

Company Registration No. 08889156

Glencore Sugar Trading Ltd

Annual Report and Financial Statements

31 December 2016

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Glencore Sugar Trading Ltd

Annual report and financial statements 2016

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Glencore Sugar Trading Ltd

Officers and professional advisers

Directors

M J Rembaum

M A Roy

Secretary

N Reid

Registered office

50 Berkeley Street

London

W1J 8HD

Auditor

Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

Glencore Sugar Trading Ltd

Strategic report

The directors present their strategic report for the year ended 31 December 2016.

Organisation and principal activity

On 18 March 2016, Glencore UK Ltd transferred its shares in Glencore Sugar Trading Ltd ('the Company') to Belfurt Limited (formerly known as Plavax Limited). The Company is therefore a wholly-owned subsidiary of Belfurt Limited (formerly known as Plavax Limited).

The ultimate parent company is Glencore Agriculture Limited, a company incorporated in Jersey. As at 31 December 2015 the ultimate parent company was Glencore plc, a company incorporated in Jersey.

The principal activity of the Company is the purchase and sale of physical sugar as well as purchase and sale of sugar derivatives.

In 2016 Glencore restructured its Agriculture division, of which the Company is a part, for sale to outside investors (the "Corporate Restructuring"). On 1 December 2016 a portion of this division was disposed of and the results of the Agricultural division, and its parent company Glencore Agriculture Limited, are no longer fully consolidated into the results of Glencore plc.

Business review

As shown in the statement of comprehensive income on page 8, the loss for the period, after taxation, was \$11,534,000 (2015: \$389,000 profit). As part of the Corporate Restructuring, the Company took over all physical sugar trading positions from Glencore Energy UK Ltd, an associate company at year end, and at the same time transferred employees into the Company's employment.

Volatility in the sugar market, as well as limited arbitrage opportunities, meant that the Company made losses on trading activities in the current year. Service fees to group and associate companies, as a result of the Corporate Restructuring, are responsible for a substantial portion of the operating loss. The company believes that 2017 should bring more fundamentally driven opportunities, and anticipates an increase in physical volumes in the forthcoming year.

The key performance metric for the Company is the gross profit on trading, with management of financing costs and streamlined working capital utilisation being other important metrics that are constantly monitored by management and the directors.

There have been no significant events since the balance sheet date that require disclosure or would cause any of the assets or liabilities reported in these financial statements to be restated.

Principal risks

The Board of Directors are responsible for approving risk management principles and policies, and ensuring that the Company's management maintains an effective system of internal controls. They are responsible for the management of risk within the framework of risk management principles and policies approved by the Board. The principal risks can be categorised as Financial Risk (such as market and commodity price risk, credit risk and foreign exchange risk) and Operational Risk.

In order to manage the Financial Risk of market price variations, the Company utilises futures, options and commodity trading contracts. All market risks are represented on the Company's balance sheet and the positions are recorded and monitored. The Company uses mark-to-market accounting for positions where there is an observable market, in accordance with the measurement requirements of EU-endorsed IFRS. Where no active market exists for a derivative financial instrument, fair value is determined using valuation techniques, including use of recent arm's length transactions and reference to the market value of another instrument, which is substantially the same.

One of the tools used by the Company to monitor and limit its primary market risk exposure, principally commodity price risk, is the use of value at risk ("VaR") computation. VaR is a risk measurement technique which estimates the potential loss that could occur on risk positions as a result of movements in risk factors over a specified time horizon,

Glencore Sugar Trading Ltd

Strategic report (continued)

given a specific level of confidence and based on a specific price history. The VaR methodology is a statistically defined, profitability based approach that takes into account market volatilities, as well as risk diversification by recognising offsetting positions and correlations between commodities and markets.

