Annual Report 2016

Fuelling Journeys

PUMA ENERGY

Puma Energy is an integrated global energy company like no other. When we say we fuel journeys, we are not just talking about putting petrol or diesel in your tank, or providing high-quality fuel to some of the world's largest airlines, shipping companies and power suppliers.

'Fuelling Journeys' is about showing customers our pioneering, passionate and performance-driven spirit delivering authentic customer experiences to make a real difference in the communities we serve.

64

▲ Puma Aviation serves 63 airports worldwide.

80

◀ Regional performance: focus on Africa.

Cover image: A customer visiting our retail site in Brisbane, Australia.

62

▲ 7th Street cafe convenience store launched in Australia.

26

◀ Chief Executive Pierre Eladari reviews a milestone year.

www.pumaenergy.com/en/sustainability

2

▶ The Puma Energy story, a pictorial view of our business.

186

▶ The people's story: fuelling customer journeys across the globe.

Everything you need to fuel a family journey in Brisbane – the weekend starts here.

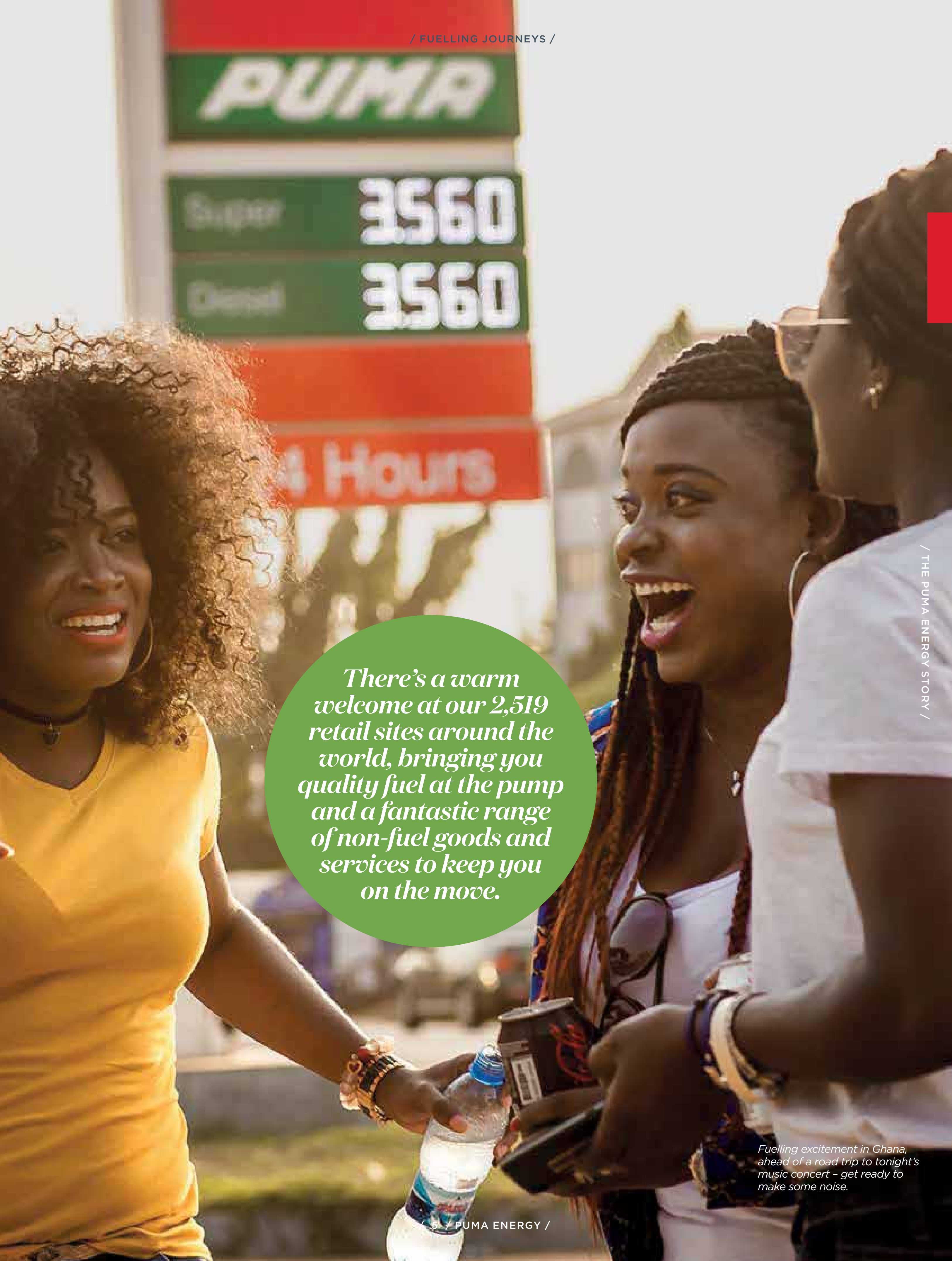
1

The Puma Energy story

A PICTORIAL VIEW OF OUR BUSINESS

RETAIL

Fun



There's a warm welcome at our 2,519 retail sites around the world, bringing you quality fuel at the pump and a fantastic range of non-fuel goods and services to keep you on the move.

Fuelling excitement in Ghana, ahead of a road trip to tonight's music concert – get ready to make some noise.

sharing A MOMENT

Drop into one of the new 7th Street cafes at our retail sites and you might just want to stay a while to enjoy the experience and some quality time with the family.

www.instagram.com/
fuelling_journeys

141
RESTAURANTS/CAFES

7th Street cafe, our new cafe convenience store, brings our customers quality barista-made coffee, fresh food and friendly service.


A6-EP
NEP-005

FUELLING *business*

We are a trusted supplier of fuel to a wide range of business customers, ranging from well-known multinational companies, such as Emirates, to local businesses involved in everything from mining to transport and construction to electricity generation.

www.facebook.com/
pumaenergy

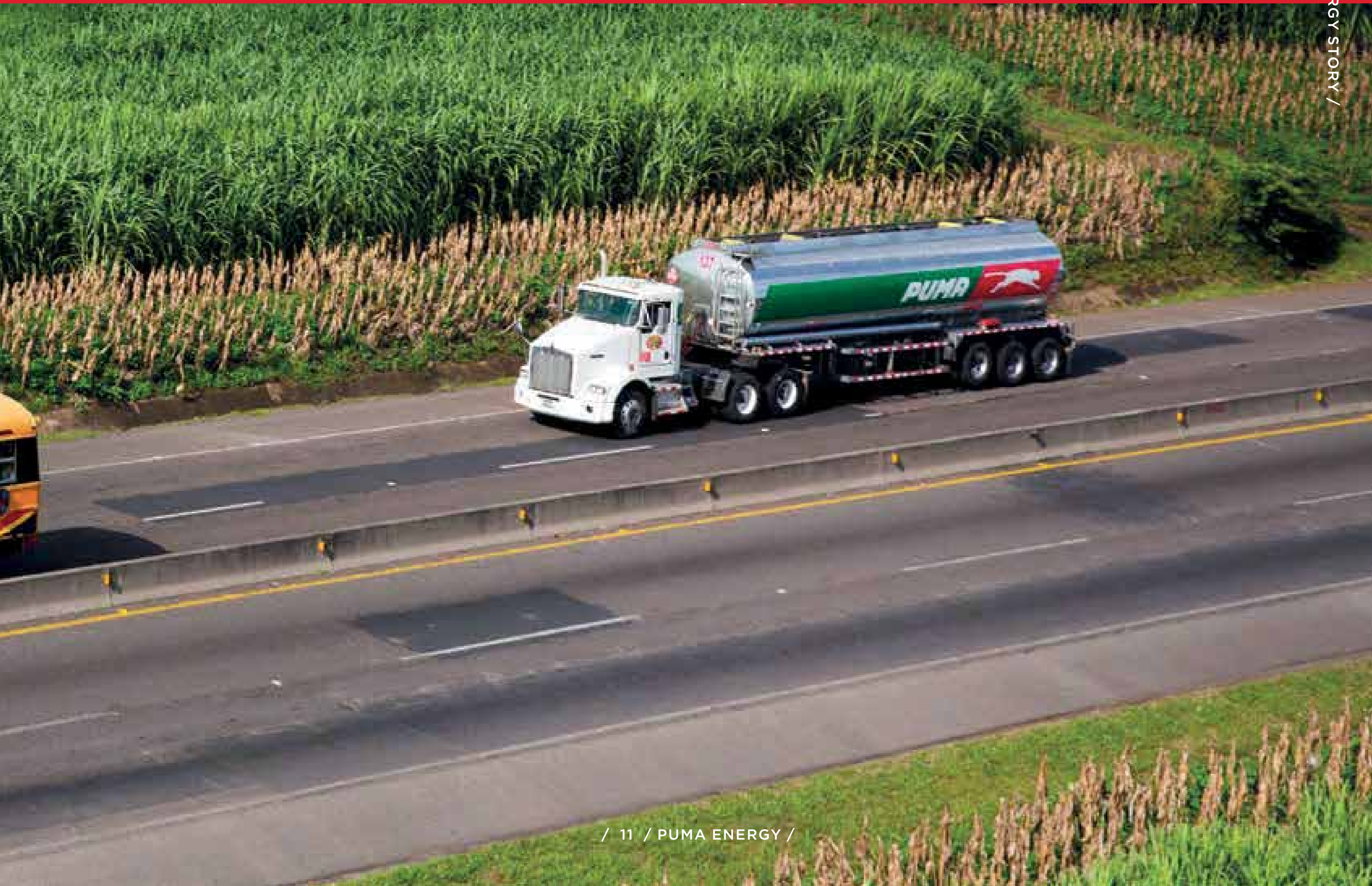
Refuelling major airlines such as Emirates at Yangon International Airport is all part of ensuring that Myanmar is open for business.

ON THE *road* AGAIN

www.instagram.com/
fuelling_journeys

A Puma Energy truck en route to our Rasa storage facility in El Salvador, where we have recently upgraded our underwater pipeline and multi-buoy mooring system.

We supply our customers safely and securely by road, rail and sea, operating 24/7/365 to ensure prompt and efficient fuel deliveries globally from our strategically located storage terminals.



WHEN THE GOING GETS *tough* AT -40°C

www.instagram.com/fuelling_journeys

Our Sillamäe terminal in Estonia is connected to fast and efficient logistic networks, primarily serving oil products exported from Russia and Kazakhstan.

We operate strategically located storage hubs in every type of climate all over the world, ensuring that we can supply local markets with petroleum, aviation fuel and LPG, no matter where they are.

rush HOUR

We fuel all kinds of commuter journeys for our customers around the world, with products and services to suit any kind of vehicle and refreshments, to ensure they reach their destinations ready for the day's challenges.

You Tube
www.youtube.com/user/PumaEnergyCorporate

A popular commute in Yangon, Myanmar, as locals take to one of the many diesel-powered boats as part of their journey.


th
STREET

2

Business overview

Puma Energy in numbers

Puma Energy has expanded in 2016, with major investments in terminals, retail sites and local infrastructure.

47
countries

7,652
employees

63
airports served

19,693k m^3
throughput volumes

1,500
trucks loaded every day

100
TERMINALS

7.9 million m^3
total storage capacity

1.4 million m^3
Milford Haven, UK, our largest terminal

91%
OF API-COMPLIANT STORAGE CAPACITY

Gross profit and EBITDA continued to increase, driven by productivity gains and a significant rise in sales volumes.

21,968k m^3
SALES VOLUMES
(2015: 18,944k m^3)

19,693k m^3
THROUGHPUT VOLUMES
(2015: 18,372k m^3)

US$12,670m
NET SALES
(2015: US$12,686m)

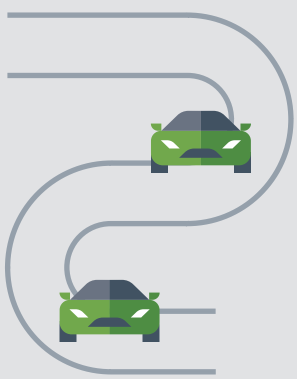
US$1,601m
GROSS PROFIT
(2015: US$1,496m)

2,519
RETAIL SITES AROUND THE WORLD

SHOPS AT RETAIL SITES
1,243

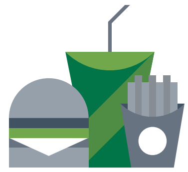
CAR WASH FACILITIES
135

TRUCK STOPS AROUND THE WORLD
118



250
MILLION
DRIVERS THROUGH OUR RETAIL SITES IN 2016

150 MILLION CUSTOMERS



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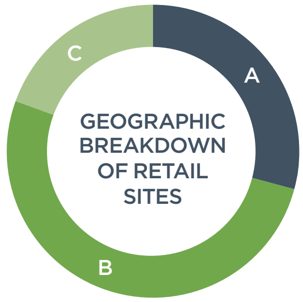
RESTAURANTS/ CAFES



A **739** Africa
B **1,292** Americas
C **488** Asia-Pacific and Middle East

EATING AND DRINKING AT OUR RETAIL SITES

LUBRICANTS SOLD IN OUR RETAIL SITES

5
MILLION LITRES

US$755m
EBITDA
(2015: US$676m)

US$383m
OPERATING PROFIT
(2015: US$342m)

US$115m
NET ATTRIBUTABLE INCOME
(2015: US$175m)

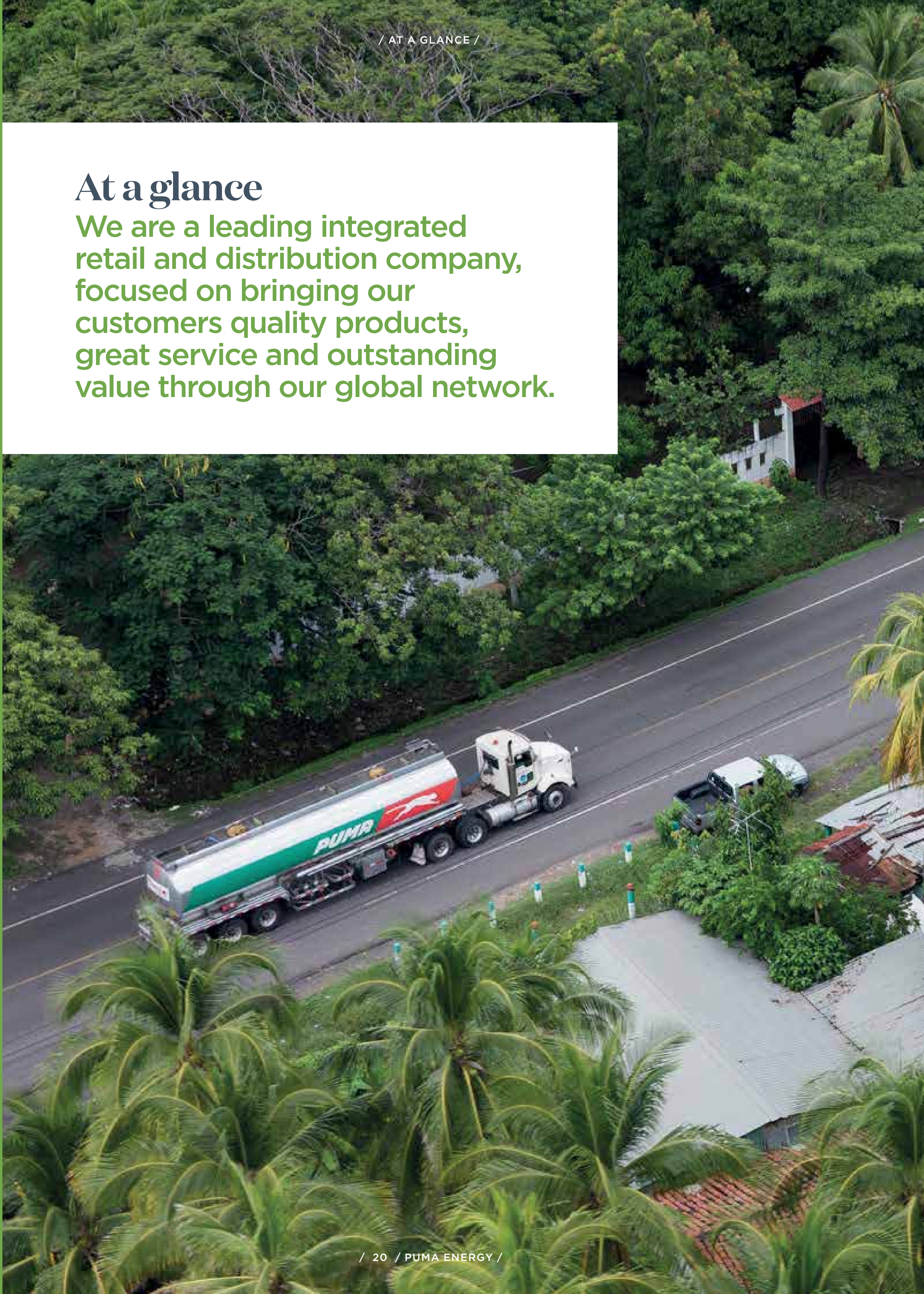
US$561m
ORGANIC CAPITAL EXPENDITURE
(2015: US$813m)

US$3,329m
NET FIXED ASSETS
(2015: US$3,283m)

US$1,900m
CONSOLIDATED NET WORTH
(2015: US$2,072m)

At a glance

We are a leading integrated retail and distribution company, focused on bringing our customers quality products, great service and outstanding value through our global network.



The world we live in

Global demand for energy continues to grow, dominated by hydrocarbons, in the current and future energy mix. Oil's share of this market remains at around one third and, while there has been a significant drop in global oil prices in recent years, Puma Energy's unit margins have been stable.

For further information, go to:
Market review on page 46

Where we operate

We continue to invest where oil demand is growing; where it is large; and where transformative infrastructure is needed. Our global integrated asset base is unique in our industry and from it we supply customers and businesses in 47 of the world's most dynamic markets – from Australia and Malaysia, to Paraguay and Ghana.

For further information, go to:
Where we operate on page 38

What we do

We supply, store and distribute oil products to our customers worldwide. Our integrated operations mean we can ensure the seamless delivery of high-quality fuels swiftly, reliably and at fair, competitive prices. We also operate a growing retail network that sells a wide range of fuel and non-fuel products.

