692,054	128,413	1,820,467	-	-	20,333	-	1,840,800
1 - 2 years	645,783	96,076	741,859	-	-	612	-	742,471
2 - 5 years	1,133,992	1,799,721	2,933,713	-	-	1,308	-	2,935,021
> 5 years	-	-	-	-	-	7,712	-	7,712
Total	3,471,829	2,300,697	5,772,526	-	248,001	62,065	3,382,199	9,464,791
2014								
On demand	-	-	-	-	261,072	-	5,060,824	5,321,896
< 3 months	207,998	73,522	281,520	-	-	-	207,998	489,518
3 - 12 months	-	655,759	655,759	-	-	13,554	-	669,313
1 - 2 years	-	448,202	448,202	-	-	64,637	-	512,839
2 - 5 years	632,412	709,679	1,342,091	-	-	13,272	-	1,355,363
> 5 years	-	1,482,220	1,482,220	-	-	24,839	-	1,507,059
Total	840,410	3,369,382	4,209,792	-	261,072	116,302	5,268,822	9,855,988

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

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) which the maturity profiles as at 31 December 2015 and 2014 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 and London, as well as some of the Group’s regional offices, which are all subject to the Group’s foreign exchange policies. As stated above, the vast majority of the Group’s trading activities are denominated in US dollars (“USD”), which represents the functional currency for the majority of the business operations of the Group. Other major foreign currencies in which the Group’s operating activities are denominated are Australian dollar (“AUD”), Chinese Yuan (“CNY”), Euro (“EUR”) and South African Rand (“ZAR”). The Group has a policy of reducing its foreign currency risk from its trading activities. The Group also uses foreign exchange hedging in respect of its more significant non-functional currency operating expenses.

The Group publishes its consolidated financial statements in US dollars 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 US dollars. 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.

SECTION D: CAPITAL, FUNDING AND LIQUIDITY

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

D8.3 ***Foreign currency risk* (continued)**

A 0.5% strengthening of the currencies in the table below against the US dollar at 31 December 2015 would have increased/(decreased) profit before tax and equity by the amounts shown below. The analysis assumes that all other variables remain constant.

	Profit before tax Increase/(decrease)		Equity Increase/(decrease)	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
AUD	207	140	(2,033)	(1,372)
CNY	530	725	352	496
EUR	278	(539)	(734)	(800)
ZAR	(44)	267	12	(14)

D9 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS – CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES

	Notes	2015 US$'000	2014 US$'000 (restated)
Interest paid on financing activities		(230,396)	(320,451)
Bank debts – additions		9,461,966	2,416,243
– repayments		(6,646,205)	(2,590,430)
Exercise of share options		63	19,431
Redemption of senior notes	D3.2	(868,109)	(98,007)
Redemption of convertible bonds		-	(375,570)
Redemption of capital securities	D5.3	-	(350,000)
Acquisition of treasury shares	D5.3	(102,075)	-
Net proceeds from issuance of capital securities	D5.3	-	397,547
Dividend paid to equity holders	D5.3	(46,423)	(236,651)
Dividend paid for capital securities	D5.3	(24,000)	(33,488)
		1,544,821	(1,171,376)

SECTION E: GROUP STRUCTURE AND MANAGEMENT REMUNERATION

E1 SUBSIDIARIES

E1.1 ***Significant accounting policies***

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) any contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

Please refer to note C7 for the details of acquisition and disposal/loss of control of subsidiaries.

E1.2 ***Investment in subsidiaries***

Company	2015 US$'000	2014 US$'000
Unlisted shares, at cost	831,687	791,066
Long term receivable from a subsidiary	2,900,000	-
	3,731,687	791,066
Current receivables from subsidiaries	5,773,980	8,503,764
Due to subsidiaries	(2,044,916)	(1,887,750)
	7,460,751	7,407,080

Amounts due from subsidiaries of US$2,755,077,000 (2014: US$7,900,854,000) are unsecured, bear interest at rates determined by the Group's treasury department based on prevailing market interest rates and have no fixed terms of repayment except for a long term receivable from a subsidiary of US$2,900,000,000 (2014: nil) 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$1,878,340,000 (2014: US$1,329,070,000) 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.