The Company's business is concentrated in the sugar products sector and its trade receivables and market exposure are predominantly with international agricultural companies, financial institutions and other trading companies. The Company has implemented robust credit risk management policies overseen by the Board of Directors, with the portfolio being assessed on an ongoing basis for credit quality. Exposures which exceed authorised levels are minimised through the use of letters of credit, credit insurance, bank payment guarantees and cash collateral. During the current or previous period, the Company has not suffered any significant credit loss.

The Company is not exposed to significant non US Dollar exposure and these positions are monitored regularly to assess the need for hedging.

Liquidity risk is the risk that the Company is unable to meet its payment obligations, and is mitigated by funding and support, from its ultimate parent company Glencore Agriculture Limited.

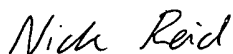
Operational risk is the exposure to losses that may occur as a consequence of carrying out physical operations, and from inadequate internal processes and systems. The Company assesses the level of operational risk in its various business processes and has implemented a series of checks and backup systems based on the risk assessment. Our procedures are designed to prevent the occurrence of operational errors and, should an error occur, quickly detect its occurrence in order to minimise its impact. Any failure in business process results in a revised risk assessment and review of relevant procedures. Operational risk is considered by the Board of Directors when approving new activities and business ventures.

Our legal advisers provide essential advice and guidance to senior management on all business issues to ensure that our business is conducted in a manner that complies with all legal and regulatory requirements.

Going Concern

The Company's forecasts and projections, taking into account reasonably possible changes in performance and the impact of the risks and uncertainties outlined above, indicate that it is appropriate to adopt the going concern basis in preparing these financial statements.

Approved by the Board of Directors
and signed on behalf of the Board



N Reid
Secretary
10 March 2017

Glencore Sugar Trading Ltd

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

The strategic report starting on page 2 contains details of the principal activity of the Company and provides detailed information on the development of the Company's business during the year and details of exposure to risks and uncertainties and indications of likely future developments.

Directors

The directors who held office during the period and subsequently are shown on page 1.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors during the period which remain in force at the date of this report.

Dividends

The directors recommend that no dividend be paid (2015: nil) and that the loss be transferred to reserves.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

1. so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
2. the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed to be reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



N Reid
Secretary
10 March 2017

Glencore Sugar Trading Ltd

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Glencore Sugar Trading Ltd

We have audited the financial statements of Glencore Sugar Trading Ltd for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs), as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Independent auditor's report to the members of Glencore Sugar Trading Ltd

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Christopher Jones FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
10 March 2017

Glencore Sugar Trading Ltd

Company Registration Number: 08889156

Statement of comprehensive income For the year ended 31 December 2016

Continuing operations	Note	2016 \$'000	2015 \$'000
Revenue	2	149,911	308
Cost of Sales		(154,627)	-
Gross (loss)/profit on trading activities		(4,716)	308
Service fees charged by group and associate companies		(7,406)	-
Administrative expenses		(4,681)	(42)
Other operating income		(30)	9
Operating (loss)/profit	3	(16,833)	275
Interest receivable and similar income	5	3,865	210
Interest payable	5	(938)	(2)
(Loss)/profit on ordinary activities before taxation		(13,906)	483
Tax on (loss)/profit on ordinary activities	6	2,372	(94)
(Loss)/profit on ordinary activities after taxation		(11,534)	389
<i>Other comprehensive income</i>			
<i>Items which may be reclassified subsequently to profit or loss</i>			
Revaluation of listed investments	7	(2)	117
Reclassification to profit or loss on sale of asset or investment		(92)	-
Tax on items which may be reclassified subsequently to profit or loss		-	(23)
Total other comprehensive (loss)/income		(94)	94
Total comprehensive (loss)/income		(11,628)	483