For further information, go to:
Business model on page 36

Our vision

To be the global leader in fuelling our customers wherever their journeys take them, through our integrated Midstream and Downstream retail oil and distribution operations.

Our values

Pioneering
leading the way and making a difference

Passionate
dynamic and enthusiastic, caring about our customers

Performance
doing things the right way and adding value

Five strategic priorities

1. Expand our offer to our customers
2. Develop into new import markets
3. Build the infrastructure to support our offer
4. Integrate supply, storage and distribution
5. Develop local stakeholder trust.

For further information, go to:
A year in review on page 32

Managing the business

We measure our performance and progress against our strategy, using both financial and non-financial KPIs. We also monitor our risks closely across eight distinct categories:

- Human resources risks
- Pricing risks
- Operational risks
- Political/country/ reputational risks
- Counterparty risks
- Economic/financial risks
- IT risks
- Strategic risks

For further information, go to:
Measuring performance on page 40

Chairman's statement

Graham Sharp

> We have a very good story to tell about the quality of our fuels and we push strongly for improved standards in all the markets and countries we operate in.

With a major investment cycle now mostly behind us, 2016 has brought new clarity to our aims and ambitions across the Group. Our commercial activity continues to meet or exceed expectations, and we have built up our global and local management teams, adding new specialist expertise. Alongside our Global Heads of Aviation, Bitumen and Lubricants, we have now appointed a Global Head of Retail to guide the development of this important strand of our business.

I would like to thank our Chief Executive, Pierre Eladari, his global management team and 7,652 people across 47 countries for their hard work, not only in achieving this year's successful performance, but also for integrating our recently acquired businesses and developing our global assets over the past few years. There is no room for complacency, but I am delighted to see that these efforts are already generating returns on our investments, with strong growth in the Group's retail and aviation operations.

My congratulations go to our people for the excellent results they achieved in the Americas region in 2016. Performances in Africa and Asia were tempered by slowdowns in local economies and the devaluation of currencies against the US Dollar, though this is now beginning to stabilise.

What we have seen is Puma Energy emerge as a truly global player this year. To grow our business, we must continue to strengthen the brand and build trust with customers and key stakeholders for the long term. There is a real opportunity to do this in retail and we are delighted to be a trusted provider of aviation fuel at airports in three continents. We have a very good story to tell about the quality of our fuels and we push strongly for improved standards in all the markets and countries in which we operate.

I would like to welcome Sarju Raikundalia, João dos Santos and Robert Gillon to the Board, taking the places of Francisco de Lemos José Maria, Josina Baião Magalhães and Mariano Marcondes Ferraz. Sarju is a Board member and CFO of Sonangol EP, while João has responsibility for Sonangol Holdings and both joined the Board of Puma Energy Holdings Pte Ltd in August 2016. Robert is Head of Products Trading and Group Risk at Trafigura and joined our Board in November 2016. »

47

NUMBER OF COUNTRIES

(2015: 47)

7,652

NUMBER OF EMPLOYEES

(2015: 7,713)

209

shops in Australia

+16%
GROWTH IN SALES VOLUME

» We have also appointed a new Global Head of Compliance, Andrew McClarron, who brings tremendous experience to our business, having been responsible for Ethics and Compliance at BP. Andrew's work in 2017 will be focused on driving compliance and even greater consistency across our global operations.

An important example of this consistency is our robust approach to health and safety globally. We work with volatile materials in dangerous environments, and many years without a serious incident is no guarantee that you are operating a good health and safety policy. The fire at one of our terminals in Puerto Sandino, Nicaragua in August 2016, has proved that we have the right measures in place to deal with problems when they do arise. The incident was contained with the support of a US-based specialist independent firefighting team – top industry experts contracted to help on the ground, should the worst happen.

I am very proud of the response from our people. Not only were there no serious injuries resulting from this incident, but they also ensured there were no product shortages for our customers. They also worked in close co-operation with local authorities to implement an effective remediation plan in and around the terminal, bringing in additional equipment to speed up the cleaning process where needed.

The situation in Nicaragua has once again demonstrated the energy of our people and the commitment they make to everything they do, whatever obstacles are put in their way. The key is to be vigilant, make the best use of the assets we have available, learn the lessons and apply them to our business. That is how the Group will continue to achieve its potential, provide even better customer service, increase our profitability and make an even more valuable contribution to the communities we serve.

Graham Sharp
Chairman

Pierre visiting our retail sites in San Juan, Puerto Rico.

Chief Executive's review

"This year marks an important milestone for the Group as we reach, or near the end of, most of these major projects, and we are satisfied that our recently acquired businesses have been fully integrated."

Pierre Eladari

I am pleased to report another very good performance for the Group in 2016. We met our key financial targets for the year, demonstrating the strength of our business model and the resilience of our organisation, despite ongoing challenges in the global marketplace.

Puma Energy now owns and operates a total global storage capacity of 7.9 million m^3 and a network of 2,519 retail sites around the world, up from 2,362 in December 2015. More than 20,500 business-to-business (B2B) customers continue to rely on us to supply them with high-quality products. Our sales volumes grew by 16%, mainly due to organic growth.

We are starting to see signs of economic recovery globally, while in the Americas lower oil prices have benefited customers and reinforced our outstanding business performance. There is still cost pressure on B2B in many commodity exporting countries, due to the slow nature of any recovery, but our focus on customer service and the diversity of our geographic portfolio adds to our resilience and provides the platform for our continuing success.

Gross profit increased again in 2016, as sales have been boosted by lower pump prices. However, declining currencies in Africa and Asia have largely negated this effect for local consumers. EBITDA increased by 12% compared to the past year, reflecting productivity gains and the increasing value we are extracting from our long-term investments.

Five years ago, Puma Energy embarked on a series of large-scale investments that have transformed our business, increasing our global capacity to store and transport oil products and hugely expanding our retail network into many new countries. We made a wide range of strategically important acquisitions and, just as importantly, our people have managed a massive programme of infrastructure building and renewal that has made a significant difference to customers in the 47 countries we serve, ensuring security of energy supplies to some of the most challenging parts of the world. »

21,968k m^3
SALES VOLUMES
(2015: 18,944k m^3)

US$755m
EBITDA
(2015: US$676m)

Above: Our aviation business, Myanmar.

» This year marks an important milestone for the Group as we reach, or near the end of, most of these major projects, and we are satisfied that our recently acquired businesses have been fully integrated. We are already extracting significant value from the assets we have put in place and that is just from part of the year. In 2017, our challenge is to maximise the benefits for the business and our customers throughout a full 12-month period.

So, have we finished with our investments and acquisitions? Of course, the answer is 'No', especially where an opportunity presents itself to us. We remain an agile business, ready to move quickly into new markets and product areas when the time is right. However, for now I do not foresee the need for investments on the scale of the past five years. I expect our investments to be more diverse, more incremental and targeted towards extracting greater value from the infrastructure and networks we have built. Puma Energy is in an excellent position to capture new business as the recovery in worldwide markets slowly takes hold. We are focused on maintaining and growing our market share in the countries where we operate and adding to our product offers where this make sense.

Puma Energy is in an excellent position to capture new business as the recovery in worldwide markets slowly takes hold – we are focused on maintaining and growing our market shares.

A good example of how we are focused on meeting evolving customer needs is the launch of our new 7th Street cafe convenience store concept in Australia, which is all about reinventing our retail sites and making them a first port of call for customers looking for a decent meal and good service. In Myanmar, our investments in storage, aviation and transport are helping to transform the national economy, and I am very proud of the difference we are making for people and businesses in the country, as we build our operations across a wide range of sectors.

Wherever we work, we always strive to improve service and standards for our customers, from delivering a better retail experience, to working with governments and fuel regulators to improve fuel quality. This is particularly important in markets where local infrastructure means they are not yet able to process and sell higher-grade petroleum and diesel products that can have a positive impact on air quality and the environment for local people.

High-quality fuels, such as our Pumamax Diesel and Pumamax Premium Unleaded, offer superior fuel economy, emit low levels of exhaust hydrocarbons and carbon monoxide and help to maintain excellent operational performance. We have also developed ION Premium Diesels – a clean, filtered diesel range specifically designed for use in mining and commercial industries.

Our reputation for quality and service has helped us build trust in Puma Aviation, which in 2010 provided fuel to just four airports and was not well known in the industry. Today, we have a proven aviation business that operates in 23 countries, fuels the journeys of millions of customers and supplies high-quality fuels to many of the world's leading airlines at 63 airports.

Our business is evolving, but our proven strategy and robust business model will not change, and our customers remain at the heart of everything we do. We have skilled and experienced people throughout our organisation and an Executive Leadership team ready to extract even greater value from the assets and infrastructure we have put in place over the past few years. Such hard work means we are poised to deliver further growth in 2017 and in the years ahead. We need to keep our identity and show the same spirit and entrepreneurship that has brought us this far so quickly. That is how Puma Energy will deliver both for its shareholders and its customers around the world who depend on us to fuel the journeys they embark on every day.

Pierre Eladari
Chief Executive

OUR INVESTMENT APPROACH

By identifying key markets with the right demographic trends and opportunities for infrastructure investment, we are able to build robust and profitable operations.

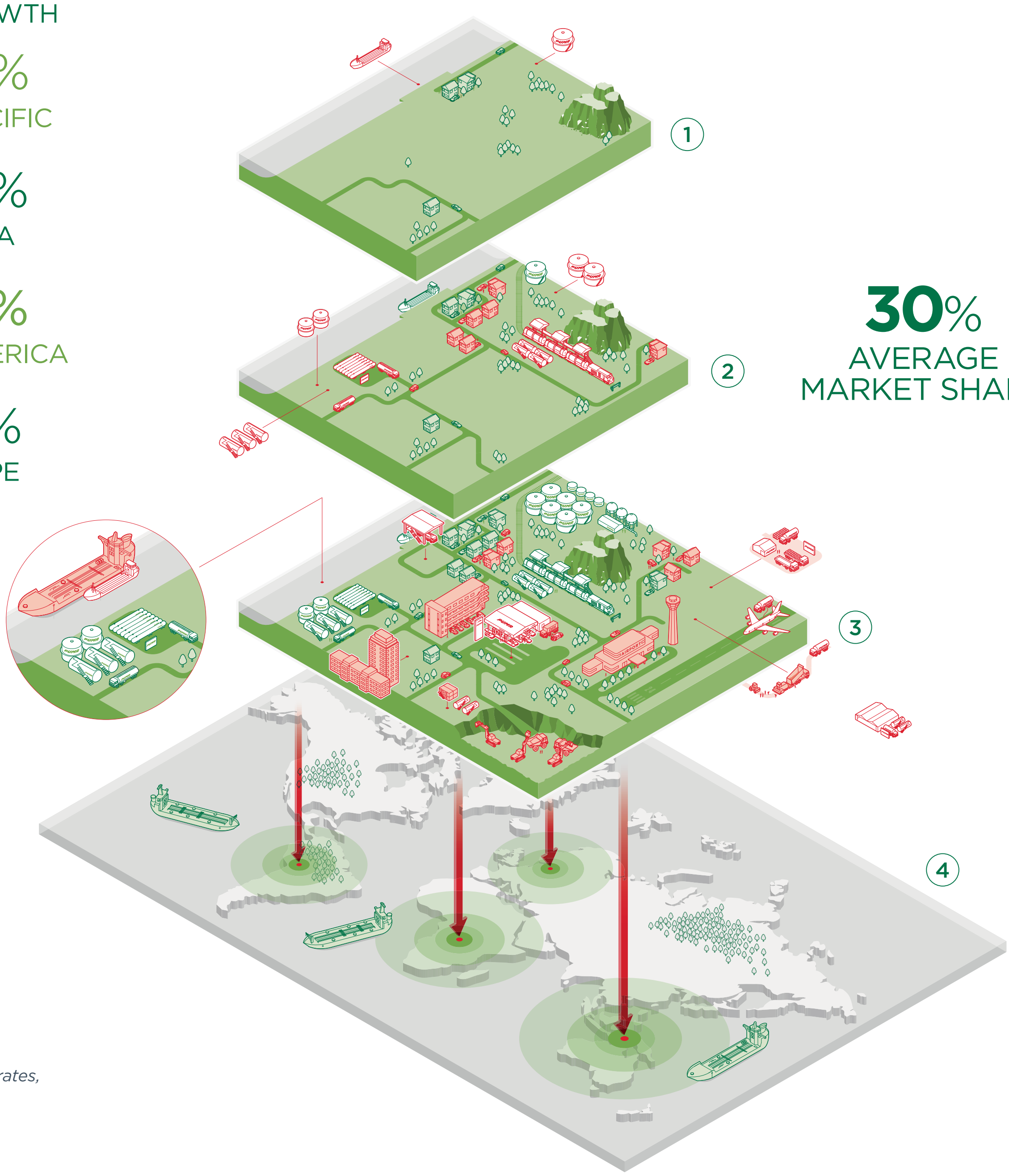
GDP GROWTH

6.3%
ASIA-PACIFIC

3.8%
AFRICA

2.3%
LATIN AMERICA

1.8%
EUROPE



30%
AVERAGE MARKET SHARE

2015 to 2020 growth rates, Source: IMF

1

Expanding into new markets
Puma Energy focuses on key growth metrics such as an increasing population, a growing middle class or rising consumer demand for technology and new cars, to identify markets where there is likely to be a significant rise in demand for fuel.

2

Integrating local market supply with international markets
Puma Energy invests in local infrastructure and integrates this with international markets, connecting countries without refining capacities to world-class refining hubs.

3

Developing and upgrading assets in markets requiring infrastructure
Puma Energy invests in assets by building new or refurbishing existing facilities in markets where infrastructure is needed to drive efficiency and offer greater choice for customers.

4

Leading local market shares
Puma Energy aims to build at least a 30% share in every market it operates in and seeks to be recognised as a leader in that market.

Fuelling 8,00

Fuelling El Salvador

We play a major part in fuelling life for the people in El Salvador, with 95 retail sites, a busy B2B division and three storage terminals (including an airport terminal). Around the world, Puma Energy fuels journeys in thousands of other towns and cities: supplying high-quality fuels to customers at our retail sites; providing a wide range of goods and services from local and international suppliers; and fuelling businesses from local energy companies to large international airlines.

0,000

DRIVERS THROUGH OUR EL SALVADOR RETAIL SITES

Our strategic priorities.

We are an integrated energy company like no other – our focus on fuelling journeys is driven by our integrated business model in 47 countries and, for us, it is about making a real difference to all of our customers and the communities we serve.

1

EXPAND OUR OFFER TO OUR CUSTOMERS

Our business model provides a consistent and dynamic platform that allows our growing team of energy professionals to expand our offering and deliver the best performance for our customers.

2

DEVELOP INTO NEW IMPORT MARKETS

We look for markets with rapid growth and/or strong potential, usually with a growing middle class or a flourishing natural resources sector, where we can identify new business opportunities.

3

BUILD THE INFRASTRUCTURE TO SUPPORT OUR OFFER

Our infrastructure projects help integrate our logistics and provide local investment that fuels economic growth, benefiting both our customers and their communities.

4

INTEGRATE SUPPLY, STORAGE AND DISTRIBUTION

Our global asset base includes 100 strategically located terminals and global storage hubs, ensuring the security of supply to our customers anywhere in the world.

5

DEVELOP LOCAL STAKEHOLDER TRUST

We develop trust by operating responsibly and working hard to minimise any adverse effects from our operations, prioritising ongoing dialogue with the communities we work within.

KEY

1 2 3 4 5

Embedding our approach
Look out for these icons throughout the review. These highlight how we are embedding this wider value approach across our projects and programmes.

Q1

JANUARY – MARCH

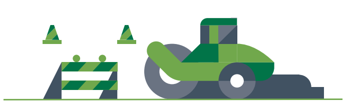
1

New retail sites opened in the Americas
Puma Energy's long-term commitment to its retail operations in Puerto Rico and Guatemala has seen large integration, rebranding and building programmes in both countries. We lead the way with 350 retail sites in Puerto Rico, as well as 226 retail sites in Guatemala, consolidating our position as the second-largest fuel retailer in the country.

226
RETAIL SITES IN GUATEMALA

15
7TH STREET STORES
open for business at our retail sites across Australia

① **Acquisition of 60% of Wabeco's bitumen assets in Nigeria**
The West African Bitumen Emulsion Company (Wabeco) is a growing Nigerian oil and gas business. Puma Energy's acquisition of 60% of the company's bitumen assets was an important step in our co-operation with Wabeco towards supplying the bitumen needed to build the country's roads.



US$
100m
PRIVATE PLACEMENT
with Delta Lloyd Asset Management

US$100 million private placement
We successfully closed a US$100 million private placement transaction with Delta Lloyd Asset Management, a blue-chip European institutional investor. This is the second private placement deal our finance team have negotiated, allowing Puma Energy to further diversify its funding mix.

① **New travel centre in Citiswich, Queensland**
The Citiswich Travel Centre provided much-needed fuel services and a convenience store to travellers and truck drivers heading west from Brisbane. The new centre has a 67-space car park, six truck bays and two caravan parking spaces, as well as truck refuelling facilities and drive-through waiting bays.

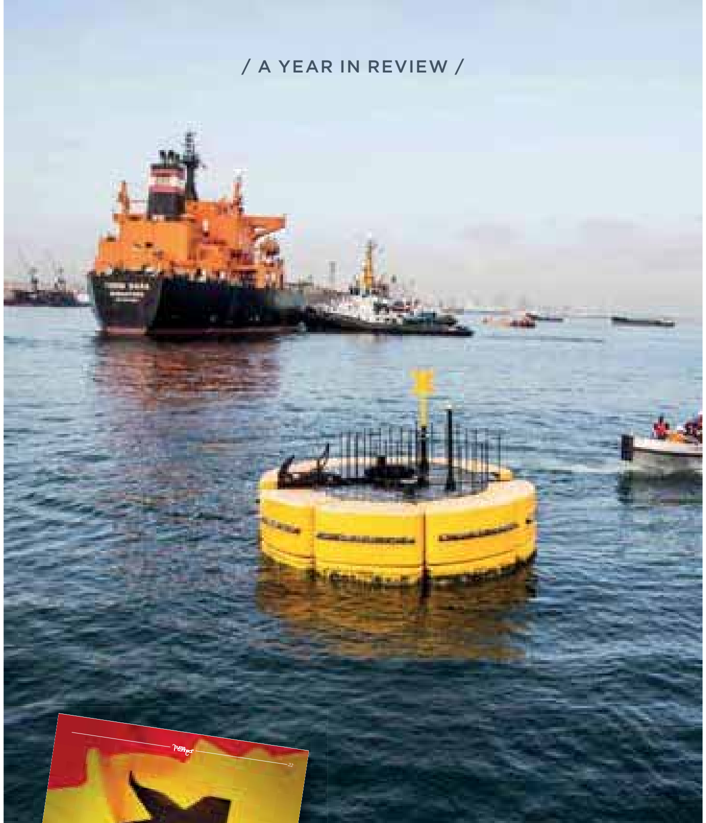
① **7th Street cafe convenience store designed with the customer in mind**
Our new 7th Street cafe convenience stores in Australia bring our customers quality barista-made coffee, fresh food and friendly service. We now have 15 stores officially open for business at our retail sites across the country, offering great food, coffee and service, and other features such as free wi-fi and mobile phone recharging points.