SECTION E: GROUP STRUCTURE AND MANAGEMENT REMUNERATION

E1 SUBSIDIARIES (continued)

E1.3 *List of principal subsidiaries*

Name	Place of incorporation/ registration	Nominal value of issued share capital	Principal activities
General Alumina Jamaica LLC**	United States of America	Membership interest: 100%	Investment holding for bauxite mining and alumina refining
Noble Americas Corp. **	United States of America	US$8	Supply of industrial and energy products
Noble Americas Energy Solutions LLC**	United States of America	Membership Unit:10 Membership Interest:100%	Marketing of retail power energy and electricity
Noble Americas Gas & Power Corp. **	United States of America	US$1,000	Supply of gas & power products
Noble Americas South Bend Ethanol LLC**	United States of America	Membership interest: 100%	Ethanol production plant
Noble Chartering Inc. **	British Virgin Islands	US$50,000	Ship chartering
Noble Chartering Limited #	Hong Kong	HK$2	Ship chartering
Noble Clean Fuels Limited #	United Kingdom	Ordinary GBP1,250,000 Redeemable US$10,000,000	Supply of energy products
Noble Netherlands B.V.*	Netherlands	EUR151,586,900	Investment holding
Noble Petro Inc. **	United States of America	US$1,000	Supply of energy products
Noble Resources Group Limited**	British Virgin Islands	US$430,260,834	Investment holding
Noble Resources International Australia Pty Ltd #	Australia	A$1	Supply of industrial and energy products
Noble Resources International Pte. Ltd. #	Singapore	S$88,136,500	Supply of industrial and energy products
Noble Resources Limited #	Hong Kong	HK$77,600,000	Supply of industrial products
Noble Resources (Shanghai) Company Limited #	The PRC	US$110,610,000	Supply of industrial and energy products
Noble Resources UK Limited #	United Kingdom	GBP50,001	Supply of industrial and energy products

SECTION E: GROUP STRUCTURE AND MANAGEMENT REMUNERATION

E1 SUBSIDIARIES (continued)

E1.3 ***List of principal subsidiaries* (continued)**

Name	Place of incorporation/ registration	Nominal value of issued share capital	Principal activities
San Juan Fuels, LLC**	United States of America	Membership Interest:100%	Refined coal processing facilities
Stamports Inc. **	United States of America	US$1,000	Ship chartering
Stamports UK Limited #	United Kingdom	GBP1	Provision of shipping services

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

The Company held a100% interest in all the above subsidiaries as at 31 December 2015.

All the above subsidiaries, other than Noble Resources Group Limited, are indirectly held by the Company. The above list of principal subsidiaries of the Company, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The Group's Board and Audit Committee are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

The Company has complied with Rules 712 and 716 of the Listing Manual.

E2 ASSOCIATE CLASSIFIED AS HELD FOR SALE/INTERESTS IN NAL

On 30 September 2014, the Share Sale Agreement dated 2 April 2014 between the Company, Noble Agri International Limited ("NAIL'), Viva Trade Investments Limited ("Viva") and COFCO (Hong Kong) Limited ("COFCO") became wholly unconditional and the disposal of 51% of the Company's interest in NAL was completed. Upon completion, the Company's residual 49% interest in NAL Group was accounted for as an associate, see note E2.2.

On 23 December 2015, the Company, NAIL, Viva and COFCO entered into a Share Sale Agreement in relation to the proposed sale of the Company's residual 49% interest in NAL. NAL Group was classified as associate held for sale in the corporate segment as at 31 December 2015, see note E2.1.