Glencore Sugar Trading Ltd

Company Registration Number: 08889156

Balance sheet

As at 31 December 2016

	Note	2016 \$'000	2015 \$'000	2014 \$'000
Non-current assets				
Investments	7	-	810	-
Trade and other receivables	8	88,648	-	-
		<u>88,648</u>	<u>810</u>	<u>-</u>
Current assets				
Trade and other receivables	8	66,754	36,458	121,941
Cash and cash equivalents		2,132	-	-
		<u>68,886</u>	<u>36,458</u>	<u>121,941</u>
Current liabilities				
Trade and other payables	9	(168,257)	(36,506)	(121,662)
Net current (liabilities)/assets		<u>(99,371)</u>	<u>(48)</u>	<u>279</u>
Total assets less current liabilities, being net (liabilities)/assets		<u>(10,723)</u>	<u>762</u>	<u>279</u>
Equity				
Called up share capital	12	-	-	-
Capital contribution reserve	13	143	-	-
Retained earnings	13	(10,866)	762	279
Equity attributable to owners of the company		<u>(10,723)</u>	<u>762</u>	<u>279</u>

These financial statements were approved by the Board of Directors on 10 March 2017.

Signed on behalf of the Board of Directors



Director

Glencore Sugar Trading Ltd

Statement of changes in equity For the year ended 31 December 2016

	Share capital \$'000 (note 12)	Capital contribution reserve \$'000 (note 13)	Retained earnings \$'000 (note 13)	Total \$'000
As at 1 January 2015	-	-	279	279
Profit for the year	-	-	389	389
<i>Other comprehensive income for the year</i>				
Revaluation of investments (note 7)	-	-	117	117
Tax on items which may be reclassified subsequently to profit and loss	-	-	(23)	(23)
As at 31 December 2015	-	-	762	762
Loss for the year	-	-	(11,534)	(11,534)
Equity settled share based payments	-	143	-	143
<i>Other comprehensive income for the year</i>				
Revaluation of investments (note 7)	-	-	(2)	(2)
Reclassification to profit or loss on sale of asset	-	-	(92)	(92)
As at 31 December 2016	-	143	(10,866)	(10,723)

Glencore Sugar Trading Ltd

Company Registration Number: 08889156

Statement of cash flows For the year ended 31 December 2016

	2016 \$' 000	2015 \$' 000
Cash flows from operating activities		
Operating (loss) / profit	(16,833)	275
(Increase) / Decrease in receivables	13,164	(30,577)
Increase / (Decrease) in payables	18,470	(17,039)
Non-cash movement in net derivative balance	(16,796)	47,143
Share based payments	143	-
Cash generated by operations	(1,851)	(198)
Interest paid	(98)	(2)
Interest received	3,304	202
Corporation tax paid	(35)	(10)
Net cash (used in) / generated from operating activities	1,320	(8)
Cash flows from investing activities		
Dividends Received	4	8
Proceeds on disposal of investments	808	-
Net cash generated from/ (used in) investing activities	812	8
Cash flows from financing activities	-	-
Net cash (used in) / generated from financing activities	-	-
Increase in cash and cash equivalents	2,132	-
Cash and cash equivalents at beginning of the year	-	-
Cash and cash equivalents at end of year	2,132	-

Glencore Sugar Trading Ltd

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies

Glencore Sugar Trading Ltd is a private limited company incorporated in England and Wales. The address of the registered office is 50 Berkeley Street, London, W1J 8HD.

The Accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation. For all periods up to and including the year ended 31 December 2015, the Company prepared financial statements in accordance with FRS 101 UK GAAP, but, as at 31 December 2016 the ultimate parent of the Company no longer prepares publicly available consolidated financial statements, and as such FRS 101 has been deemed unsuitable for use. These 31 December 2016 financial statements are thus the first that are prepared in accordance with IFRS. The impact of this change of policy has been assessed in accordance with IFRS 1 and found to be immaterial. All current and prior period disclosures were scrutinised and found to be materially compliant with IFRS.

As from February 2016, physical sugar trades in Glencore Energy UK Ltd, an associate company, were transferred into the books of the Company, at book value which was equal to fair value. At the same time employees were transferred into the employment of the Company. After this date any new physical positions were executed directly from within the Company. No prior year figures have been restated as physical business was only considered part of the business from the above mentioned date.