126
rebranded retail sites in South Africa

More than
US$70m
total capital invested in South Africa

①②③④ **Entered the South African market adding 145 new retail sites**
Our expansion in the South African market included rebranding and refurbishing retail sites across the country in 2016.

Q2
APRIL – JUNE



③④⑤
Further infrastructure investment in Luanda Bay
Our conventional buoy mooring system in Luanda Bay, Angola, already allowed a wide range of carriers to berth while loading or off-loading oil product. However, we have continued to expand our facilities in Luanda Bay and will do so throughout 2017 – adding a further 117,000m^3 storage capacity, and building two new quays, 16 loading bays, a new pumping station, a new office building and a new access road that will allow very heavy traffic to operate safely once the terminal expansion is completed.

Successful closure of our new Revolving Credit Facilities (RCF)
We refinanced and increased our Senior Credit Facility to a total of US$1.55 billion, composed of a US$750 million three-year term loan and a US$800 million revolving credit facility. This was in line with our strategy to lengthen our debt maturity profile and means we are well positioned with strong liquidity for the long term.

①④
Launch of retail network in Ghana
Having been active in Ghana for 10 years, building and operating the offshore mooring system through which most of the country's petroleum is imported, Puma Energy Ghana formally launched its retail network and operations in aviation and lubricants. The Company also acquired a further 23 retail sites from Grace Petroleum.

Ghana
acquired 23 retail sites from Grace Petroleum

HEC PARIS

HEC leadership programme
The first intake to our HEC Paris Executive leadership programme graduated and presented their final business projects, having tackled real Puma Energy business challenges as part of their development training over a period of five months. Two further groups of senior executives joined the programme during 2016.

Q3
JULY – SEPTEMBER

New appointments to the Puma Energy Board
Sonangol EP changed its Puma Energy Board representation, with effect from 30 August 2016. Francisco de Lemos José Maria and Josina Baião Magalhães were replaced by Sarju Raikundalia and João dos Santos.


João dos Santos


Sarju Raikundalia

⑤
Road Safety campaign in Zambia
In 2016, the Puma Energy Foundation launched the fourth year of the global Road Safety campaign. Highlights included partnering with the Zambian Road Safety Trust to launch the Child Road Safety Programme, benefiting 11,000 local primary schoolchildren. Puma Energy Zambia has continued that partnership and distributed more than 2,000 reflector-enhanced schoolbags to help keep children safe on the roads.

11,000
primary schoolchildren benefiting

(1)
Fuel cards now in 12 countries
Malawi is one of 12 countries where Puma Energy companies use a fuel card to help increase sales and loyalty. MyFuel offers a smartcard-based pre-paid fuel wallet that enables customers to manage their fuel purchases through the use of pre-funded chip-cards at all our retail sites.

12
COUNTRIES
where Puma Energy companies use our fuel card

(3) (4)
Matadi terminal in the Democratic Republic of the Congo
Our new terminal and jetty at Matadi in the Democratic Republic of the Congo (DRC), added 26,000m^3 of new storage capacity, providing strategic capability, both for DRC and the region, and enabled the port to receive more vessels and deliver an improved supply to our customers.

Q4
OCTOBER – DECEMBER

(1) (2) (3) (4) (5)
Myanmar open for business
We were the first foreign company (partnering with MPPE) to import and distribute new petroleum products in Myanmar. Our success in Myanmar continued as we expanded our aviation business in the country – Puma Energy now fuels 11 major airports, as well as supplying avgas and aviation lubricants.

(3) (4)
100th
terminal added with the acquisition of the Northern Ireland terminal
We signed a purchase agreement with BP to buy its bulk storage fuel terminal in Belfast, Northern Ireland, which provides 143,000m^3 storage capacity for petroleum distillates, and has road gantry loading facilities and a jetty berth capable of handling MR class vessels.

(5)
Vaccination programme in Angola
In Angola, we have developed an engagement programme focused on healthcare services. We maintain an active role in the community and our health campaign has resulted in 1,320 local people receiving vaccinations against medical conditions, including tetanus, while more than 1,110 people have received medical check-ups.

1,320
people receiving vaccinations in Angola

(1)
Puma Energy lubricants business continues to grow
Our lubricants business continues to grow. Puma Energy lubricants is a rapidly expanding division of the Company – our B2B and direct customer distribution increases monthly.

(4)
Launch of ePuma
Having been piloted in Brisbane, as well as in our aviation businesses in San Juan and Dar es Salaam, our new ePuma system has been rolled out to 13 locations and 63 truck locations across Australia. It is part of a digital transformation of our business that will introduce a customer portal, new scheduling, tablet technology, and terminal and truck automation.

13
locations across Australia are now using our ePuma system

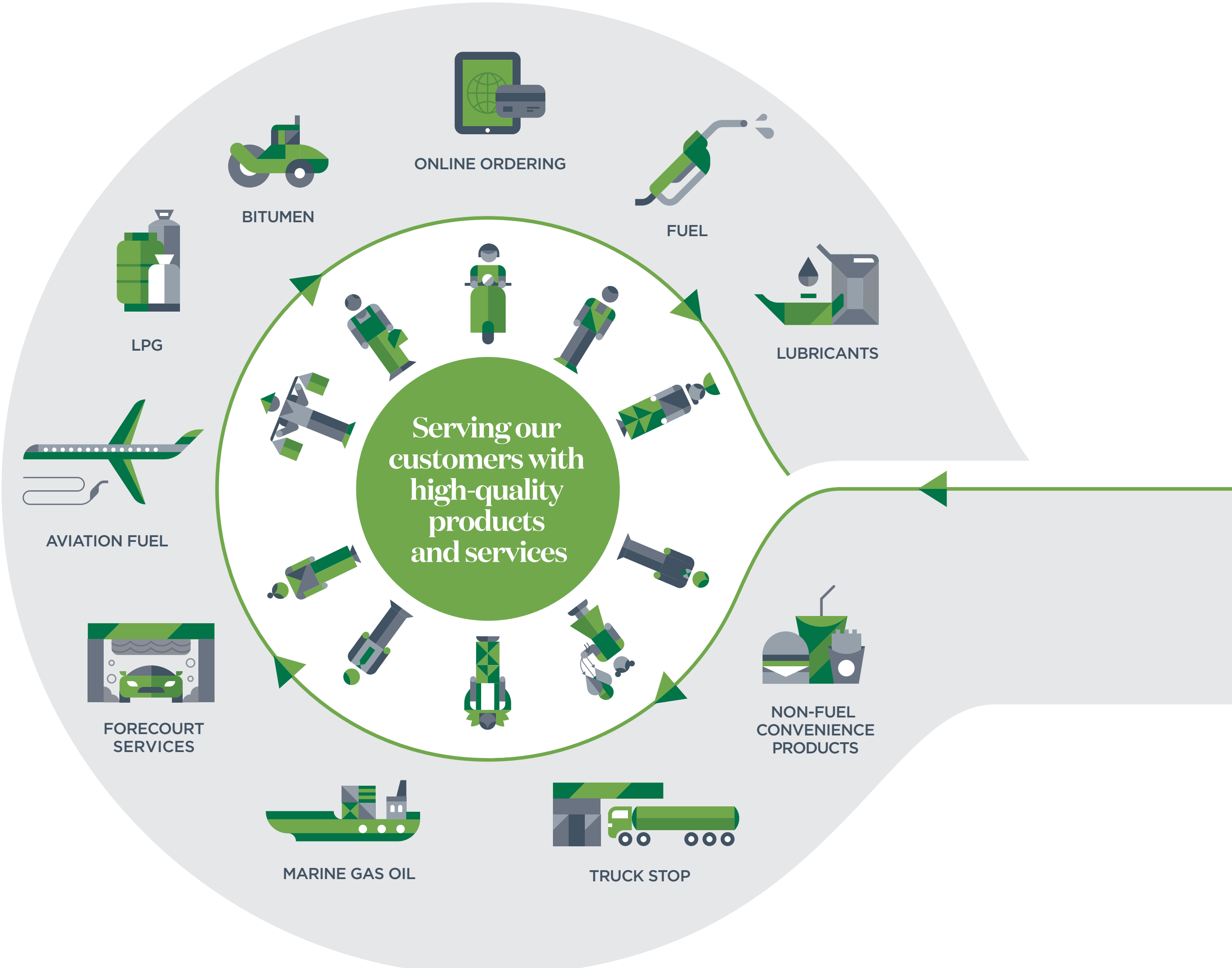
New appointment to the Puma Energy Board
Robert Gillon was appointed to the Board replacing Mariano Marcondes Ferraz.


Robert Gillon

/ BUSINESS OVERVIEW /

Business model

How we create value. We connect customers to high-quality products through our integrated operations.



We provide high-quality products and services to millions of retail consumers and thousands of B2B customers in 47 countries. Our integrated supply, storage and distribution operations allow us to source products reliably and efficiently, whilst supplying our customers at competitive prices.

Our unique strengths

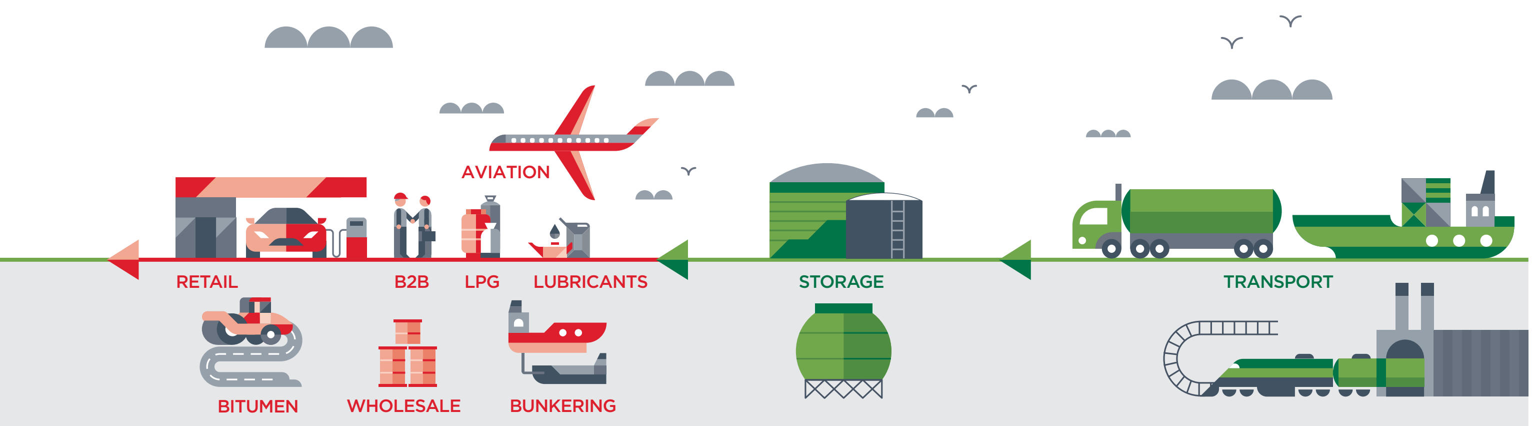
Strategic global network
Puma Energy is a highly diversified company that focuses on fast-growing markets, where the projected consumer demand for oil is high. We use our global network to ensure that we maximise our opportunities in these markets and provide our customers with excellent service.

Efficiency
We continue to implement better systems, building superior infrastructure, technologies and processes from delivery logistics to point-of-sale equipment, such as our new ePuma customer portal.

Talented people
Our people have been instrumental in our rapid growth as a business – their entrepreneurial spirit, diversity, the nationalities, cultures and the experience we have across our team have all contributed to our success. We support and train our people well, value them and trust them to excel.

Responsive and flexible
Our structure ensures we are always in touch with our customers' needs, and our global network means that we are always where they need us to be. Where opportunities arise, we move quickly to make strategic investments in infrastructure and acquisitions in high-growth markets, expanding our network while maintaining a healthy balance sheet.

Unique asset base
Puma Energy's global integrated asset base ensures the seamless supply of a wide range of products to our customers around the world and supports our aim to be the global leader in fuelling our customers wherever their journeys take them, through our integrated Midstream and Downstream operations.



We distribute
We have built a completely global integrated Midstream and Downstream oil company to serve the different needs of our customers around the world.

We store
We have 100 storage terminals in our network, with a total storage capacity of 7.9 million m³.

We supply
Our experienced team optimises supply across products, geographies and sources to meet customer demand.

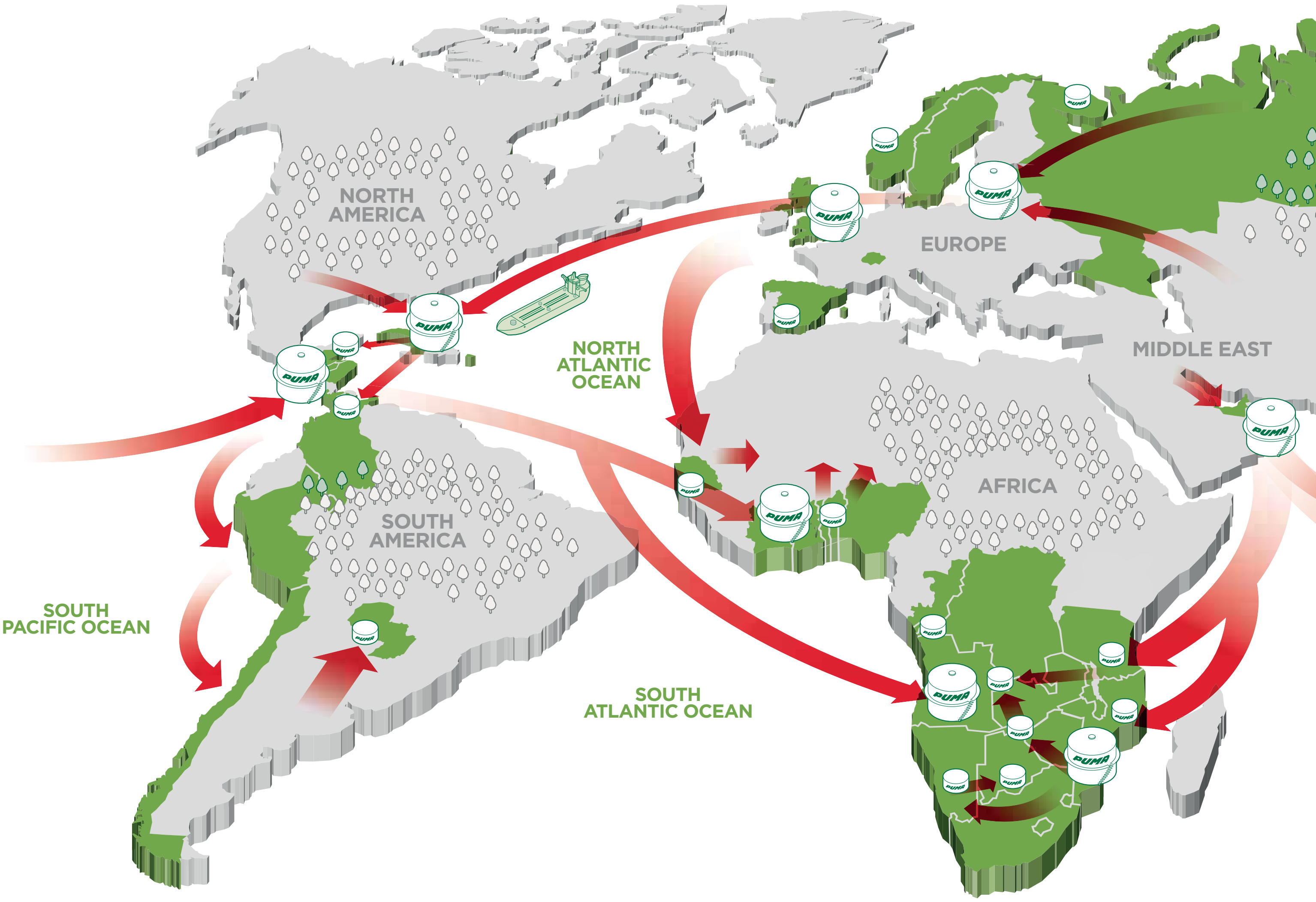
These inputs and activities enable sustainable value creation

Customers
Our customers benefit from the high standards of customer service we provide, as we deliver high-quality fuels and a wide choice of non-fuel products, swiftly, reliably and at a fair price.

Shareholders
By maintaining financial stability, while investing in and managing our business growth, we create long-term value for our shareholders, maximising the returns on their investment in Puma Energy's future.

Employees
We have created a diverse, collaborative and customer-focused organisation that ensures our people are well rewarded, have the opportunity to develop their entrepreneurship, and achieve their full potential.

Communities
We contribute significantly to our communities as a major employer, through local taxes, as a long-term responsible partner, and by engaging in many social, environmental and educational programmes.



Where we operate

Puma Energy uses a network of regional affiliates across five continents to support its integrated global supply chain. This ensures that we – and our products – are always there to fuel the journeys of our growing customer base around the world.