SECTION E: GROUP STRUCTURE AND MANAGEMENT REMUNERATION

E2 ASSOCIATE CLASSIFIED AS HELD FOR SALE/INTERESTS IN NAL (continued)

E2.1 ***NAL Group as associate held for sale as at 31 December 2015***

On 23 December 2015, the Company and NAIL entered into a proposed sale of 1,509,937,328 ordinary shares of par value US$1.00 each of NAL in accordance with the terms and conditions of the share sale agreement.

Consideration of the 49% stake in NAL under the Share Sale Agreement is:
1) US$750 million payable in cash to NGL at closing ; plus
2) Deferred consideration subject to certain adjustments and a cap of US$200 million

The closing of the disposal is subject to approval by: (i) the Company's shareholders, which was obtained on 28 January 2016 (see note A8); and (ii) the Australian Foreign Investment Review Board which was granted on 25 February 2016.

Following the classification as held for sale classification, the Group has ceased to account for its share of net assets under the equity method of accounting and re-measured the remaining 49% interests in the NAL Group at US$748 million, being the lower of its carrying amount and FVLCS as a level 2 fair value measurement.

In determining the FVLCS, the Group benchmarked the valuation against the proposed disposal. The FVLCS represented consideration of US$750 million minus the estimated disposal costs of approximately US$2 million. Due to the uncertainty surrounding the deferred consideration, the Group has estimated a nil valuation for the deferred consideration. An impairment of US$532 million was recorded in the income statement as the carrying amount exceeds the FVLCS .

E2.2 ***NAL Group as associate as at 31 December 2014***

On 30 September 2014, the disposal of 51% of in NAL was completed, and NAL Group financial results was treated as discontinued operations in the Group's income statement.

On 15 October 2014, the Company announced the cash receipt of (i) the closing amount of US$1,500,000,000 which was adjusted so that the final consideration for the disposal equaled to 1.15x of 51% of the audited book value of NAL Group as at 31 December 2014, subject to certain adjustments; and (ii) the full shareholder loan repayment owed by NAL Group to the Company of approximately US$1,864,000,000. Cash consideration was finalised at US$1,463,124,000 according to the pricing mechanism. The Group refunded approximately US$36,876,000 to COFCO in March 2015.

The amount of equity value attributable to the Group, loss on disposal and fair value of consideration treated as investment in associate are detailed in note E2.3.

The net inflow of cash and cash equivalents in respect of the disposal of NAL Group is as follows:

	30 September 2014
	US$'000
Provisional cash consideration	1,500,000
Cash and cash equivalents disposed	(516,296)
Net inflow of cash and cash equivalents in respect of the disposal	983,704

SECTION E: GROUP STRUCTURE AND MANAGEMENT REMUNERATION

E2 ASSOCIATE CLASSIFIED AS HELD FOR SALE/INTERESTS IN NAL (continued)

E2.3 ***NAL Group financial statements***

		Associate held for sale	Associate	Discontinued operation
		Year ended 31 December 2015	Year ended 31 December 2014	Nine mths ended 30 September 2014
NAL's own income statement		US$'000	US$'000	US$'000
Revenue		16,902,859	14,785,282	11,788,463
Loss for the year/period		(362,058)	(621,577)	(109,403)
Other comprehensive loss		(51,805)	(21,440)	-
Total comprehensive loss for the year/period		(413,863)	(643,017)	(109,403)
Dividend received		-	-	-
Share of result of NAL				
Share of loss for the year/period (A1)		(192,578)	(94,765)	
Share of other comprehensive income/ (loss) for the period		(23,378)	3,237	
Share of total comprehensive loss		(215,956)	(91,528)	