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting, as modified by the inclusion of financial instruments and listed investments at fair value.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review on page 2.

The Company's forecasts and projections, taking into account reasonably possible changes in performance and the impact of the risks and uncertainties outlined on page 2 to 3, indicate that it is appropriate to adopt the going concern basis in preparing these financial statements.

As is customary with commodity trade finance, many bank facilities are uncommitted in nature and, consistent with prior years, are expected to continue uninterrupted for the foreseeable future, and we continue to enjoy a strong relationship with the banking community.

Adoption of new and revised Standards

In the current year, the Company has applied a number of revised IFRS standards and interpretations including those arising from the Annual Improvements to IFRSs 2012-2014 cycle, which were adopted as of 1 January 2015. There was no material change to previously reported financial position or financial performance.

New and amended standards which are not effective for the current period

Amendments IAS 12, *Recognition of deferred tax assets for unrealised losses* and IFRS 2, *Classification and measurement of share-based payment transactions*, effective for year ends beginning on or after 1 January 2017 and 2018 respectively, as well as new standards IFRS 9, *Financial Instruments*, IFRS 15, *Revenue from Contracts with Customers* and IFRS 16, *Leases* effective for year ends beginning on or after 1 January 2018, have not been adopted in these financial statements.

The directors are currently assessing the impact of these new Standards, Improvements and Amendments on the company's financial statements.

Currency of financial statements

As the Company undertakes the majority of its trading transactions in US dollars, which is its functional currency, these financial statements have been prepared in that currency.

Glencore Sugar Trading Ltd

Notes to the financial statements For the year ended 31 December 2016

1. Accounting policies (continued)

Revenue

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for goods and services provided and gains and losses from trading in sugar derivatives, net of discounts, VAT and other related taxes.

All other charges for purchases, including delivery and hedging on terminal markets and all credits for sales and other charges to customers (with the exception of foreign exchange gains and losses, which are dealt with in accordance with the policy on foreign currencies below) are recognised when all significant risks and rewards of ownership of the assets sold are transferred from the seller to the buyer.

All traded instruments are evaluated with reference to market prices prevailing at the balance sheet date. Unrealised gains and losses on valuation of traded instruments are recognised in profit and loss.

All assets and liabilities have been disclosed gross unless the Company currently has a legally enforceable right of offset and intends to settle net.

Foreign currencies

Transactions during the period in currencies other than US dollars are translated into US dollars at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in currencies other than US dollars are translated into US dollars at the rates ruling on the balance sheet date. Exchange adjustments are dealt with in profit and loss in the period in which they arise.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Receivables and payables

Receivables and payables (including amounts owed by and to group companies) are measured at fair value. Appropriate allowances for estimated irrecoverable receivable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

Derivative financial instruments

The Company enters into derivative financial instruments, such as commodity futures and options and commodity swaps, for trading purposes. All derivative instruments are classified as fair value through profit or loss and are measured at fair value upon initial recognition and are re-measured to fair value at each subsequent reporting date. Movements in fair value of derivative instruments are recognised in profit and loss.

Derivative financial instruments receivable and payable (including amounts owed by and to group companies) are measured at fair value. Receivables and payables are offset and the net amount presented in the balance sheet when the Company has a legally enforceable right to set off the recognised amounts and either intends to settle on a net basis, or to realise the receivable and settle the payable simultaneously.

Taxation

Income taxes consist of current and deferred income taxes. Current taxes represent income taxes expected to be payable based on enacted or substantively enacted tax rates at the period end on expected current taxable income, and any adjustment to tax payable in respect of previous years. The Company assesses its liabilities and contingencies for all years based upon the latest tax information available. Where it is probable that an adjustment will be made, the Company records a tax liability, including related interest charges. The Company believes it has adequately provided for the outcome of all tax matters, but future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the final assessments are made. Deferred taxes are recognised for temporary differences between the carrying amounts of assets and

Glencore Sugar Trading Ltd

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies (continued)

liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income, using enacted or substantively enacted income tax rates which are expected to be effective at the time of reversal of the underlying temporary difference. Deferred tax assets and unused tax losses are only recognised to the extent that their recoverability is probable.