Total
7,652
EMPLOYEES
(2015: 7,713)

Total
7.9 million m^3
TERMINAL CAPACITY
(2015: 7.7 million m^3)

Total
2,519
RETAIL SITES
(2015: 2,362)

Total
63
AIRPORTS SERVED
(2015: 49)

1,243
RETAIL SITE SHOPS

135
CAR WASH FACILITIES

141
RESTAURANTS/ CAFES

	Airports	Storage k m^3	Retail sites	Employees
Europe	–	2,776	–	685
Americas	8	1,545	1,292	1,197
Africa	34	1,190	739	4,141
Middle East and Asia-Pacific	21	2,428	488	1,629
Global total	63	7,939	2,519	7,652

Note: Data as of 31 December 2016

/ BUSINESS OVERVIEW /

Measuring performance
Financial and operational KPIs.

KPI | YEAR | RATIONALE AND PERFORMANCE

Sales volumes
(k m^3) ① ② ③ ④

Volume of oil products sold to Puma Energy customers from the retail, wholesale, B2B, aviation, LPG, bitumen and lubricant sub-segments.

Year	Sales volumes
2012	8,940
2013	13,053
2014	14,764
2015	18,944
2016	21,968

This figure is a strong indicator of the Group's Downstream market share. Management targets growth in sales volumes that exceeds growth in target markets.

Sales volumes have risen sharply, driven by organic growth and our expansion in South Africa and the UK. Our target is still to achieve continued growth in sales volumes in line with past results.

Throughput volumes
(k m^3) ① ② ③ ④

Volume of oil products handled on behalf of third-party customers. This figure includes neither storage volumes for our own Downstream business, nor volumes stored for third-party customers under capacity rental agreements.

Year	Throughput volumes
2012	21,290
2013	21,049
2014	19,776
2015	18,372
2016	19,693

This figure reflects the utilisation of our Midstream capacities and the level of our Midstream business with third-party customers.

We have increased capacity and extended many key storage facilities. However, a large part of storage revenues are generated by capacity rental agreements (not reflected in volumes).

Gross profit
(US$m) ① ② ③ ④

Revenue from sales, less the cost of purchase and delivery of products.

Year	Gross profit
2012	991
2013	1,158
2014	1,429
2015	1,496
2016	1,601

This figure provides a top-line view of our profitability, especially in Downstream markets. We optimise sales performance by increasing sales volume and/or adjusting pricing to increase unit margin. Gross profit shows the effectiveness of these two strategies in combination.

In 2016, gross profit increased as higher sales volumes were partially offset by lower Downstream unit margins.

Unit margin
(US$/$m^3$) ① ② ③ ④

Gross profit divided by sales volumes. This is the main indicator of basic profitability after deducting the purchase price and variable costs from the sales price.

Year	Unit margin
2012	93
2013	75
2014	85
2015	71
2016	66

This measures price management performance in free markets and is usually the key factor determining profitability and the return on investments in regulated markets.

Downstream unit margins were negatively impacted by cost pressures on certain B2B contracts, adverse currency effects and our changing geographical and segment mix.

EBITDA
(US$m) ① ② ③ ④

Earnings before interest, tax, depreciation and amortisation.

Year	EBITDA
2012	540
2013	551
2014	655
2015	676
2016	755

EBITDA is a key measure of profitability. It demonstrates the ability to generate cash flow that can be reinvested to stimulate future growth and is used as a base for the valuation of a company.

EBITDA was impacted by one-off costs, (from IT, legal and greenfield projects), which were partially offset by cost efficiencies and increased volumes.

KPI | YEAR | RATIONALE AND PERFORMANCE

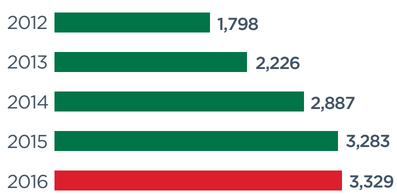
Operating profit (US$m) ① ② ③ ④

Profit after depreciation and amortisation but before interest and tax.

Operating profit is a widely used metric for listed companies, aligned with IFRS criteria. Publishing this metric makes it simpler to compare our financial performance with that of listed companies.

Net fixed assets (US$m) ① ② ③ ④

Total value of property, plant and equipment less cumulative depreciation.

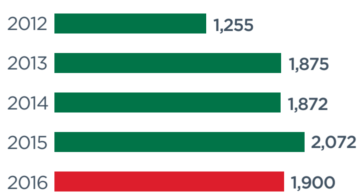


Indicative total value of our underlying asset base. Fixed assets are kept at historic costs less accumulated depreciation.

Fixed assets increased slightly in 2016, as investments made have been compensated by depreciation charges.

Consolidated net worth (US$m) ① ② ③ ④

Consolidated value of shareholders' equity. This is the net worth of Puma Energy's assets at the year end.

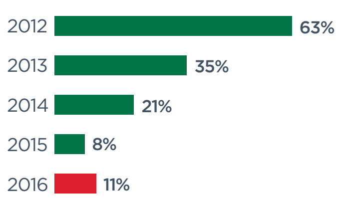


This gives an indicative value for the business. It is not a proxy for fair market value as there is no allowance made for future growth, but it does give shareholders an indication of the minimum value of the business.

The change in equity value per 31 December 2016 reflects the positive operating performance of the year, partly offset by the cancellation of a US$150 million equity increase and translation effects.

Compound annual growth rate (CAGR) ① ② ③ ④

Annualised overall gain in EBITDA averaged across a three-year period.



This measure is used to monitor medium-term sustainable growth. Three-year averaging limits the distorting effect of a specific, major transaction in a single 12-month period.

High CAGR during the first years of operations is stabilising as the business becomes more mature.

Our strategic priorities

1. EXPAND OUR OFFER TO OUR CUSTOMERS.
2. DEVELOP INTO NEW IMPORT MARKETS.
3. BUILD THE INFRASTRUCTURE TO SUPPORT OUR OFFER.
4. INTEGRATE SUPPLY, STORAGE AND DISTRIBUTION.
5. DEVELOP LOCAL STAKEHOLDER TRUST.

Refer to page 32 for more information

Measuring performance
Non-financial KPIs.

KPI | YEAR | RATIONALE AND PERFORMANCE

Work-related fatal injuries ③ ④ ⑤

Total number of direct work-related fatalities among Puma Energy's employees.

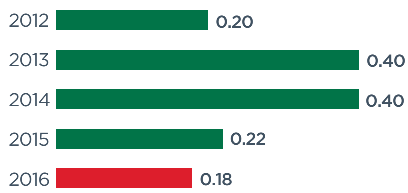
2012	0
2013	0
2014	0
2015	0
2016	0

We monitor Puma Energy's safety procedures both within our own operation and at our agencies.

There were no direct work-related fatalities during 2016. For further details see our Sustainability review.

Lost time injury frequency rate ③ ④ ⑤

Number of lost time incidents multiplied by 200,000 divided by total man-hours worked. Also known as LTIFR (lost time injury frequency rate).

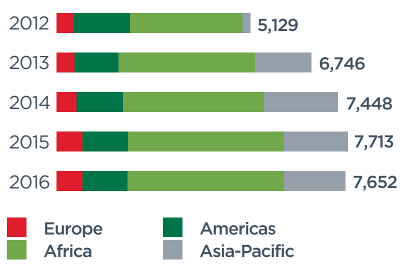


This is an absolute measure of safety levels in facilities. No allowance is made for the severity of the incidents concerned, as any incident falling into this category is symptomatic of an unacceptable safety failure, given the high risks associated with storing and transporting fuels. Management monitors LTIFR to obtain advance warning of safety issues.

The number of LTIs for 2016 and 2015 is based on new Group reporting guidelines.

Workforce (by continent) ① ② ③ ④ ⑤

Number of employees directly managed by Puma Energy, broken down by continent.



This indicates the total employees managed by Puma Energy, both permanent and temporary, on payroll and employed through agencies. Monitoring headcount is key to ensuring effective control and efficiency of the organisation.

While we have significantly increased sales volumes, we have a slightly reduced headcount. Our workforce comprises 54% African, 16% Latin American, 9% European and 21% Asia-Pacific employees.

KPI	YEAR	RATIONALE AND PERFORMANCE
API650/NFPA30 compliance (as a percentage of total capacity) (3) (5) Proportion of total storage capacity conforming to approved international standards for construction and maintenance of storage tanks. The American Petroleum Institute 650 standard relates to the design and construction of steel storage tanks. The National Fire Protection Association 30 code relates to the storage of combustible and flammable liquids.	2012: 81 2013: 89 2014: 88 2015: 93 2016: 91	This measures the progress of Puma Energy's policy progressively to upgrade all acquired storage assets and construct any new storage assets to recognised international standards. All of our newly built terminals comply, and our capex programme has included work to address non-compliant terminals or mitigate where compliance is not practicable.
Storage capacity (k m^3) (1) (2) (3) (4) Total storage capacity to support our worldwide Downstream operations.	2012: 4,483 2013: 4,767 2014: 5,580 2015: 7,680 2016: 7,939	Over the past five years our storage capacity has grown both organically and through acquisitions. In 2016, we increased our storage capacity mainly through the acquisition of a 143k m^3 storage terminal in Northern Ireland.
Number of storage terminals (1) (2) (3) (4) Number of storage terminals around the world.	2012: 56 2013: 62 2014: 80 2015: 98 2016: 100	Our network of 100 storage terminals, including six storage hubs in strategic locations, allows us to supply quality oil products safely, swiftly and reliably. In 2016 three more terminals gained ISO14001 (environment) certification.
Number of retail sites (1) (2) (4) Number of retail sites in our global retail network.	2012: 1,293 2013: 1,678 2014: 1,982 2015: 2,362 2016: 2,519	This is a top-line indicator for growth in the retail segment, together with retail sales. As the network of Puma Energy branded retail sites grows, the goodwill attached to our brand in the marketplace will increase. There has been an increase in our retail network from organic growth in the Americas, Africa and Australia.

Our strategic priorities

1. EXPAND OUR OFFER TO OUR CUSTOMERS.
2. DEVELOP INTO NEW IMPORT MARKETS.
3. BUILD THE INFRASTRUCTURE TO SUPPORT OUR OFFER.
4. INTEGRATE SUPPLY, STORAGE AND DISTRIBUTION.
5. DEVELOP LOCAL STAKEHOLDER TRUST.

Refer to page 32 for more information

3

Performance review

HOW WE *performed* DURING 2016

/ PERFORMANCE REVIEW /

Market review

Our globally integrated storage and supply network is unique in our industry and offers great flexibility, allowing us to adjust quickly to increases or decreases in demand.

For footnotes to the market review, please refer to page 185.

US$56trn

Global middle class consumption in 2030 (PPP)

Source: Kharas, H and Gertz, G. The New Global Middle Class (2010)

Non-OECD economies account for **60%** of total global energy consumption

Source: IEA World Energy Outlook 2016

30% growth in global energy demand by 2040

Source: IEA World Energy Outlook 2016

Introduction and overview

2016 saw oil prices rise from their lows at the beginning of the year, with agreements on output cuts between many of the world's largest oil producers towards the end of the year helping to push Brent above US$50 per barrel. The average price for 2016 was, however, markedly lower than in 2015 in real terms.

The oil industry, meanwhile, continues to transform, driven by structural as well as cyclical factors. Upstream investment remains distinctly lacklustre. Elsewhere however, Midstream and Downstream operations, which are less impacted by changing oil prices, while undergoing significant structural change, are seeing more robust investment, driven importantly by relatively strong growth, the changing consumption habits of the emerging-economy 'middle classes', and the continued consolidation of the world's refineries.

Today's local oil markets, unlike in the latter part of the 20th century, need to be connected to the (fewer) global 'super' refineries that are increasingly serving them. 'Super' refineries are often many thousands of miles away from the ultimate market for refined product, with the consequence that significantly more refined product has to be moved around the world. Puma Energy's transportation and storage role is thereby increasingly becoming a mainstay of the global oil market. Shipping products reliably and safely over large distances is our business. Our globally integrated storage and supply network is unique in our industry and offers great flexibility, allowing us to adjust quickly to increases or decreases in demand; be resilient in the face of supply shocks and other market changes; and maintain stability of supply – all at a competitive price.

Our retail network is expanding fast, and is an increasingly important part of our business. Puma Energy's retail sites are vital to meet the needs of the rapidly growing consumer market, providing not only fuel, but also refreshments, convenience foods, and other allied goods and services. In 2016 alone we added more than 150 retail sites, and Puma Energy now has more than 2,500 such sites, across 47 countries.

Growing global energy demand

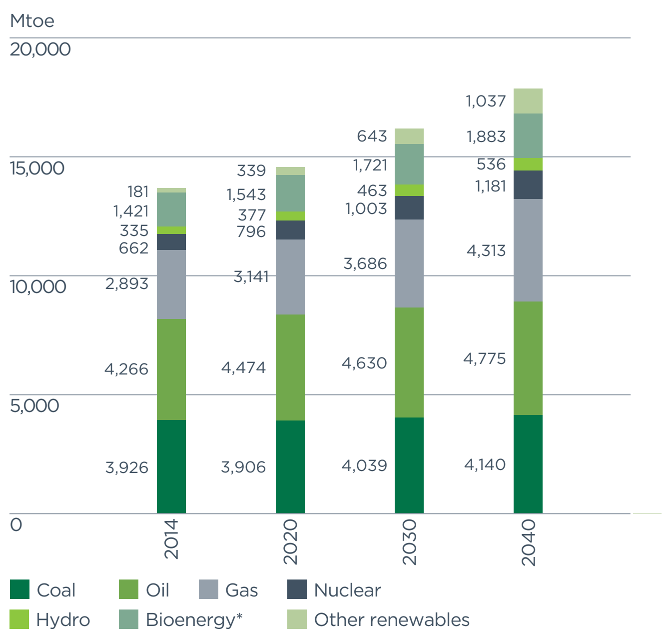
Non-OECD economies continue to dominate energy demand, accounting for around 60% of total global energy consumption[1]. The International Energy Agency (IEA) sees global demand continuing to grow relatively strongly, by nearly 7% by 2020, and around 30% by 2040[2], with the non-OECD economies again very much to the fore (and notwithstanding gains in energy efficiency, particularly in some advanced economies).

Hydrocarbons will remain the dominant source of energy, supplying some 60% of the total by 2035. More broadly, the fossil fuel share of world primary energy demand seems set to fall only modestly, from 80% or so currently to 79% in 2020 and 74% by 2040 (Figure 1). This is notwithstanding rapid growth from renewable energy sources, which are likely to expand six-fold by 2040. »

Below: Delivering fuel in Brisbane, Australia.

FIGURE 1

World primary energy demand by fuel



Source: IEA World Energy Outlook 2016
Note: New Policies Scenario.
*Includes the traditional use of solid biomass and the modern use of bioenergy.

Left: New technologies in the industry ensure delivery and supply.

OIL ACCOUNTS FOR
1/3
of global energy consumption

Increasing oil demand

Oil, with global demand running at around 93 million barrels per day (mb/d)[1], is the world's dominant fuel, accounting for around one-third of global energy consumption – a share that seems set to be broadly maintained to 2020 (31%) and fall only marginally to 2040 (27%). OECD economies account for around 42 mb/d; non-OECD economies for a slightly larger 44 mb/d; and bunkering for some 7 mb/d.

Oil demand globally is projected to grow to around 100 mb/d by 2030, and 104 mb/d by 2040, driven predominantly by the faster-growing non-OECD countries, particularly in Asia. India is set to become the leading source of oil-consumption growth, and China to take over from the US as the world's largest-overall consuming country in the early 2030s. By 2040, non-OECD countries are likely to account for more than 60% of world oil demand (Figure 2).

Transport and petrochemicals account for
68%
of total oil demand

Two sectors – transport and petrochemicals – dominate oil demand, accounting for some 68% (56% and 12% respectively) of total oil demand in 2015. These sectors are expected to continue to drive oil demand growth over the coming 25 years, increasing their share in world demand to 70% by 2020, and to 75% by 2040. Oil is crucial to both sectors, and particularly transport; several modes, most notably aviation, require fuels that have a high energy density, and here there is no substitute for hydrocarbons. Transport demand, which accounted for some 52 mb/d in 2015, is expected to grow by around 17% by 2040, increasing its total share of world oil to nearly 60% (Figure 3). For more on this, see 'The rising emerging-economy middle classes – a global megatrend' on page 50.

The evolving supply side

Increasing oil production

Global oil production increased faster than consumption for a second consecutive year in 2015, rising by 2.8 mb/d (3.2%), the strongest growth since 2004[3]. OPEC production, spurred by record-high output from both Iraq and Saudi Arabia, increased to levels not seen since 2012, to produce an average of 38 mb/d, just over 40% of 2015 global oil supply. Non-OPEC production grew by 1.3 mb/d, averaging some 53 mb/d. The largest increase

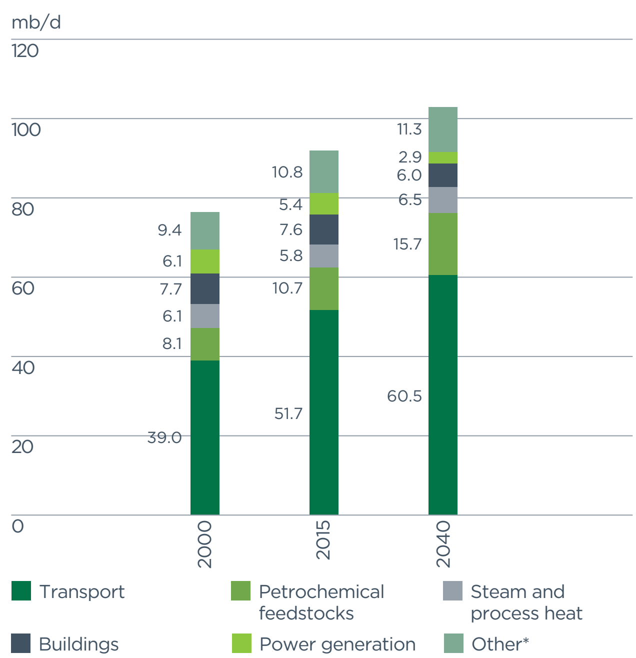
FIGURE 2

World oil demand by region, 2015-2040

Source: IEA World Energy Outlook 2016
Note: New Policies Scenario.
*Includes international marine and aviation fuels

FIGURE 3

World oil demand by sector, 2000-2040



Source: IEA, World Energy Outlook 2016
Note: New Policies Scenario.
*Includes agriculture, transformation, other non-energy use (mainly bitumen and lubricants)

came from the world's biggest producer, the United States, which by itself added 1 mb/d.