		As at 31 December 2015	As at 31 December 2014	As at 30 September 2014
NAL's own statement of position		US$'000	US$'000	US$'000
Current assets		3,919,241	4,876,540	4,650,675
Non-current assets		2,823,265	2,884,005	3,427,841
Current liabilities		(4,335,317)	(5,095,937)	(4,620,360)
Non-current liabilities		(621,658)	(465,213)	(600,073)
Net assets		1,785,531	2,199,395	2,858,083
Goodwill recorded in financial statements		(183,787)	(185,515)	
Net assets, excluding goodwill		1,601,744	2,013,880	
Reserves and non-controlling interests				615
Equity value attributable to the Group				2,858,698
Loss on disposal, inclusive of disposal costs				(27,356)
Remeasurement gain on pre-existing investment in associate				139,798
Reconciliation of NAL's income statement to the Group's interest				
Proportion of the Group's ownership		49.00%	49.00%	
Group's share of net assets of the associate		784,855	986,801	
Acquisition fair value and other adjustments#		(36,855)	404,318	
Reclassification to associate held for sale	C4.4	(748,000)	-	
Carrying amount of the investment		-	1,391,119	

These adjustments include the fair value adjustment of assets on acquisition less accumulated amortization and impairment and the reclassification of trading balances with NAL to short term, see note C4.4.

SECTION E: GROUP STRUCTURE AND MANAGEMENT REMUNERATION

E2 ASSOCIATE CLASSIFIED AS HELD FOR SALE/INTERESTS IN NAL (continued)

E2.4 ***NAL Group contingent liabilities***

In reaction to the disposal of the Company's interest in the NAL 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 NAL 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 NAL 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. Corporate overhead attributed to NAL amounted to US$17,700,000 (2014: US$28,223,000), see note A3.3.

At the balance sheet date, the Company provided corporate guarantees to banks and financial institutions for banking facilities granted to NAL Group. Such guarantees given by the Company for the benefit of NAL group will be replaced as soon as practicable after completion of the disposal of the remaining 49% interest in NAL, expected in early March 2016, and, in any event, within four months of completion. On completion, an indemnity will be 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:

	2015 US$'000	2014 US$'000
Guarantees given to the bank and financial institutions for banking facilities granted to:		
NAL Group with 100% guarantee from the Company*	1,539,599	2,387,067
NAL Group with 49% guarantee from the Company**	3,186,261	1,309,219
NGL subsidiaries and NAL Group	8,852,802	9,606,750
	13,578,662	13,303,036
Utilised by NAL Group	2,564,062	1,809,679

* The Company guarantees 100% of the utilized facilities according to the terms of the relevant guarantee letter and the Company has the benefit of an indemnity from the other shareholder for 51% of the debt

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

SECTION E: GROUP STRUCTURE AND MANAGEMENT REMUNERATION

E3 SUBSIDIARIES CLASSIFIED AS HELD FOR SALE

As part of the disposal of NAL Group in 2014, the Group retained the palm business in exchange for a promissory note of US$64,449,000 issued to NAL Group. The promissory note carries a contingent value right, under which the Group shall remit to the NAL 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 NAL Group shall return the promissory note. As at 31 December 2015, the Group is in discussion with potential buyers on the sale of the palm business.

The major classes of assets and liabilities for the palm business held for sale as at 31 December 2015 are stated at the lower of cost and recoverable amount and were as follows:

	Notes	2015 US$'000	2014 US$'000
Group			
Assets			
Property, plant and equipment	C2.3	119,788	109,314
Intangible assets	C3.3	9,461	9,461
Agricultural assets		77,806	73,308
Cash and cash equivalents		3,085	862
Trade receivables		303	560
Prepayments, deposits and other receivables		12,732	25,896
Inventories		4,281	5,215
Assets in subsidiaries classified as held for sale		227,456	224,616
Liabilities			
Trade and other payables and accrued liabilities		(4,133)	(4,471)
Deferred tax liabilities		(2,045)	-
Liabilities in subsidiaries classified as held for sale		(6,178)	(4,471)
Net assets associated with subsidiaries classified as held for sale		221,278	220,145
Liabilities related to held for sale		(64,449)	(64,449)
Included in other comprehensive income			
Exchange fluctuation reserve		570	570
Acquisition of non-controlling interests		5,039	5,039
Reserves in subsidiaries classified as held for sale		5,609	5,609
Non-controlling interests attributable to subsidiaries classified as held for sale		2,965	3,006

SECTION E: GROUP STRUCTURE AND MANAGEMENT REMUNERATION

E4 RELATED PARTY TRANSACTIONS

E4.1 ***Significant accounting policies***

A related party is defined as follows:

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.