Deferred tax assets are reviewed at reporting period end and amended to the extent that it is no longer probable that the related benefit will be realised. To the extent that a deferred tax asset not previously recognised but which subsequently fulfils the criteria for recognition, an asset is then recognised. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same authority and the Company has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis. The tax effect of certain temporary differences is not recognised principally with respect to the initial recognition of an asset or liability (other than those arising in a manner that initially impacted accounting or taxable profit).

Current and deferred tax is recognised as an expense or income in profit and loss, except when they relate to items that are recognised outside profit and loss (whether in other comprehensive income or directly in equity).

Critical accounting judgements and key sources of estimation

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common, industry standard modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Key judgements

Performance and credit risk

The Company's marketing operations expose it to performance and credit risks; these arise particularly in markets demonstrating significant price volatility with limited liquidity and terminal markets and when global and/or regional macroeconomic conditions are weak.

Continuously, but particularly during such times judgement is required to determine whether receivables are recoverable and if contracted product deliveries will be received. Judgements about recoverability and contractual performance may materially impact both assets as recognised on the balance sheet.

Further discussion of the financial instrument risks management policies of the Company are disclosed in the Strategic report on pages 2 to 3.

Key sources of estimation uncertainty

Valuation of derivative instruments

Derivative instruments are carried at fair value and the Company evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 13 Fair Value Measurement. Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiable inputs (Level 2); or by using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring the Company to make market based assumptions (Level 3). Level 3 inputs therefore include the highest level of estimation uncertainty.

Further information on nature, value and fair value can be found in Note 10.

Glencore Sugar Trading Ltd

Notes to the financial statements For the year ended 31 December 2016

2. Revenue

Revenue represents the invoiced value of delivered commodity contracts, excluding VAT, and includes net trading income from buying and selling sugar derivatives. In previous years, turnover represented net trading income.

3. Operating profit

	2016 \$'000	2015 \$'000
Operating profit is stated after charging:		
Auditor's remuneration – audit fees	21	9
– taxation compliance services	2	3
Net (gain) / loss on foreign exchange differences	30	(9)
	<u> </u>	<u> </u>

4. Directors' and employees' remuneration

	2016 \$'000	2015 \$'000
Staff costs		
Wages, salaries and benefits	1,950	-
Share-based payments	143	-
Social security costs	264	-
Pension costs – defined benefit	45	-
Pension costs – defined contribution	134	-
	<u>2,536</u>	<u>-</u>
Average number of persons employed	2016	2015
Employees of the Company	<u>13</u>	<u>-</u>

	2016 \$'000	2015 \$'000
Key management personnel compensation		
Short term employee benefits	536	-
Company contributions to defined contribution pension schemes	33	-
	<u>569</u>	<u>-</u>
Emoluments of the highest paid Director	<u>298</u>	<u>-</u>

All of the above key management personnel compensation relates to directors.

Glencore Sugar Trading Ltd

Notes to the financial statements For the year ended 31 December 2016

4 Directors' and employees' remuneration (continued)

In 2015, the directors were paid by other group companies and costs for services performed in relation to the Company cannot be separately attributed to the Company from services to the parent and fellow subsidiaries. In the first quarter of 2016, the directors became employees of Glencore Sugar Trading Ltd.

The highest paid director did not exercise any share options in the year and had no shares receivable under long-term incentives schemes.