Unconventional supply – including of extra-heavy oil and bitumen (EHOB), and tight oil – continues to grow in importance; unconventional supply from non-OPEC countries has risen almost eightfold since 2000, to reach 7.7 mb/d in 2015 – inclusive of 4.6 mb/d from tight oil and 2.4 mb/d from Canadian oil sands. EHOB is projected to rise by 3 mb/d between 2015 and 2040, shared more or less evenly between Canada and Venezuela. The bulk of tight oil production over the period is set to occur in the United States, peaking at just over 6 mb/d in the late 2020s. However, conventional crude oil still accounts for the largest share of oil production among non-OPEC producers (46%) and is likely to maintain a share of 40% or above by 2040. »

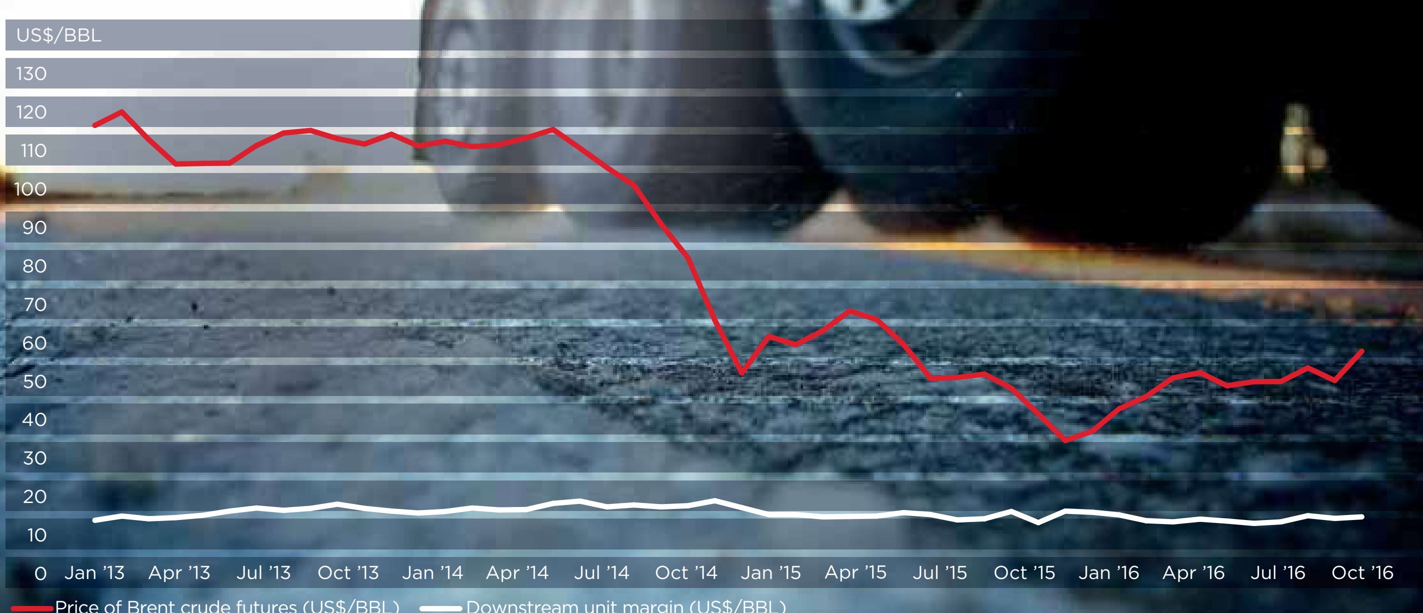
The future price of oil

One major uncertainty is the future price of oil. There are two, diametrically opposed, views on what will happen. One view is that prices will trend upwards in perpetuity; the other is that they will remain low, but for temporary 'spikes'. The 'ever-rising price' view derives from the fact that oil reserves are finite; the alternative – lower oil prices in the short and medium term – is based on the combined effects of energy policies; new technologies; efficiency gains; substitution; and a secularly slowing China.

Historically, the price of internationally traded oil has oscillated in a range of US$10 to US$50 per barrel (in today's prices) – indeed it has been within that range for 118 of the past 156 years[4]. There have been periods, however, when the price has broken above this range; and the crucial question is whether that represents the 'new normal'. What does seem clear is that the two past breakouts were driven by major geopolitical change – in the 1970s by the United States becoming a net oil importer, and post-2000 by China experiencing a period of exceptionally rapid, energy-intensive growth. (For a detailed look at the oil industry, including its evolution since the early 1800s, see: 'The Changing Face of The Oil Industry White Paper 2013', part of a series of independent reports by Llewellyn Consulting commissioned by Puma Energy.) Crucially from Puma Energy's standpoint, however, unit margins have generally proved strikingly resilient (see Figure 4), notwithstanding the drop in the oil price over the past few years, staying in a range of around US$60 to US$80 per m³.

FIGURE 4

Oil price comparison to Puma Energy margin



Note: 1 m³ = 6.2898 BBL. Therefore, average margin corresponds to US$60–80/m³.

Spotlight

Customers at a Puma Energy retail site in the Thanda Tau conservation area.

The rising emerging-economy middle classes

A GLOBAL MEGATREND

By 2030 around two thirds of the population stands to be classified as 'middle class'

The once US-consumer-driven world economy has evolved progressively, the balance shifting increasingly towards the rising 'middle-class' consumers in Europe, Japan, and most recently the emerging market countries. The working definition of the 'middle classes' is somewhat elastic, but is often defined as those households with daily expenditure of US$10-US$100 per person in purchasing power-parity (PPP) terms[5,6].

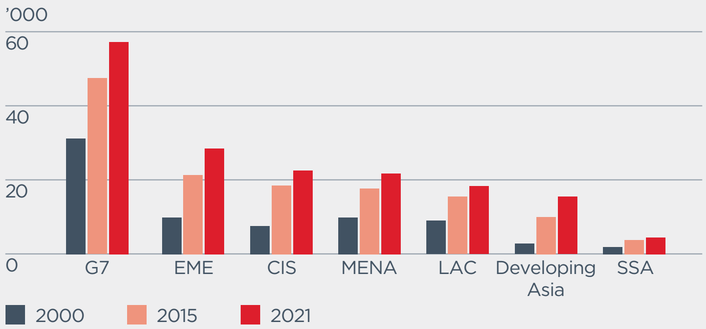
By 2020, around 3.2 billion people (just over 40% of the world's population) are projected to be classified as middle class, a near doubling from a decade earlier[7]. By 2030, the world is set to move from having a population that is mostly poor, to one that in income terms is predominantly middle class, with some two-thirds of the population (around five billion people) belonging to this group.

Emerging country per capita incomes have been growing twice as fast on average as in the developed economies since the beginning of this century, with emerging Asia – spurred by rapid population and productivity growth – growing fastest, followed by the Commonwealth of Independent States (CIS), emerging Europe and Africa. This has translated into rising incomes (Figure A); and these trends are likely to continue, with India seemingly set to experience an extraordinary seven-fold increase in average per capita incomes by 2060[8].

By 2050 two thirds of the world's population is expected to be urban

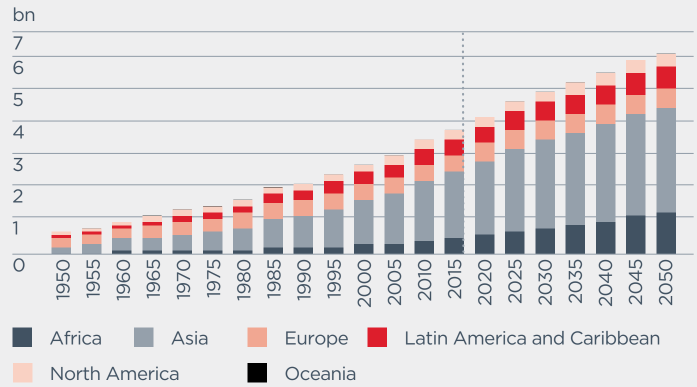
Urbanisation is proceeding briskly, and is happening everywhere. The world's urban population has increased by a billion since the turn of the century, reaching some 3.9 billion. By 2030 it will likely have risen to more than five billion, and by 2050 probably two thirds of world's population will be urban, with the largest such growth taking place in India, China and Nigeria. (Figure B). Urban populations tend to be richer, and women more empowered. All this fuels consumption.

Figure A
GDP per capita (PPP, current US$)



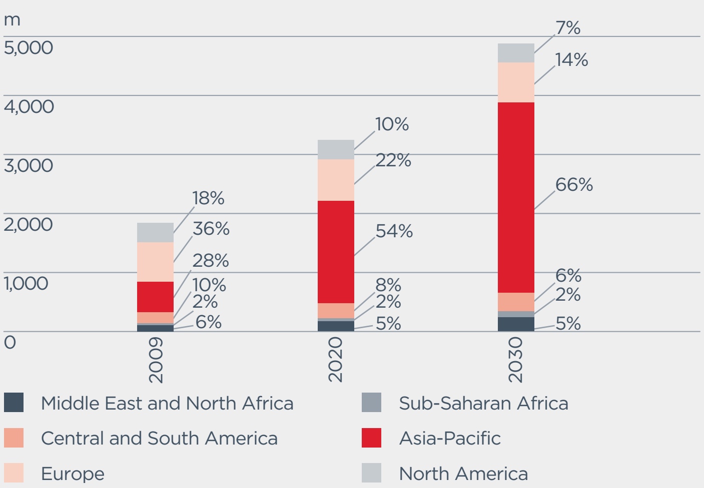
Source: IMF, WEO Database, October 2016
Note: EME – Emerging and developing Europe; CIS – Commonwealth of Independent States; MENA – Middle East and North Africa; LAC – Latin America and the Caribbean; SSA – Sub-Saharan Africa

Figure B
Population in urban areas, by world region, 1950-2050



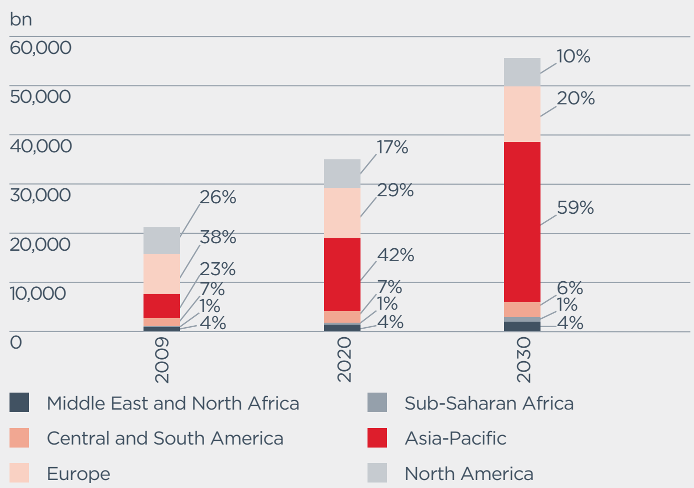
Source: UN World Urbanisation Prospects

Figure C
Size of the middle class (millions of people and global share)



Source: Kharas, H and Gertz, G. The New Global Middle Class: A Cross-Over from West to East (2010)

Figure D
Total middle-class consumption (2005 PPP US$, billions and global share)



Source: Kharas, H and Gertz, G. The New Global Middle Class: A Cross-Over from West to East (2010)

Bringing about major changes in geographical consumption patterns...

By 2030 around two thirds of the global middle class will reside in Asia and the middle classes in Central and South America, Africa and the Middle East will likely double. At the same time, the combined share of North America and Europe will probably halve, to around 20% (Figure C).

By 2030 consumption can be expected broadly to follow these trends: whereas in 2009 North America and Europe together accounted for nearly two thirds of middle-class consumption, by 2030 this figure is expected to drop to just »

Above: Customers using our wi-fi facilities in Tanzania.

Spotlight

» under one third. The other regions, Central and South America, Asia-Pacific, Sub-Saharan Africa, and the Middle East and North Africa will account for the remaining two thirds of global middle class consumption (Figure D).

...and changes in spending habits...

Growth of this new middle class is important for demand globally, for two main reasons. As incomes rise, not only does the aggregate demand in these countries increase, but spending habits evolve, too. Consumers behave quite predictably as countries' incomes increase and spending patterns mature. The balance of spending moves from necessities, such as basic food and clothes, towards more discretionary items, e.g. transportation, packaged food, convenience products, health products, etc. Indeed, buying a car is often synonymous with entry into the middle class; and with that comes a general burgeoning of purchases of consumer durables[8].

...including a surging demand for vehicles

As recently as 2000, three quarters of cars globally were sold in North America and Western Europe, while emerging economies accounted for just a quarter[9]. Since then, however, the latter have seen sharp rises in motorisation rates (the number of vehicles per 1,000 people), while the saturated markets in the developed world have more or less stagnated (Figure E). Motorisation rates in South Africa and Central and South America as a whole are now on par with the

Above: Accessing wi-fi at Easy Cafe, Tanzania.

Above: Customer moments captured at a Puma Energy retail site in Panama.

Above: Puma Energy moving to digital sales.

world average[10]. By 2035, the number of vehicles on the road worldwide is expected to double, with the significant part of this growth coming from the developing world[11].

Demand for refined products continues to grow apace

Burgeoning vehicle numbers are in turn leading to increasing demand for petrol and diesel, while the market for refined products more generally also continues to grow apace. In Asia, the demand for refined crude is rising particularly rapidly, which is why many of the new refineries are being located there.

In Europe and North America, by contrast, while vehicle numbers are scarcely growing, increasingly stringent fuel regulations in these large markets are driving demand for lighter, higher-quality products including, importantly, with further-reduced sulphur content.

Maritime fuel, too, is undergoing quality improvements. Globally, the sulphur content is increasingly being limited by the International Maritime Organization (IMO). Ship operators are progressively being obliged to use less unrefined (residual) grades and, correspondingly, more of the higher grades of refined products.

...as does demand for other 'advanced' goods and services...

Rising incomes fuel demand for advanced goods and services. Consumption of non-packaged foods, for instance, is typically far higher in developing countries. As these countries move up the income scale, however, they adopt a more westernised lifestyle, and more women enter the workforce, putting a premium on convenience, hygiene and packaging. The share in household expenditure of ready-made/packaged foods, snacks and eating out increases.

Furthermore, while the highest earners in developed countries tend to be middle-aged, the emerging middle class in the developing world is young, mobile and hence more likely to adopt new spending habits. In Africa, for instance, slightly more than half of all income earners are between 16 and 34 years old, a high proportion compared with most Western countries[12].

...while global non-cash payments continue to increase rapidly...

While the mature economies continue to account for the majority of non-cash transactions, the growth rates in the developing economies are far higher (Figure F). Between 2010 and 2015, non-cash payments in emerging countries grew by an average of 17% per year – compared with 6% in developed economies. Growth has been particularly rapid in emerging Asia, the CEMEA region and in Latin America, at 25%, 16% and 10% respectively. Strong economic growth and public initiatives to encourage electronic payments stand to support this trend, with growth in the developing world likely to be particularly vigorous.

... and mobile phone penetration grows exponentially

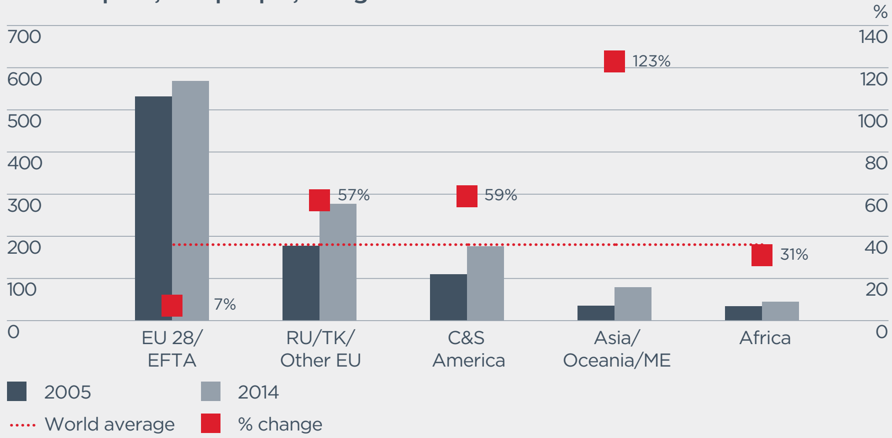
Increasing penetration of mobile devices (Figure G) continues to support the rise of digital payments. It is estimated that a 10% increase in mobile phone penetration is associated with a 1.2% increase in a middle/low income country's GDP, a result of rising economic activity from being 'plugged in' and connected[13].

Find case studies online here:
www.pumaenergy.com/en/about-us/case-studies/

Below: 7th Street cafe convenience store, Australia.