An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member);
(iii) Both entities are joint ventures of the same third party;
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Company is itself such a plan, the sponsoring employers are also related to the Group;
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

E4.2 ***Details of related party transactions***

In the normal course of business, the Group enters into various arm's length transactions with related parties. The following are the significant transaction between the Group and related parties took place during the financial year.

(a) Name and relationship

Name of the key related parties	Relationship with the Group
NAL Group	Associate of the Group
Yancoal	Associate of the Group
Atlas	Associate of the Group
Cockatoo	Associate of the Group
K Noble Hong Kong Limited	Joint venture of the Group
PT BSM	Joint venture of the Group

SECTION E: GROUP STRUCTURE AND MANAGEMENT REMUNERATION

E4 RELATED PARTY TRANSACTIONS (continued)

E4.2 ***Details of related party transactions*** **(continued)**

(b) Related party transactions

	Notes	Group 2015 US$'000	Group 2014 US$'000	Company 2015 US$'000	Company 2014 US$'000
Sales to:	(i)				
NAL Group		2,363,900	760,425	-	-
K Noble Hong Kong Limited		11,068	26,736	-	-
Purchase from:	(i)				
NAL Group		2,008,858	695,526	-	-
Yancoal		107,959	225,735	-	-
Atlas		338	11,358	-	-
K Noble Hong Kong Limited		31,056	48,694	-	-
PT BSM		9,074	16,017	-	-
Management fee income from K Noble Hong Kong Limited	(i)	1,103	1,297	-	-
Marketing fee income from Cockatoo	(ii)	328	468	-	-
Overhead charged by NAL Group	(iii)	5,131	2,644	5,131	2,644
Guarantee fee reimbursed from NAL Group	(iv)	-	714	-	-
Finance costs	(v)	-	-	14,276	30,801
Finance income	(v)	-	-	226,826	298,212
Guarantee fee reimbursed		-	-	34,290	80,306

(i) The directors considered that the sales, purchases and commission 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 NAL Group and reimbursed by the Group.

(iv) Guarantee fee reimbursement was based on the utilization rate of credit over bank borrowings of NAL Group and subsidiaries.

(v) 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.

(c) Details of the Group's balances with joint ventures and associates as at the end of the reporting period are included in note C4.3 and C4.4 to the financial statements respectively. Further information about arrangements between the Group and NAL Group are also included in note E2.4.

(d) Details of the key management personnel's remuneration are included in note E5 to the financial statements.

SECTION E: GROUP STRUCTURE AND MANAGEMENT REMUNERATION

E5 DIRECTORS' AND KEY MANAGEMENT PERSONNEL'S REMUNERATION

Key management personnel are the executive directors of the Group, Richard Elman, Yusuf Alireza and William Randall, whose remuneration, together with the fees paid to non-executive directors, is set out below:

	2015 US$'000	2014 US$'000
Directors' fees	770	690
Other emoluments	4,216	4,240
Share-based payment expense	9,148	12,766
	14,134	17,696

During the year ended 31 December 2015, no shares (2014: 6,957,500 shares) and no options (2014: 19,750,000 options) were issued to certain directors of the Company. The fair value of the shares and options issued based on the then prevailing quoted market price at the respective grant dates, was charged as staff costs in the income statement pro-rata over the vesting period.

SECTION E: GROUP STRUCTURE AND MANAGEMENT REMUNERATION

E6 PERFORMANCE SHARE PLAN, RESTRICTED SHARE PLAN AND SHARE OPTION SCHEMES

E6.1 ***Significant accounting policies***

The Group operates share option schemes for the purpose of providing incentives and rewards to eligible participants, including the Group's directors, who contribute to the success of the Group operations.