5 Interest receivable and payable and similar income and expense

	2016 \$'000	2015 \$'000
Interest receivable from others	8	-
Interest receivable from group companies and associates	3,738	202
Income from investments	4	8
Profit on disposal of investment	115	-
	<u>3,865</u>	<u>210</u>
Interest payable on bank loans and overdrafts	98	2
Interest payable to group companies	840	-
	<u>938</u>	<u>2</u>

6. Tax on profit on ordinary activities

(a) Analysis of tax charge on ordinary activities

	2016 \$'000	2015 \$'000
United Kingdom corporation tax at 20% (2015: 21%/20%) based on the profit for the period	3	94
Current tax charge for the period	3	94
Deferred tax – current period	(2,375)	-
	<u>(2,372)</u>	<u>94</u>

(b) Factors affecting tax charge for the current period

The tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK of 20% (2015: 21%/20%).

Glencore Sugar Trading Ltd

Notes to the financial statements For the year ended 31 December 2016

6. Tax on profit on ordinary activities (continued)

	2016 \$'000	2015 \$'000
(Loss)/Profit on ordinary activities before tax	(13,906)	483
Tax at 20% thereon (2015: 21%/20%)	(2,781)	97
Effects of:		
Expenses not deductible/income not taxable for tax purposes	383	-
Adjustments relating to prior periods	3	(3)
Tax on items reclassified	23	
Total tax (credit)/charge for the period	(2,372)	94

The headline rate of UK corporation tax reduced from 21% to 20% on 1 April 2015. On 18 November 2015, proposals to reduce the main rate of corporation tax from the current 20% to 19% from 1 April 2017 and to 18% from 1 April 2020 were enacted into UK law. On 15 September 2016 proposals to reduce the main rate of corporation tax from 18% to 17% from 1 April 2020 were enacted into UK law.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the temporary differences to which they relate unwind based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Since the future reductions of the corporation tax rate to 19% and 17% were enacted by the balance sheet date, the deferred tax balances at 31 December 2016 have been assessed accordingly.

7. Investments

	Other investments \$'000	Total investments \$'000
At 1 January 2015	-	-
Additions	693	693
Revaluations	117	117
At 31 December 2015	810	810
Revaluations	(2)	(2)
Disposals	(808)	(808)
At 31 December 2016	-	-

Glencore Sugar Trading Ltd

Notes to the financial statements For the year ended 31 December 2016

8. Trade and other receivables

	2016 \$'000	2015 \$'000
Amounts due within one year:		
Trade receivables	15,967	15,039
Amounts owed by group companies and associates	32,681	20,500
Derivative financial instruments – third parties (note 10)	16,357	919
Derivative financial instruments – group companies and associates	1,591	-
Other receivables	158	-
	<u>66,754</u>	<u>36,458</u>
Amounts due after one year:		
Amounts owed by group companies and associates	86,250	-
Deferred tax (note 11)	2,398	-
	<u>88,648</u>	<u>-</u>

9. Trade and other payables

	2016 \$'000	2015 \$'000
Trade payables	29,857	2,088
Amounts owed to group companies and associates	124,795	21,702
Derivative financial instruments – third parties (note 10)	12,764	12,531
UK corporation tax	146	154
Deferred tax – (note 11)	-	24
Other payables	211	8
Accrued income	484	-
	<u>168,257</u>	<u>36,506</u>

10. Financial instruments

Derivative financial instruments, cash and cash equivalents, and receivables and payables are the major classes of financial instruments to which the Company is exposed.