Figure E

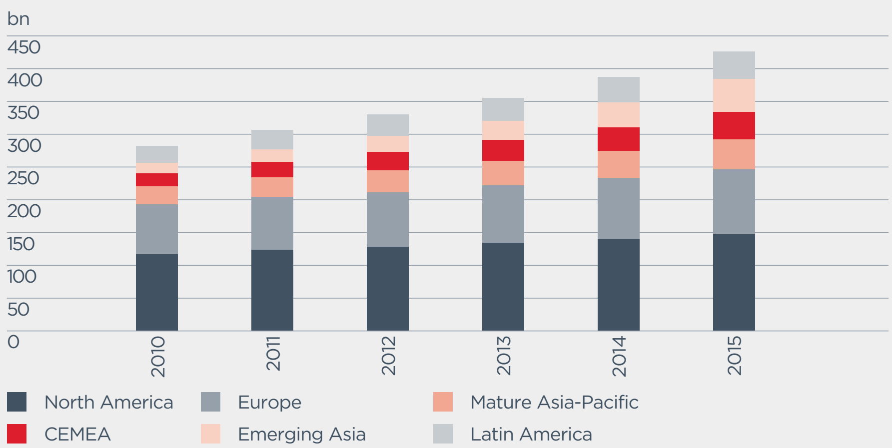
Vehicles per 1,000 people, and growth



Source: The International Organization of Motor Vehicle Manufacturers
Note: EU 28 – EU 28 countries; RU/TK – Russia and Turkey
C&S America – Central and South America; ME - Middle East

Figure F

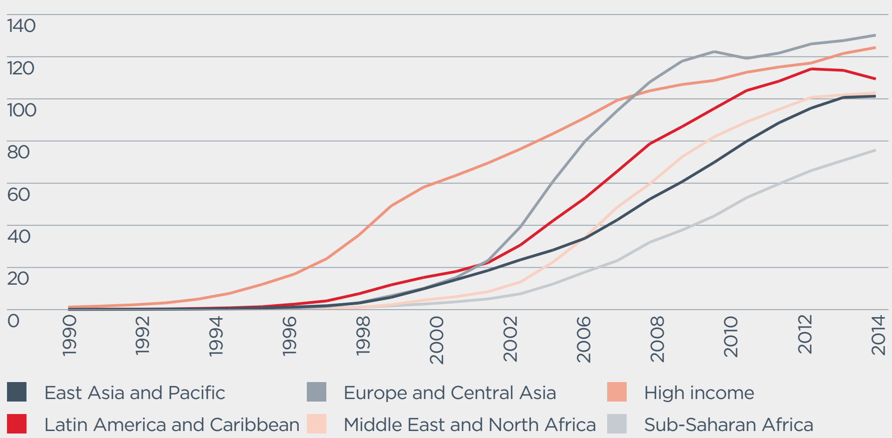
Number of worldwide non-cash transactions (billions), by region



Source: 2016 World Payments Report by Capgemini and BNP Paribas
Note: CEMEA – Central Europe, Middle East and Africa; Emerging Asia includes China, Hong Kong, India and other Asian markets

Figure G

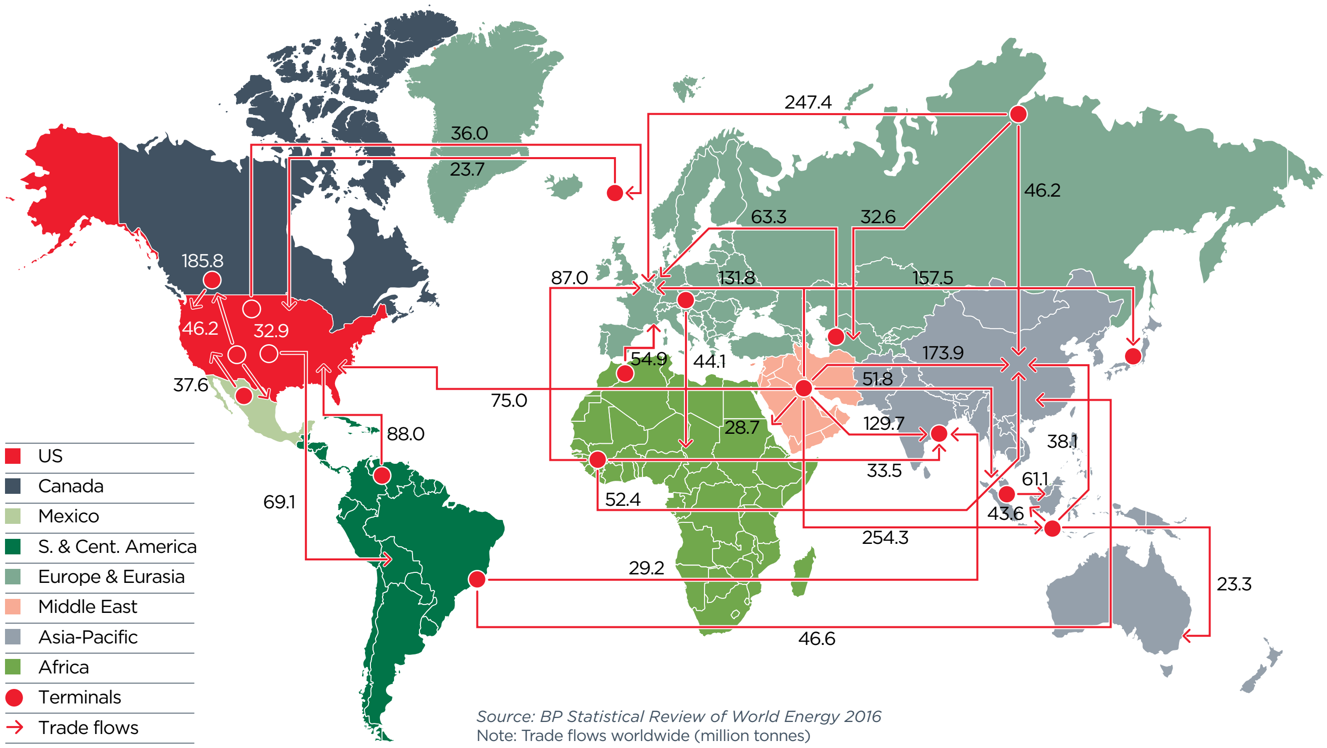
Cellular subscription (per 100 of population)



Source: World Bank World Development Indicators
Note: Geographical regions shown exclude the high-income population

FIGURE 5

Major oil trade movements



Source: BP Statistical Review of World Energy 2016
Note: Trade flows worldwide (million tonnes)

An increasing oil trade
Growth in the global oil market has resumed, and major trade movements of crude oil and refined products are expanding. Following lacklustre growth in 2014, global trade in crude oil and refined products increased by 297 million tonnes (5.2%) in 2015, the largest increase since 1993. Trade was boosted in particular by rising exports from the Middle East (+33 million tonnes), while Europe and China accounted for the largest increases in imports (51 million tonnes and 39 million tonnes respectively). Growth in refined product exports was once again led by the US (+22 million tonnes). US net oil imports fell to 241 million tonnes, their lowest since 1985.

Europe although a slow-growing market, at 672 million tonnes in 2015, was the largest importer of both crude oil and refined products, and is likely to remain so for some years. The US, at around 464 million tonnes, was the second-largest importer. Australasia imported approximately 50 million tonnes and exported around 12 million tonnes; and the Middle East and Africa exported around 1,021 and 312 million tonnes respectively. (Figure 5).

Continuing consolidation
The structural transformation of the oil industry, including the important consolidation of refinery operations into a relatively small number of 'super' refineries and regional 'mega' hubs, and changes in shipping, continues apace, meeting the ever-growing demand for a wider range of refined products at a reduced cost.

Such consolidations derive important benefits from economies of scale: some of the 'super' refineries have a capacity of up to one million barrels per day; many smaller refineries can handle only about 10% of this amount. The more modern, flexible and technically capable refineries can handle up to 50 types of crude; older refineries can typically process only up to 10 types of crude, and have the capacity to crack and coke crude 'bottoms' into high-value products, as well as to remove sulphur to meet increasingly stringent transport fuel regulations and requirements. These benefits are increasingly important, particularly as sources of crude oil widen and the types of crude input thereby become more varied.

In 2015
5.2%
INCREASE IN GLOBAL OIL TRADE

The world's 20 largest (often newly built) 'super' refineries are located in: Asia (nine); the US (five); the Middle East (four); Latin America (one); and Europe (one). Smaller refineries across the developed world – which historically have refined crude locally – have closed or are rationalising, notably in Europe's major economies, Japan, Australia, and Taiwan.

Global crude 'runs' rose by 1.8 mb/d (2.3%) in 2015, more than three times their 10-year average, notwithstanding falls in Central and South America, Africa and Russia. Refining capacity itself, however, fell in Asia, for the first time since 1988, due in large part to planned expansion in China being delayed and closures in Taiwan and Australia, and globally grew by only 450,000 b/d, the slowest in 23 years. Global refinery utilisation rose by 1 percentage point to 82, the fastest increase in five years.

The volume of oil and natural gas transported by sea has grown commensurately with the growth in world demand for crude oil; over the past 45 years or so, the volume of world oil production has doubled (and gas production more than tripled), and so has the volume of oil and gas transported by sea. The drive to keep costs down has led to the construction of ever-larger tankers with ever-larger cargo capabilities, bringing increasingly powerful 'engineering' or 'volume' economies of scale. These have contributed, together with increased unit values of the refined oil products transported, further to reduce the (proportionate) cost of transport.

A growing need for storage, distribution...

The increasing oil trade, consolidation, and geographic imbalances of supply and demand, continue to give rise to long-distance trade and strong demand for independent storage and distribution facilities. Rising demand is also being driven by new entrants – refiners, NOCs and local firms – that need secure storage capacity near the market, along with distribution facilities to ensure that they meet their supply obligations including, importantly, of timely supply.

Global storage capacity, estimated at only about 280 million m^3, is dominated by a dozen or so players[14] and is positioned for further expansion to accommodate increasing trade flows. Puma Energy's distribution and retail business includes business-to-business (B2B), wholesale, aviation, bunkering, lubricants, bitumen and LPG. The retail component includes fuel retailing and forecourt shop sales and revenues.

...and an expanding retail network

Puma Energy supplies 6.5 million m^3 of fuel through its retail sites, helping to keep the growing number of drivers and their vehicles going, along with a range of convenience items, through our rapidly expanding retail network. Puma Energy added more than 150 retail sites globally in 2016, and now has more than 2,500 across 47 countries – around 250 million drivers pass through our retail sites each year.

Industry consolidation means:

- Rise in super refineries
- Increase in shipping through larger tankers
- Strong demand for independent storage and distribution facilities

Below: A friendly welcome to one of our 7th Street cafe convenience stores in Australia.

Building the best possible retail network requires getting a lot of things right, and understanding local differences is a crucial element. Our retail sites are always well stocked with the products local people need, and we recruit local people who know their markets and can provide important insights into local preferences. They are a vital link to their communities.

Our retail sites are vital to many consumers, providing not just fuel, but their growing need for refreshments, convenience foods and allied goods and services. We invest in the best facilities to ensure that we provide great service and value, and a safe well-lit environment for our customers and staff. For more on the growing importance of retail and changing consumption habits, see 'The rising emerging-economy middle classes – a global megatrend' on page 50.

Puma Energy's expanding international role and strong global positioning

Puma Energy's unique business model enables our growing team of energy professionals to do the simple things exceptionally well, consistently delivering dynamic performance to serve the world's large and growing markets.

With the support of our shareholders, Puma Energy continues to invest heavily in Midstream and Downstream assets where oil demand is high, is growing strongly and where transformative infrastructure is needed. We work hard to ensure access to an expansive global supply network, and we have built up a well-positioned and efficient distribution »

Below: Our Matola Terminal in Mozambique.

» network that connects the international oil market to local markets. Both elements enable us to deliver high-quality fuel safely, quickly, reliably over large distances, and at a fair price. We are always keen to see improvement in the quality of the supply chain, and certainly we always ensure that the petroleum products we supply meet, or exceed, the differing specifications set by various national regulatory authorities.

With well-established operations in the world's fast-growing emerging markets, and a growing footprint in Europe, our distribution and storage role is an increasing mainstay of the global oil market, and Puma Energy is well positioned to compete and thrive in the years ahead.

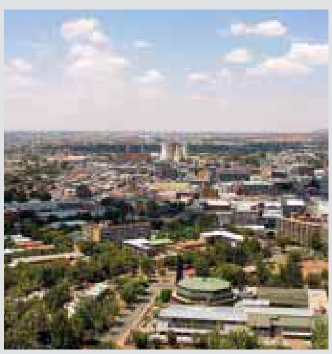
For a detailed look at Puma Energy's three emerging market regions, see 'The Changing Face' White Papers, variously on Africa, Asia-Pacific and Latin America. This series of independent reports, commissioned by Puma Energy from the independent consultancy Llewellyn Consulting, provides a comprehensive assessment of the prospects for the world's most diverse and vibrant regions. The reports focus, in particular, on the policy requirements necessary to make the most of their huge economic potential, and on the future outlook for their energy and infrastructure sectors.

Regional focus: expected growth to 2020

Puma Energy specialises in the lower-risk, 'high value' Downstream: storing, selling and distributing refined products, and is investing where the demand for oil is growing, or is large, and where there is a need for transformative infrastructure.

Africa

The realisation of Africa's substantial economic potential has been checked by the weakness in the price of many commodities over the past few years. The adjustment brought on by these developments may yet have some way to run, notwithstanding the more recent recovery in the price of oil and other commodities. Many of the region's economies have nonetheless undergone important structural changes over the past decade or more. As a result, medium-term growth prospects remain relatively constructive.



Central and South America

Not for the first time, commodity price weakness and political uncertainty have delivered a setback to many Latin American economies. Some, however, are likely to reap the rewards of structural reforms over the past decade and stand, over the coming years, to weather, better than will others, further years of potentially weak commodity prices.

Asia-Pacific

China's structural adjustment, from export- and investment-led growth to a greater reliance on consumption, is in motion, but the process is unlikely to be smooth. Falling potential growth and an excessive dependence on credit growth to drive GDP growth bring risks, which stand to have spillover effects on economic growth in wider Asia. Nevertheless, Asia remains the world's most vibrant economic region, and underlying growth prospects remain buoyant. India, in particular, is expected to continue its recent outperformance.

Europe

Puma Energy is expanding into Europe which, although mature, is and will remain a large market. Accounting for around 25% of global GDP, the European economy, which performed reasonably in 2016, is set to continue expanding moderately, although there are downside risks, predominantly political, over the next 12 months and beyond.

Above left: Growth prospects remain good across Africa.

Top: Chinese consumers in Shanghai's busy Nanjing shopping district.

Africa

GDP
Output in Sub-Saharan Africa is expected to grow annually by
3.8%
on average in real terms
(Source: IMF)

10%
POPULATION GROWTH
from 1.2bn to 1.3bn
(Source: UN)

Urbanisation
The proportion of the population in urban areas is expected to rise from 41% to
43%
(Source: UN)

Oil demand
17%
GROWTH
from 3.6 mb/d to 4.2 mb/d
(Source: UN)

All growth rates apply to the period between 2015 and 2020.

Central and South America

GDP
Output in Central and South America is expected to grow annually by
2.3%
on average in real terms
(Source: IMF)

4% POPULATION GROWTH
from 640m to more than 665m
(Source: UN)

Urbanisation
The proportion of the population in urban areas is expected to rise from 80% to
81%
(Source: UN)

Oil demand
0% UNCHANGED
at 5.8 mb/d
(Source: UN)

Asia-Pacific

GDP
Output in emerging Asia is expected to grow annually by
6.3%
on average in real terms
(Source: IMF WEO 2016)

4% POPULATION GROWTH
from 4.4bn to 4.6bn
(Source: UN)

Urbanisation
The proportion of the population in urban areas is expected to rise from 49% to
51%
(Source: UN)

Oil demand
14% GROWTH
from 21.6 mb/d to 24.7 mb/d
(Source: UN)

Europe

GDP
Output in Europe is expected to grow annually by
1.8%
on average in real terms
(Source: IMF)

0.1% POPULATION GROWTH
from 739m to more than 740m
(Source: UN)

Urbanisation
The proportion of the population in urban areas is expected to rise from 74% to
75%
(Source: UN)

Oil demand
8% DECREASE
from 11.7 mb/d to 10.8 mb/d
(Source: UN)

Below: Johannesburg

Business review

Fuelling journeys for our customers means offering seamless delivery, security of supply, quality fuel management, competitive prices and great service.

OUR ROLE IN THE OIL LIFECYCLE

Midstream

Puma Energy's infrastructure and storage facilities on five continents support international trade flows for both regional and national wholesale operators around the world. These Midstream operations enable our Downstream activities to fuel businesses, keep people connected and provide stability in 47 countries.

Downstream

We fuel the global Downstream market, providing a wide range of oil products in 47 countries through our growing retail, wholesale and B2B operations. Our integrated Midstream infrastructure secures access to the products our customers need to fuel their activities and stay connected, wherever they are in the world.

Our integrated Midstream and Downstream operations provide our customers around the world with secure access to a wide range of fuel and non-fuel products.