Employees (including directors and senior executives) of the Group and other parties receive remuneration in the form of share-based payment transactions, whereby employees and other parties rendered services in consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. For granting of equity instruments, the goods or services received, and the corresponding increase in equity, are measured with reference to the fair value of the equity instruments granted at the date of grant. For granting of share options, the fair value is determined by using a binomial option pricing model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, over the period in which the performance and/or service conditions were fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflected the extent to which the vesting period was 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 increased the total fair value of the share-based payment arrangement, or was 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 was cancelled, it was treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award was recognised immediately. However, if a new award was 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 were 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.

SECTION E: GROUP STRUCTURE AND MANAGEMENT REMUNERATION

E6 PERFORMANCE SHARE PLAN, RESTRICTED SHARE PLAN AND SHARE OPTION SCHEMES (continued)

E6.2 ***Details of Performance share plan, restricted share plan and share option schemes***

(a) The principal rules of the Noble Group Performance Share Plan ("PSP"), Restricted Share Plan (“RSP”) and Share Option Schemes are as follows:

	2001 Share Option Scheme 2004 Share Option Scheme	2014 Share Option Scheme	PSP	RSP
Established on	11 September 2001 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 the Company, its subsidiaries and associates.			
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 Remuneration and Options Committee which comprise Messrs. Christopher Dale Pratt (Chairman), Alan Howard Smith (Vice-Chairman), Richard Samuel Elman, Robert Tze Leung Chan and Paul Jeremy Brough			

(b) A summary of the above share option schemes is as follows:

	Number of share options				Weighted average price
	2001 Scheme	2004 Scheme	2014 Scheme	Total	US cents
At 1 January 2014	451,709	445,410,097	-	445,861,806	113.30
Granted at market price	-	53,175,000	-	53,175,000	79.62
Exercised	(410,909)	(31,624,582)	-	(32,035,491)	106.04
Forfeited	(40,800)	(128,495,095)	-	(128,535,895)	132.15
At 31 December 2014 and 1 January 2015	-	338,465,420	-	338,465,420	103.73
Granted at market price	-	-	32,467,567	32,467,567	67.09
Exercised	-	(100,000)	-	(100,000)	95.52
Forfeited	-	(40,109,694)	(7,285,000)	(47,394,694)	112.58
At 31 December 2015	-	298,255,726	25,182,567	323,438,293	92.45

The weighted average remaining contractual life for the share options outstanding as at 31 December 2015 was 2 years (2014: 2 years). The range of exercise prices for share options outstanding as at 31 December 2015 was US33.99 cents to US$1.58 (2014: US70.32 cents to US$2.43).

SECTION E: GROUP STRUCTURE AND MANAGEMENT REMUNERATION

E6 PERFORMANCE SHARE PLAN, RESTRICTED SHARE PLAN AND SHARE OPTION SCHEMES (continued)

E6.2 ***Details of Performance share plan, restricted share plan and share option schemes*** **(continued)**

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

Name of participants	Share awards granted during the years ended 31 December 2014/2015	Aggregate number of awards since commencement of PSP to 31 December 2015 Granted	Forfeited	Aggregate number of awards outstanding as at 31 December 2015
Milton M. Au (Retired on 17 April 2015)	-	100,000	100,000	-
Iain Ferguson Bruce	-	100,000	100,000	-
Robert Tze Leung Chan	-	100,000	100,000	-
David Gordon Eldon	-	150,000	150,000	-
Ambassador Burton Levin	-	100,000	100,000	-
Alan Howard Smith	-	100,000	100,000	-

(d) A summary of the RSP is as follows:

	Number of share units	Weighted average price US cents
Granted during 2014	476,121	102.51
At 31 December 2014	476,121	86.20
Granted during 2015	127,629,624	64.61
Vested	(353,582)	101.11
Forfeited	(16,053,546)	66.46
At 31 December 2015	111,698,617	28.33