Derivative financial instruments

The Company trades derivative financial instruments including commodity futures and options, and physical commodity trading contracts (physical forwards). The fair value of the derivative financial instruments at the balance sheet date is as follows:

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Notes to the financial statements For the year ended 31 December 2016

10. Financial instruments (continued)

	2016 \$'000	2015 \$'000
Financial assets		
Commodity futures and options – third parties	15,096	919
Commodity physical forwards – third parties	1,261	-
Commodity physical forwards – group companies and associates	1,591	-
	<u>17,948</u>	<u>919</u>
	2016 \$'000	2015 \$'000
Financial liabilities		
Commodity futures and options – third parties	12,356	12,531
Commodity physical forwards – third parties	408	-
	<u>12,764</u>	<u>12,531</u>

In the normal course of trading activities, derivative financial instruments are often settled before maturity date and these instruments are thus classified as current assets or current liabilities. However, if held to maturity, of the \$17,948,000 financial assets above, \$17,869,000 is due to mature within one year, with the remaining \$79,000 maturing after one year. Of the \$12,764,000 financial liabilities above, \$12,626,000 is due to mature within one year, with the remaining \$138,000 maturing after one year. All other financial assets and financial liabilities are due within one year.

The main purpose of these financial instruments is to manage commodity price risk exposure. A substantial portion of this exposure is managed through futures and options traded on both ICE US and ICE Europe commodity exchanges. Due to the various instruments traded, and the differing maturity profiles thereof, a simple sensitivity analysis is not considered appropriate in monitoring the risk of market price movements. Rather, the exposure to price movements is constantly monitored through Value at Risk analysis (see page 20).

Liquidity and credit risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds at an acceptable price to fund actual or proposed commitments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents through the availability of adequate funding sources. The main funding source of the Company is Glencore Agriculture group facilities and support. Therefore the Company always ensures that sufficient liquid funds are maintained in order to meet liquidity requirements.

Credit risk arises from the possibility that counterparties may not be able to settle obligations due to the Company within their agreed payment terms. Financial assets which potentially expose the Company to concentrations of credit risk consist principally of cash and cash equivalents, receivables and advances, derivative instruments and long term advances and loans. The Company's credit management process includes the assessment, monitoring and reporting of counterparty exposure on a regular basis. The Company's cash equivalents and short term deposits are placed with highly credit rated financial institutions. Credit risk with respect to receivables and advances is mitigated by the fact that the Company's customer base is made up of predominantly large international agricultural companies and where necessary the Company's policy is to cover these risks through netting and collateral arrangements as well as through the banking and insurance markets where appropriate. All exposures are considered creditworthy and impairments have been assessed and deemed unnecessary. Credit risk has been quantified and assessed as immaterial and is thus not disclosed.

Glencore Sugar Trading Ltd

Notes to the financial statements For the year ended 31 December 2016

10. Financial instruments (continued)

The carrying values of financial instruments are considered to be the maximum exposure that the Company has to credit risk on its various counterparties. The following changes in the fair value of derivative financial instruments, including commodity trading contracts and forward foreign exchange contracts have been charged to profit and loss in the year:

	2016 \$'000	2015 \$'000
Profit/(loss)		
Commodity futures and options – third parties	14,352	(47,143)
Commodity physical forwards – third parties	853	-
Commodity physical forwards – group companies and associates	1,591	-

Offsetting of financial assets and liabilities

In accordance with IAS 32 the Company reports financial assets and liabilities on a net basis in the balance sheet only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

It is the Company's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable balances due to/from a common counterparty to be offset in the event of default, insolvency or bankruptcy by the counterparty.

Fair value measurement

Quoted bid prices in an active market, have been used to determine the fair value of derivative financial instruments at the balance sheet date, and where not quoted, are referenced to market prices as quoted by reputable 3rd party brokers. Accordingly all futures and options are considered to be valued at level 1 (Unadjusted quoted prices in active markets for identical assets or liabilities) in the IFRS 13 fair value hierarchy, and all physical forwards are considered to be valued at level 2 (inputs other than quoted prices included in Level 1 that are directly or indirectly observable in the market) in the IFRS 13 fair value hierarchy.

Fair value of financial instruments

There is no difference between fair value and the value at which the Company could have settled their financial assets and liabilities at the year end. The carrying value of cash and cash equivalents, as well as receivables and payables is equal to their fair value.