2 Transportation and safety

Our transportation networks encompass road, rail and sea, operating 24/7/365 to ensure prompt and efficient fuel deliveries globally. Page 69

7 LPG

We also bottle and transport liquefied petroleum gas (LPG), delivering our high-quality LPG to an expanding global base of customers at a competitive price and on time. Page 66

3 Marine systems

We have developed a high level of competence and expertise in marine infrastructure and operations, as receiving and delivering oil products through marine facilities is a key part of our business worldwide. Page 70

5 Bitumen

Our advanced fleet of bitumen ships forms a crucial part of our flexible and reliable distribution network, enabling us to load or unload bitumen at almost any major port in the world. Page 65

1 Onshore storage

Our purpose-built terminals give customers access to high-quality storage anywhere in the world. Page 68

6 Bunkering

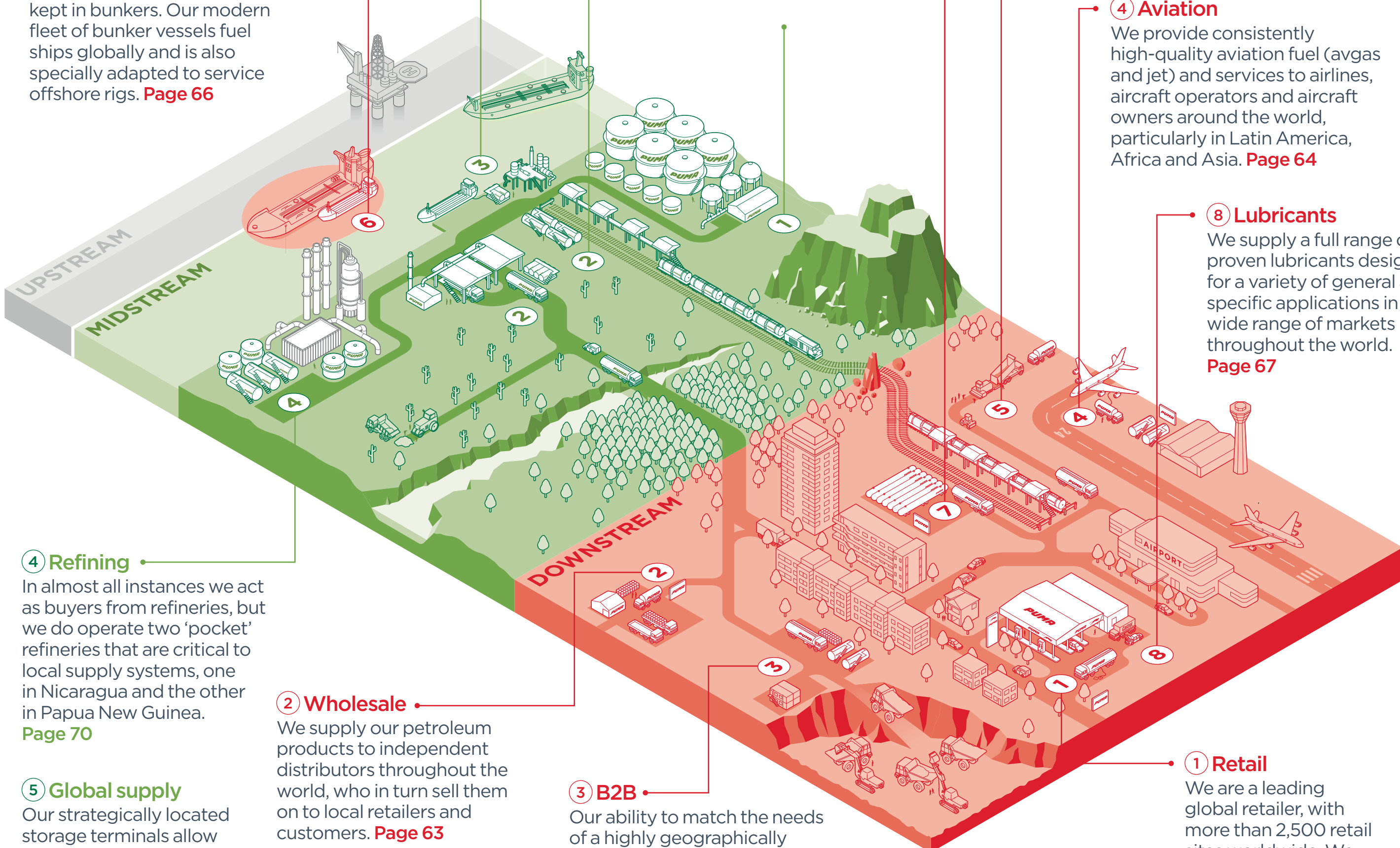
The term 'bunker' for ship oil originated in the days of steam ships when coal was kept in bunkers. Our modern fleet of bunker vessels fuel ships globally and is also specially adapted to service offshore rigs. Page 66

4 Aviation

We provide consistently high-quality aviation fuel (avgas and jet) and services to airlines, aircraft operators and aircraft owners around the world, particularly in Latin America, Africa and Asia. Page 64

8 Lubricants

We supply a full range of proven lubricants designed for a variety of general and specific applications in a wide range of markets throughout the world. Page 67



4 Refining

In almost all instances we act as buyers from refineries, but we do operate two 'pocket' refineries that are critical to local supply systems, one in Nicaragua and the other in Papua New Guinea. Page 70

5 Global supply

Our strategically located storage terminals allow us to source products globally, reliably and at competitive prices. Page 70

2 Wholesale

We supply our petroleum products to independent distributors throughout the world, who in turn sell them on to local retailers and customers. Page 63

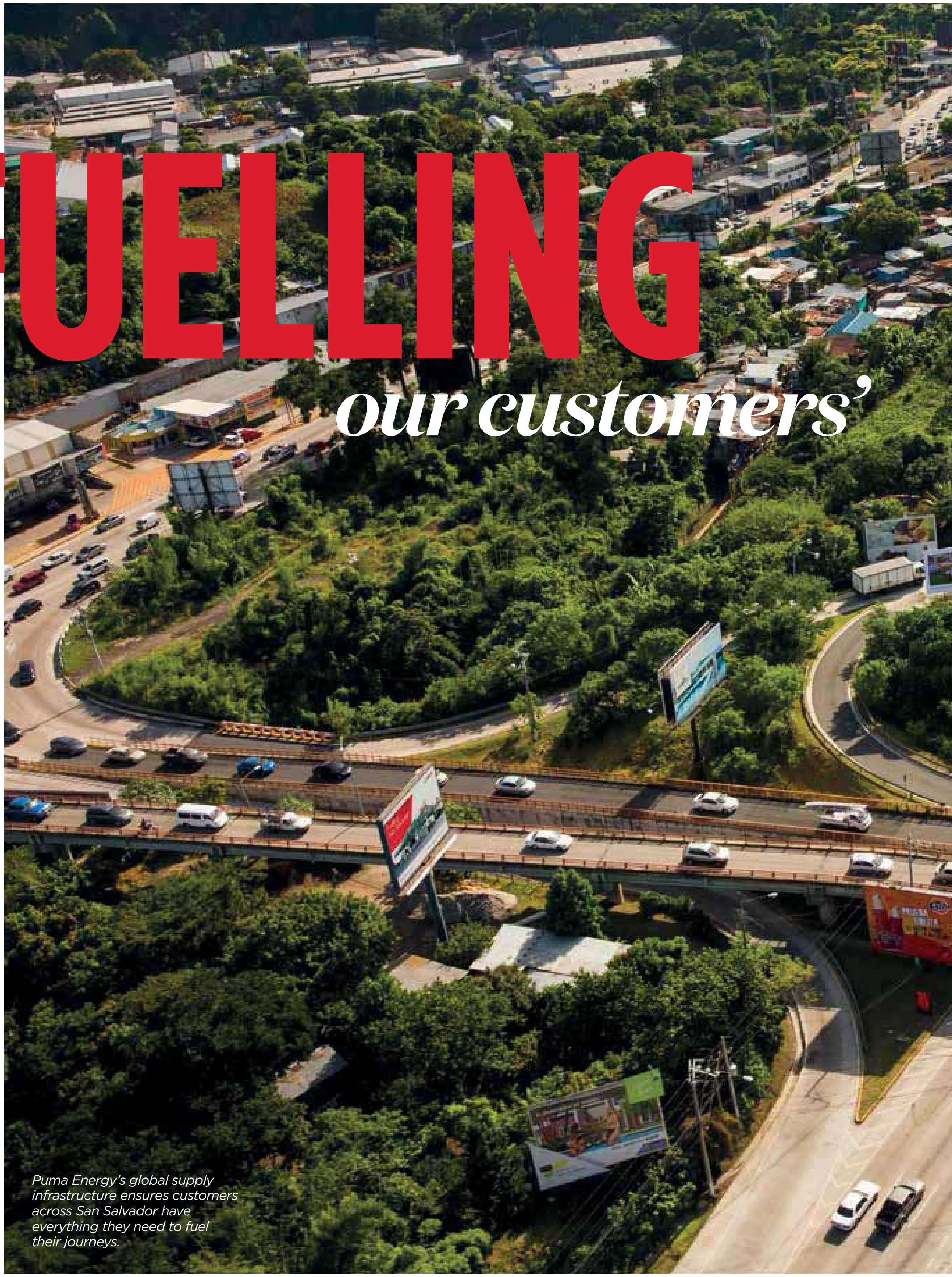
3 B2B

Our ability to match the needs of a highly geographically diverse range of customers, some of whom operate in remote, demanding and potentially dangerous environments, gives us a competitive edge. Page 64

1 Retail

We are a leading global retailer, with more than 2,500 retail sites worldwide. We have national networks in many countries in Africa, Australia and Central and South America. Page 62

FUELLING *our customers'*



Puma Energy's global supply infrastructure ensures customers across San Salvador have everything they need to fuel their journeys.

JOURNEYS

Puma Energy's business is centred on creating value for our customers across various sectors and product categories, including retail, wholesale, business-to-business (B2B), aviation, bitumen, lubricants, bunkering, LPG and a growing range of non-fuel lines.

We have a globally integrated asset base with world-class transportation and infrastructure that sets us apart from our competitors. This allows us to meet our customers' needs by covering all activities from bulk supply, storage and distribution to the retail and wholesale of our products, while using multiple global sources to ensure the security of local supply at competitive prices.

DOWNSTREAM

Retail

1

Providing our retail customers with great service goes beyond offering value for money and the right choice of products. We focus on every detail, including creating safe environments for our customers and staff, 24 hours a day. Our retail sites are always well lit, with more halogen canopy lights than any of our competitors, and we use state-of-the-art security cameras. We invest in the very best facilities at our retail sites – our forecourts are well-signposted, we ensure that the car wash is always in operation and that the washroom facilities are kept spotlessly clean.

We continue to invest in the quality and growth of our retail network, with rebranding continuing this year in South Africa and Colombia. We also acquired 23 retail sites from Grace Petroleum in Ghana. Most of our 2,519 retail sites (2015: 2,362) are Puma Energy-branded and are spread across Central and South America, the Caribbean, Africa and Asia-Pacific, with many offering convenience stores under the Super7 or Shop Express brand.

Complementing our other retail sites are our new 7th Street cafe convenience stores in Australia, where we have taken the traditional retail site concept and given it a makeover. The new stores are a cafe convenience hybrid, bringing our customers quality barista-made coffee, fresh food and friendly service, while also offering features such as free wi-fi and phone recharging points. We opened 15 7th Street stores across

1,015
ATMs INSTALLED ALL OVER THE NETWORK

2,519
RETAIL SITES AROUND THE WORLD

Left: General Manager Raymond Taylor, Australia.

Left: We do everything we can to give our customers excellent service at our retail sites in Australia and around the world.

6
TONNES OF CHICKEN
consumed per year from our retail sites in Panama

135
CAR WASH AND SCREEN WASH FACILITIES

16,000
CUPS OF COFFEE
served per week from our retail sites in Australia

Australia in 2016 and initial customer reactions have been very positive.

Whether we are offering a fresh new retail concept like 7th Street or building on an existing format, understanding local differences remains a crucial part of the retail mix. Our retail sites are always well stocked with the products local people need and we recruit local people who know their markets well. They provide important insights into local preferences and a vital link to their communities.

While regulations vary widely in different parts of the world, quality is always central to the way we market our fuel. It is the key to Puma Energy increasing its profits and is essential to the growth of our retail business. We meet all national quality specifications in the markets where we operate and support efforts by national governments to improve fuel quality, while promoting our range of premium fuel brands across our retail networks.

Our primary focus in a market is not on directly managing retail sites, we develop dealer-operated networks, offering training and creating opportunities for local entrepreneurs. We have brought together an excellent team of retail professionals to support our retail sites worldwide, including our newly appointed Global Head of Retail, who help us improve the Puma Energy retail experience. We also run market-leading promotional programmes in many countries, helping to drive both our fuel and non-fuel business, and adding further value for our people and customers.

Above: Forecourt services in Tanzania.

REGIONAL RETAIL SITES

20%	Middle East and Asia-Pacific
51%	Americas
29%	Africa

Wholesale

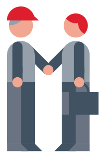
2

We fuel the success of our wholesale customers' businesses by maintaining reliable and safe supplies and building strong relationships, based on mutual trust. Puma Energy supplies petroleum products to many local distributors around the world, who then sell them on to third parties, such as independent retailers and commercial and industrial companies. We provide a full range of fuel products to these wholesale customers and help them meet their specific local demands.

We build strong relationships with wholesalers by delivering the right products to them, at the right time and price, backed up by our strong safety track record and reliability of supply. Trust on both sides is important, as our wholesale customers rely on us to deliver, but we entrust them with our products and, through their own business, to represent Puma Energy's best practice and high standards.

B2B

3



20,500
B2B CUSTOMERS

Our business customers range from world-famous multinationals to local businesses, little known outside their own country. They include many of the world's leading mining companies, and major businesses in key sectors such as transport, power generation, industrial, manufacturing, agricultural and construction. Between them, they keep the lights on, build the houses, grow the food, run the trains and make everything from cars to cardboard and televisions to textiles.

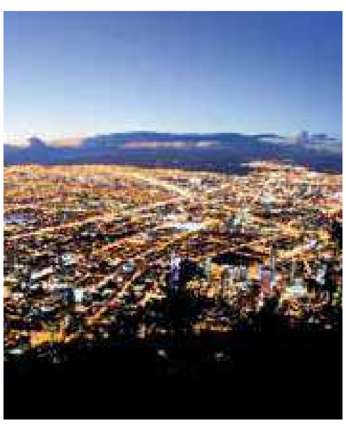
These companies all play a vital role in the economies in which they work – creating wealth, providing employment, building infrastructure and supplying important products and services. For them, reliability is a top priority. If their fuel runs dry, they lose money. They trust us to ensure this never happens and we must meet our customers' fuel needs, no matter what. Earning that trust is crucial, even if it means putting in place robust logistics and transport systems to guarantee delivery to some of the most inhospitable industrial locations on earth.

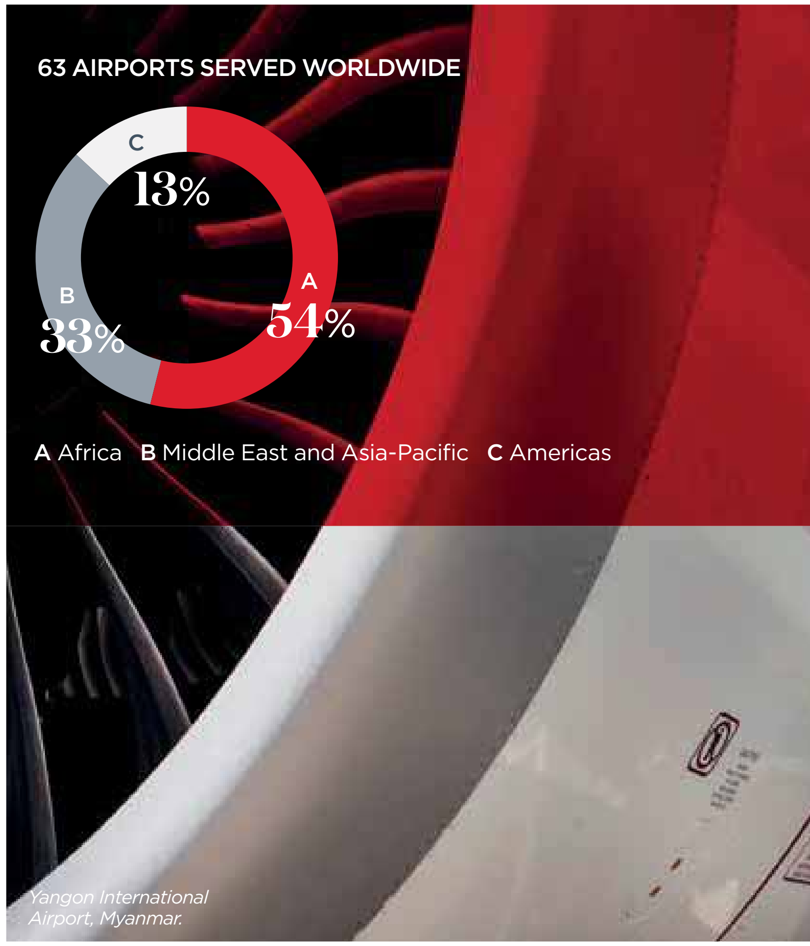
We currently have around 20,500 B2B customers, typically working with them on three- to five-year contracts. We have strong relationships with multinational businesses such as Coca-Cola, De Beers, CAT and Castel Beer, offering them a fully managed service and 24/7 on-site expert support, when required. Many of our customers want to deal with a single supplier across an entire region, a service we can now offer in large areas of the world, which helps them to streamline their processes and save money.

We also demonstrate our long-term commitment to our customers by working with them to develop products, technologies, support and delivery services they can trust absolutely. We provide them with a broad portfolio of fuels. High-quality diesel is in great demand with mining companies, while power-generating companies, such as the Power and Water Corporation in Australia and Duke Energy in Central America, want heavy fuel oil. Construction companies rely on our bitumen for road building and roof felting, while our lubricants business complements and enhances our fuels business.

We continue to invest in widening and improving the services we offer to customers. Our new ePuma system is part of a digital transformation of our business that will, among other initiatives, introduce a new customer portal. We piloted the system in 2016 and the roll-out will continue in 2017. We also help customers reduce their fuel usage through our Total Fuel Management programme. This looks at every aspect of their fuel needs, from security of supply to waste management, identifying opportunities to reduce fuel usage and cost.

Below: We fuel the energy companies that keep the lights on in Bogotá, Colombia.

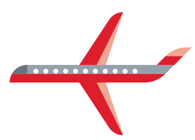




Yangon International Airport, Myanmar.

Aviation

4



Puma Aviation makes it easy for its customers by handling everything – from importation, handling, storage, bridging and transportation, to onto-plane operations at Puma Energy-owned airport fuelling depots using our own people. We have built an excellent reputation in the sector, based on our efficiency, strong safety track record, high-quality fuel and competitively priced products.

We fuel a wide range of aircraft, from recreational planes all the way to corporate jets, heavy-lift cargo planes and large commercial aircraft. We sold 55% more aviation fuel across our locations in 2016, compared with 2015. We work with a growing number of major international airlines, including Avianca, Ethiopian, Kenya Airways, SA Airlink, American Airlines, British Airways, Delta Airways, KLM, Emirates and Singapore Airlines, as well as many domestic airlines around the world.

Our sites are regularly audited, both by our customers and us. We can also demonstrate traceability from refinery to airside delivery, to make sure no properties of the fuel have changed. We apply the Joint Inspection Group (JIG) standard as our operating manual, and we joined the IATA fuel group as a strategic partner, participating in its commercial and technical fuel working groups.

We supply high-quality aviation fuel for piston engine aircraft. The foundation of our business strategy lies in listening to our customers and learning from them so we can

63
AIRPORTS
served worldwide

deliver an excellent product in the way that best meets individual needs. As well as constantly meeting all international quality standards, we offer competitive prices, short lead times and flexible transport solutions to meet your specific needs and contribute to the success of your business. Our customers can trust us completely to provide high-quality Avgas 100LL. Our Avgas 100LL Estonia production facility is ISO 9001 and 14001 certified and designed to the latest requirements set by the aviation industry. We have grown to become one of the leading avgas suppliers globally.

Having won the tender to partner with Myanma Petroleum Products Enterprise in 2015 to distribute jet fuel to Myanmar's Yangon International Airport, we expanded the operations of our aviation fuel joint venture, NEPAS, to the remaining 10 major airports in the country in 2016.

We now operate at 63 airports across Latin America, Africa and Asia, providing consistently high-quality products and services to airlines, aircraft operators and aircraft owners. In Africa, we operate in 13 countries supplying the fuel to airlines at 34 airports. In Central America, we operate the fuel facilities at airports in El Salvador, Belize, Nicaragua, Paraguay, Honduras, Guatemala and Colombia. In the Caribbean, we operate in Puerto Rico and St. Croix in the US Virgin Islands, while in Asia, we operate at 10 airports in Papua New Guinea and 11 in Myanmar.