(e) The weighted average fair value of share options granted during the year was US22.73 cents (2014: US24.51 cents). The fair value of equity-settled share options granted is estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. Inputs to the model used are as follows:-

	2015	**2014**
Dividend yield (%)	3.74 – 12.89	2.82
Expected volatility (%)	34 – 54	29
Historical volatility (%)	34 – 54	29
Risk-free interest rate (%)	1.25 – 1.63	0.50
Expected life of option (years)	10	10
Weighted average share price (US$)	0.66	0.80

SECTION E: GROUP STRUCTURE AND MANAGEMENT REMUNERATION

E6 PERFORMANCE SHARE PLAN, RESTRICTED SHARE PLAN AND SHARE OPTION SCHEMES (continued)

E6.2 ***Details of Performance share plan, restricted share plan and share option schemes*** **(continued)**

(f) The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects management's best estimate of the Company's share price volatility to the time to maturity of the share option.

(g) No share options of the above schemes have been granted to any participants who are controlling shareholders of the Company or their associates. Pursuant to Rule 852(1) of the Listing Manual of the SGX-ST, information required for participants of the schemes who are directors during the financial year under review is as follows:

Name of participants	Share options granted during the years ended 31 December 2015	Aggregate number of share option since the commencement of schemes to 31 December 2015 — Granted	Aggregate number of share option since the commencement of schemes to 31 December 2015 — Exercised/lapsed	Aggregate number of share option outstanding as at 31 December 2015
Richard Samuel Elman	-	-	-	-
Yusuf Alireza	-	75,000,000	-	75,000,000
William James Randall	-	62,693,629*	16,509,543	46,184,086*
Milton M. Au (Retired on 17 April 2015)	-	9,399,261*	8,962,900	436,361*
Iain Ferguson Bruce	-	436,361*	-	436,361*
Robert Tze Leung Chan	-	436,361*	-	436,361*
David Gordon Eldon	-	822,725*	-	822,725*
Ambassador Burton Levin	-	436,361*	386,361	50,000
Alan Howard Smith	-	436,361*	-	436,361*
Irene Yun Lien Lee	-	250,000	-	250,000
Richard Paul Margolis	-	200,000	-	200,000

* The above have been adjusted for any bonus issue proposed since options were granted.

(h) There were no employees who received 5% or more of the total number of share options available under the scheme during the financial year under review, apart from Mr. Yusuf Alireza and Mr. William James Randall whose options are set out in the above table. 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 income statement have been reclassified and restated to conform with the current year's presentation.

More disclosure of information has been made in the financial statements to enhance the transparency of the Group's financial affairs including but not limited to:
(i) Additional headlines in the statement of financial position
(ii) Breakdown on prepayments, deposits and other receivables (Note B3.3)
(iii) Breakdown on trade and other payables and accrued liabilities (Note B5.2)

F2 OTHER SIGNIFICANT ACCOUNTING POLICIES

<u>Derecognition of financial assets and liabilities</u>
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 or cancelled, or expires. 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.

SECTION F: OTHER DISCLOSURES

F2 OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

Hedge accounting

The Group applies cashflow hedge accounting for certain derivative financial instruments that are used to hedge risks associated primarily with fluctuations of foreign currency, interest rate and commodity prices. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship for which the Group wishes to apply hedge accounting. Such hedges are expected to be highly effective in achieving the task of offsetting changes in cash flows and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they were designated.

For the purposes of hedge accounting, cash flow hedges refer to hedges against exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, a firm commitment, or a forecast transaction.

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.

SECTION F: OTHER DISCLOSURES

F2 OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in United States dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the statement of financial position date. All differences arising on settlement or translation of monetary items are taken to the income statement.

All differences arising on the settlement or translation of monetary items are taken to the income statement with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign entity. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded within equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the United States dollar. As at the statement of financial position date, the assets and liabilities of these entities are translated into the presentation currency of the Company (the United States dollar) at the rate of exchange ruling at the statement of financial position date and their income statements are translated at the weighted average exchange rates for the year.