All derivative financial instruments and listed investments are measured at fair value through profit and loss. All other financial assets and financial liabilities are classified as measured at carrying value.

All physical commodity contracts transferred from associate companies during the period were transferred at fair value.

Value at risk

One of the tools used by the Company to monitor and limit its primary market risk exposure, principally commodity price risk related to its principal activity, the purchase and sale of sugar derivatives, including those with group companies, is the use of a value at risk ("VaR") computation. VaR is a risk measurement technique which estimates the potential loss that could occur on risk positions as a result of movements in risk factors over a specified time horizon, given a specific level of confidence and based on a specific price history. The VaR methodology is a statistically defined, probability based approach that takes into account market volatilities, as well as risk diversification by recognising offsetting positions and correlations between commodities and markets. In this way, risks can be measured consistently across all markets and commodities and risk measures can be aggregated to derive a single risk value which is applied at an Agricultural division, and not entity level, hence the VaR measure is not disclosed for the Company. The Company has set VaR limits, which were not exceeded during the year.

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Notes to the financial statements For the year ended 31 December 2016

11. Deferred tax

Movement on deferred tax balance in the year:

	Tax losses	Revaluation of investments	Total
	\$'000	\$'000	\$'000
At 31 December 2015	-	23	23
Credit to profit and loss	(2,677)	-	(2,677)
Charge to other comprehensive income	-	(23)	(23)
Exchange differences	279	-	279
At 31 December 2016	(2,398)	-	(2,398)

A deferred tax asset of \$2,398k has been recognised on tax losses carried forward as at 31 December 2016. The directors are of the opinion that, based on recent and forecast activities, there will be sufficient future taxable profits against which these assets could be utilised.

12. Called up share capital

	2016	2015
	\$	\$
Authorised, allotted and fully paid		
100 ordinary shares of £1 each	166	166

13. Reserves

A description of each reserve is set out below.

Retained Earnings

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders. This account also includes revaluation of listed investments.

Capital contribution reserve

This reserve relates to the cumulative equity settled share based payment charge relating to shares of Glencore plc, a non-controlling shareholder of Glencore Agriculture Limited, and previously ultimate parent of Glencore Sugar Trading Limited, less amounts transferred to another reserve.

14. Immediate and ultimate parent company

The immediate parent company is Belfurt Limited (formerly known as Plavax Limited), a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent and controlling company is Glencore Agriculture Limited, a company incorporated in Jersey with registered offices at 22 Grenville Street, St Helier, Jersey, JE4 8PX.

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Notes to the financial statements For the year ended 31 December 2016

15. Related party transactions and balances

Transactions with related parties that are not wholly owned group companies are shown below. Group companies are companies which, together with Glencore Sugar Trading Ltd form the new Glencore Agriculture Limited group. Associates are companies which were fellow subsidiaries in the Glencore plc group during the prior period and to 1 December 2016, and following the demerger of Glencore Agriculture Limited are now considered associates. Transactions with key management personnel are disclosed in Note 4. Derivative financial instrument balances are shown separately in note 10.

Nature of transactions

All related party transactions were executed on normal commercial terms and conditions. The nature of the transactions with related parties was sales and purchases of physical sugar and sugar derivatives.

Value of transactions

Group Companies	2016 \$'000	2015 \$'000
Purchases of physical commodities	(89,395)	-
Other income/(costs) of trading in physical commodities	(381)	-
Interest receivable from group companies	3,738	202
Interest payable to group companies	(840)	-
Service fees payable	(1,111)	-

Value of transactions

Associates	2016 \$'000	2015 \$'000
Service fees receivable	4,646	308
Service fees (payable)	(7,833)	-

Balances with related parties

The following were the balances with related parties at the end of the year. They are shown on an aggregate basis.

	2016 \$'000	2015 \$'000
Amounts owed by group companies	118,931	20,500
Amounts owed to group companies	(124,428)	-
Amounts owed to associates	(367)	(21,702)