The exchange differences arising on the translation are taken directly to the exchange fluctuation reserve, which is a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the consolidated income statement.

SECTION F: OTHER DISCLOSURES

F2 OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and non-current assets held-for-sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

SECTION F: OTHER DISCLOSURES

F2 OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Sales tax

Revenue, expenses and 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.

SECTION F: OTHER DISCLOSURES

F2 OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

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 19 Amendments	Amendments to IAS 19 Defined Benefit Plans – Employee Contributions

Improvements to IFRSs – 2010-2012 and 2011-2013 Cycles:

IAS 16*	Revaluation method - proportionate restatement of accumulated depreciation/amortisation
IAS 24*	Key management personnel
IAS 40*	Interrelationship between IFRS 3 and IAS 40 (ancillary services)

**This has had no material financial impact to the Group*

(a) The principal effects of adopting IAS 19 Amendments are as follows:

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

SECTION F: OTHER DISCLOSURES

F3 OTHER NEW AND REVISED ACCOUNTING STANDARDS (continued)

Issued but not yet effective international financial reporting standards
The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 9	Financial Instruments[2]
IFRS 10 and IAS 28 (2011) Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRS 11 Amendments	Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests[1]
IFRS 14	Regulatory Deferral Accounts[3]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 16	Leases[4]
IAS 16 and IAS 38 Amendments	Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation[1]
IAS 16 and IAS 41 Amendments	Amendments to IAS 16 and IAS 41 – Bearer Plants[1]
IAS 27	Amendment to IAS 27 - Equity Method in Separate Financial Statements[1]

Improvements to IFRSs – 2012-2014 Cycles

1 *Effective for annual periods beginning on or after 1 January 2016*
2 *Effective for annual periods beginning on or after 1 January 2018*
3 *Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group*
4 *Effective for annual periods beginning on or after 1 January 2019*

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group expects that the adoption of IFRS 9 will have an impact on the classification and measurement, impairment, and hedge accounting of the Group’s financial assets. The group is currently assessing the details of the impact of the standard.

The amendments to IFRS 10 and IAS 28 address the conflict between the two standards 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 amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

SECTION F: OTHER DISCLOSURES

F3 OTHER NEW AND REVISED ACCOUNTING STANDARDS (continued)

Issued but not yet effective international financial reporting standards (continued)
The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments to IFRS 11 apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Group expects to adopt IFRS 15 on 1 January 2018 and is currently assessing the impact of the standard upon adoption.

International Financial Reporting Standard 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 lessor.

Early adoption is permitted in certain circumstances. The Group expects to adopt IFRS 16 on 1 January 2019 and is currently assessing the impact of the standard upon adoption.

SECTION F: OTHER DISCLOSURES

F3 OTHER NEW AND REVISED ACCOUNTING STANDARDS (continued)

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

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

IAS 12 Amendment Recognition of Deferred Tax Assets for Unrealised Losses clarifies the requirements on recognition of deferred tax assets for unrealised losses on debt instrument measured at fair value. It clarifies that decreases below cost in the carrying amount of a fixed-rate debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference. This applies irrespective of whether the debt instrument’s holder expects to recover the carrying amount of the debt instrument by sale or by use. It also provides further guidance on recovering an asset for more than its carrying amount and assessment of probable future taxable profits for utilisation of deductible temporary differences. An entity shall apply the amendments for annual period beginning on or after 1 January 2017. Earlier application is permitted. The Group expects to adopt IAS 12 on 1 January 2017 and is currently assessing the impact of IAS 12 upon adoption.

The amendments to IAS 16 and IAS 38 clarify the principle that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

The amendments to IAS 16 and IAS 41 change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

SECTION F: OTHER DISCLOSURES

F3 OTHER NEW AND REVISED ACCOUNTING STANDARDS (continued)

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

The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.