Bitumen

5

We are helping to deliver safer, smoother journeys for customers in many countries around the world by assisting governments and highway agencies in sourcing and supplying the bitumen they need for major construction works. We do this using our state-of-the-art fleet of bespoke insulated bitumen carriers and import the bitumen through our specialist terminals, including the largest private bitumen terminal in Europe (Cadiz, Spain), the largest bitumen terminal in South East Asia (Langsat, Malaysia), and our newly opened terminal at Thilawa in Myanmar.

Our global bitumen terminal network offers a range of products meeting international specifications of penetration, viscosity and performance grades, together with the most advanced formulations of emulsions and polymer-modified bitumens. Our customers benefit from our fully integrated offering that ensures they receive any grade of bitumen they require on time and on specification.

Following recent expansions in our bitumen business in Vietnam, Australia and Mozambique, we continued our growth in Myanmar in 2016. In Angola, our bitumen helped to build the highways on which we are building our new retail sites. Now we are using the same bitumen expertise in other African countries, such as Mozambique and DRC. We also import around 20% of all the UK's bitumen and this year we made our first bitumen deliveries in Benin and Nigeria.

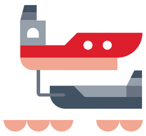
330k m^3
BITUMEN TERMINAL CAPACITY IN 2016

Below: Our Langsat bitumen terminal in Malaysia.

/ PERFORMANCE REVIEW /

Bunkering

6



We are very well equipped to supply a broad range of fuels and lubricants to shipping and rig operators. A growing number of customers, from major energy businesses and logistics companies to local fishing businesses, trust our service capability and our products to meet their offshore refuelling needs. Our bunkering facilities and vessels are among the most advanced in the world, and we comply with all international standards. We offer our clients – including Eni, Total and Bourbon – everything they require from a bunker supplier, including high specification marine lubricants.

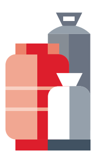
We service container ships, tankers and fishing vessels, often at short notice, and we use the latest technology to deliver better solutions for our customers. To minimise layovers and to maximise sailing time, we maintain fully stocked barges close to shipping lanes, and their powerful pumps reduce refuelling times by up to 50%. These highly specialised and advanced bunker barges have also increased safety to new levels. Some of our barges have been specially adapted to service huge deep-water rigs and moored vessels offshore. Their high-pressure pumps deliver fuels at a faster speed, and make use of dynamic positioning (DP) systems to ensure a safe connection to our customers' facilities or vessels without any assistance by maintaining a steady distance of 50 metres from our vessel.

We are also continuing to support oil and gas exploration off the coast of East Africa through our local bunkering operations. Our facilities in Tanzania support in-port and offshore bunkering for customers operating south of Tanzania and north of Mozambique.

50%
REDUCTION
in refuelling times

LPG

7



We specialise in the storage, bottling and distribution of LPG, with distribution operations in Latin America, the Caribbean and Africa. From storage, through bottling to distribution, our priorities are to offer value for money, quality of service and promote high safety standards. In some markets, Puma Energy is already the partner of choice of national oil companies as they transition away from kerosene.

In Benin, West Africa, we have LPG storage facilities with a capacity of around 4,800m³, and we have significant storage and distribution capacity in Senegal, currently Africa's largest LPG consumer, of 5,000m³. Around two million domestic customers living in the Havana area in Cuba use our LPG for cooking and heating; and in 2016, we made 20lb LPG cylinders available for sale or exchange across Puerto Rico, offering greater access to this economical fuel source.

Below and right: LPG storage in Puerto Rico and Estonia.

Meet Antonio – he spent a whole year rebuilding his prized Mustang engine from blue carbon fibre parts. He only uses Puma Energy lubricants because he thinks they are the best.

Lubricants

8

We have a strong lubricants presence in more than 30 countries globally, serving the agricultural, construction, mining, earthmoving, industrial and transportation sectors of the market, as well as offering a full line-up of automotive lubricants. We sell lubricants – including on- and off-road automotive oils, heavy duty industrial oils, marine oils, hydraulic oils, coolants and greases – through retail, wholesale and industrial market channels, and indirectly through selected distributors.

Puma Energy lubricants give drivers the edge, enhancing performance and saving money.

In 2016, we launched a new range of high-performance lubricants that exceed automotive and industry specifications, using technology approved by all major original equipment manufacturers. We have invested in advanced molecular technologies to offer unique lubricants that respond to the distinctive needs and objectives of key segments, providing improved protection and lower fuel consumption, offering greater benefits for drivers and enhanced productivity for businesses.

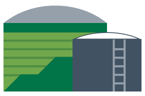
Our customers trust Puma Energy lubricants to set a new standard – the right lubricants, where and when they need them, keeping their businesses operating and profitable.

Left: A new range of high-performance lubricants launched.

MIDSTREAM

Onshore storage

1



Storage terminals are an essential part of any country's energy infrastructure and we contribute to this on a global scale. We have invested in high-quality storage facilities and services, both to support current requirements and anticipate our customers' future needs. Our new storage terminal at Thilawa in Myanmar opened fully in 2016, supporting both our expanding business in the country and Myanmar's economic development.

Our global network of 100 storage terminals is also a vital resource to traders, wholesalers and major oil companies around the world. We handle many different products for these key customers at our facilities, including crude oil, fuel oil, clean refined products, bitumen, LPG and petrochemicals.

The expertise and technology we have developed at our facilities allows us to provide a broad range of services, including: the high-volume bulk-building and bulk-breaking required by traders when they split or combine products for resale; sophisticated blending and 'butanisation' of oil products; as well as rail, truck, pipeline and discharging services.

100
STORAGE TERMINALS
2015: 98

TOP 6 terminals by storage capacity

1,431k m^3	Milford Haven
814k m^3	Langsat, Malaysia
524k m^3	Sillamäe, Estonia
412k m^3	GRC terminal, UAE
402k m^3	Papua New Guinea refinery
371 k m^3	Paldiski, Estonia

ISO accreditation

	% OF ISO 9001 CERTIFICATED TERMINALS IN 2016	% OF ISO 14001 CERTIFICATED TERMINALS IN 2016	% OF AP1650/ NFPA 30 COMPLIANCE IN 2016
AMERICAS	24%	20%	94%
AFRICA	44%	44%	72%
EUROPE	91%	91%	91%
MIDDLE EAST AND ASIA-PACIFIC	58%	72%	97%

Terminals built and acquired in 2016 are in the process of being certified.

Below: Our Thilawa terminal in Myanmar.

Transportation and safety

2

Serving our customers can involve the long-distance transportation of fuel and other extremely hazardous liquids – sometimes across very dangerous terrain or through rural villages, using poor roads and infrastructure. Although our regional operations use contracted transportation, we follow and apply very strict standards and processes when contracting transporters to ensure that we appoint reputable and reliable service providers that manage their own operations in a sound and sustainable manner.

Our vehicles can travel vast distances, particularly in Africa and Australia, where long-haul road train drivers' delivery runs can last for days. As part of our commitment to ensuring that our products are transported safely, and to the health and well-being of the drivers making these long runs, they are provided with sleep bunks, GPS tracking and satellite phones.

We are proud of our long-term safety record and conduct regular audits and assessments, which enforce high standards that help to ensure the transporters we select manage their operations effectively and maintain their vehicles to our exacting requirements. This reduces the number of incidents, such as spillages and contamination that can have a negative impact on the environment, and reduce accidents, especially fatalities.

Supporting road safety campaigns is also a key activity for many of our businesses, as this influences the lives of our customers and the communities through which our vehicles travel daily. This includes sponsoring local activities, such as a child road safety programme in Zambia, which was expanded in 2016 and has now benefited more than 11,000 primary schoolchildren in the country.

1,500

TRUCKS DELIVERING FUEL EVERY DAY

(2015: 1,285)

Left: Our Townsville terminal in Australia.

Below: Our tanker route on South Africa's Atlantic Seaboard, heading towards the Twelve Apostles mountain range.

Marine systems

3

We have a wealth of experience in the construction, maintenance and operation of jetties, berths and offshore mooring systems, including offshore mooring systems in Ghana, Guatemala, El Salvador, Honduras, Nicaragua and Belize, along with port oil jetties in Puerto Rico, Myanmar, Indonesia, Papua New Guinea, Democratic Republic of the Congo, the United Kingdom, Paraguay, Ivory Coast and Dubai (UAE). We operate one of the world's largest Conventional Buoy Mooring Systems in Luanda Bay, Angola, and our marine systems play a critical role in securing the supply of energy for our customers in many parts of the world.

In recent years, we have made significant investments in marine discharge systems in various locations where we have identified ways to improve the import infrastructure. In 2016, we undertook a complex marine project to upgrade our underwater pipeline and multi-buoy mooring system at our Rasa storage facility in El Salvador.

We also maintain a meticulous vessel vetting process and use a software system that complies with the standards of the Oil Companies International Marine Forum. This allows us to model each of our marine systems and consider the impacts of wind, waves and weather to assess the risks involved.

Below: Conventional buoy mooring system in Angola.

Refining

4

Refining is not part of our core business model. In fact, smaller refineries across the developed world have been closing in recent years, often being converted into terminals and storage facilities for refined products. These refineries have been replaced by far fewer 'super' refineries, which benefit from considerable economies of scale. Puma Energy does not operate any 'super' refineries and we choose to own and operate small refining assets selectively, currently in just two countries.

We operate two small refineries, one in Managua City, Nicaragua, which is important to the country's supply system. The other refinery at Napa Napa in Papua New Guinea, has been significantly upgraded since 2014 to improve service to customers in the local market.

Below: Storage in Papua New Guinea.

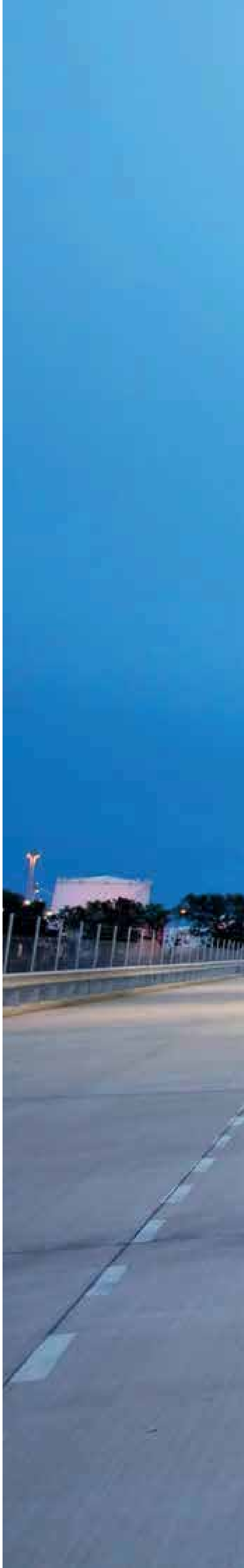
Global supply

5

We operate terminals at strategic locations across five continents, varying by capacity, capability and range of products stored, geared to local, regional or global demand. This allows us to organise our supply activities through a central department, creating a seamless interface between the international oil markets and our distribution affiliates. Our highly experienced traders and operators acquire oil products at the best prices, including access to arbitrage cargoes coming from outside the region.

Our price exposure is controlled using sophisticated risk management instruments; we hedge our positions and do not take outright price risk. Thanks to our supply function, we can manage procurement at a regional rather than a country level to achieve economies of scale for our customers.

Below: Control room at the new terminal at Thilawa, Myanmar.




PUMA

From retail to aviation and from storage to the petrol pump, we deliver added value for our customers, fuelling their journeys and supporting their communities across four distinct regions – the Americas, Africa, the Middle East and Asia-Pacific and Europe.

We build trust and long-term relationships by demonstrating our expertise, from managing the storage and distribution channels we operate globally, to our local operations, dealing with businesses in many sectors, with very different needs and in diverse parts of the world.

FUELLING *Australian* JOURNEYS

Fuelling holidays throughout the Caribbean. Puma Energy supplies cruise ships coming into Puerto Rico for Caribbean tours.

Americas Strong sales volumes in the Americas have been helped by lower oil prices, while firm unit margins and the strength of the US Dollar have both contributed to our excellent results in the region in 2016. We have continued to expand our operations across the region during the year, particularly in our retail and aviation businesses.

1 *Colombia*
2 *El Salvador*
3 *Guatemala*
4 *Paraguay*
5 *Peru*
6 *Puerto Rico and the US Virgin Islands*

We have continued to expand our operations across the region during the year, particularly in our retail and our aviation businesses.

Growth in Puerto Rico and the Americas

Puerto Rico is our largest Americas market by sales and volumes and we have important supply agreements with the government, Puerto Rico Energy, the Power Authority and Luis Muñoz Marín International Airport in San Juan, which serves more than eight million passengers a year. In 2016, we expanded our LPG business in the country, offering our retail customers greater access to this economical fuel source.

To support our growing business in Puerto Rico and in the region, we have three storage terminals in Puerto Rico, including our state-of-the-art facility at Bayamón and the reconditioned Guaynabo terminal near San Juan.

Across the Americas, we operate in eight airports, with two in Puerto Rico, one in the US Virgin Islands and one in Paraguay. In Central America, we own and operate the fuel facilities at one airport in El Salvador, where our hydrant system allows us to refuel planes at nearly twice the speed of our competitors, and have joint operations in Belize, Nicaragua and Guatemala. We supply and service American Airlines, Delta, United and Iberia, along with many other local and international airlines; and this year, we have added Sol del Paraguay, a Paraguayan passenger airline, to that list.

1,545k m^3
STORAGE CAPACITY IN THE AMERICAS

786k m^3
AVIATION FUELS DELIVERED IN THE AMERICAS IN 2016

Focus on retail

Offering customers even greater choice through our retail sites is a critical driver of our Americas business and a major focus for us. The refurbishment and rebranding of 78 retail sites we acquired in Colombia in 2015 has continued this year, strengthening our market position in the country. Puma Energy El Salvador continues to achieve consistent growth in sites and volume in its retail chain. The addition of the newly built Puma Energy Izalco site last year provided us with a showpiece and we now have 95 retail sites across the country. »

We make it our mission to provide the perfect service to our customers in Panama – especially when they dress to impress.

» Our retail team at Puma Energy Panama launched its innovative Customer Value Proposition to a large group of retail site operators from our growing total of 57 retail sites this year. Its plan is to implement this at all retail sites with the clear objective of becoming not only the preferred brand for fuels, but also for lubricants and convenience stores for people across Panama.

In Paraguay, we are always looking to improve further and differentiate our offerings and the customer experience at our retail sites. This was recognised last year when we were announced as the winner of the Paso a Paso Award for 2015. The award has inspired a special programme of action that

50
NEW RETAIL SITES
across the Americas in 2016

6,100
B2B CUSTOMERS IN THE AMERICAS
(2015: more than 1,100)

208
AIRLINES
served in Americas of which 80 are international

STORAGE CAPACITY IN 2016

1.5 million m^3

seeks to improve further and perfect the offering at more than 200 of our participating retail sites with a view to substantially improving their operational practices.

Working with B2B customers

Within our B2B business line, we supply refined oil products to more than 6,100 customers across the Americas. Our industrial customers operate across a wide range of sectors, including transport, power generation, industrial and manufacturing, mining, agriculture and construction. We work closely with all our customers to identify their needs and, where price stability is a big concern, we try to offer a portfolio of pricing alternatives. However, for some, such as our mining customers, supply logistics are the most important factor. Once we are clear about our clients' priorities, we work to ensure that we meet them consistently.

Building expertise in our bitumen business

We have focused our bitumen business in 2016 and concentrated on customers and projects where we can make a difference and build our expertise and relationships in a consistent way. For example, Puma Energy Guatemala, recently worked on a project to devise and sell solutions to the problems experienced by the companies running sugar mills in the country. We now manufacture asphalt emulsions that have been developed specially to reduce dust and stabilise the dirt roads.

This solution reduces the frequency of maintenance required and improves the physical condition and quality of the surface of the roads. This technology can be used in all kinds of industries where dust is a problem for the health and safety of workers and communities. It also further benefits our customers by reducing the maintenance cost of the trucks working at the mills. »

Below: Taking to the road in Puerto Rico.

The introduction of our LPG cylinders has created more competition within the market and resulted in better prices for Puerto Rican consumers.

CASE STUDY

Bringing more LPG choice to customers in Puerto Rico

Refer to page 32 for all these strategic priorities 1 5

20lb LPG cylinders now available in the country's retail market.

LPG cylinders available through our retail network
Having built the most modern LPG import and storage facility in Puerto Rico, Puma Energy is now able to make 20lb LPG cylinders available for sale or exchange in our retail network and to our business-to-business customers across the country. We worked hard for many months to gain all of the required permit approvals from the Public Service Commission (PSC) but eventually gained the necessary permissions to sell and distribute LPG cylinders within the island.

Expanding distribution across Puerto Rico
Entering this new segment in Puerto Rico means that we are now able to offer our retail customers greater access to this economical fuel source. In addition, the introduction of our LPG cylinders has created more competition within the market and resulted in better prices for Puerto Rican consumers. By February, we already had 20lb LPG cylinders for sale in 50 Puma Energy retail sites and we have now expanded distribution to a further 250.

Advantages for the consumer and the environment
LPG provides an excellent opportunity for Puma Energy to increase sales, and brings with it a number of advantages for the consumer and the environment. It burns readily, giving off instant heat, and very efficiently, with very low combustion emissions and no black smoke.

Find case studies online here:
www.pumaenergy.com/en/about-us/case-studies/

1 4

CASE STUDY

Quality and service fuelling retail growth in El Salvador

Puma Energy El Salvador now has 95 retail sites in its retail network.

Consistent growth in sites and volume

Puma Energy El Salvador continues to achieve consistent growth in sites and volume in its retail chain. The addition of the newly built Puma Energy Izalco site last year provided us with a showpiece retail site and we now have 95 retail sites across the country. This growth is the result of a focused approach to develop a network plan with our local teams. The work starts with the detailed mapping of all retail sites within a focus market, and calculating estimated volumes for every site by gathering traffic counts for the main roads and highways, and configuring this with population density.

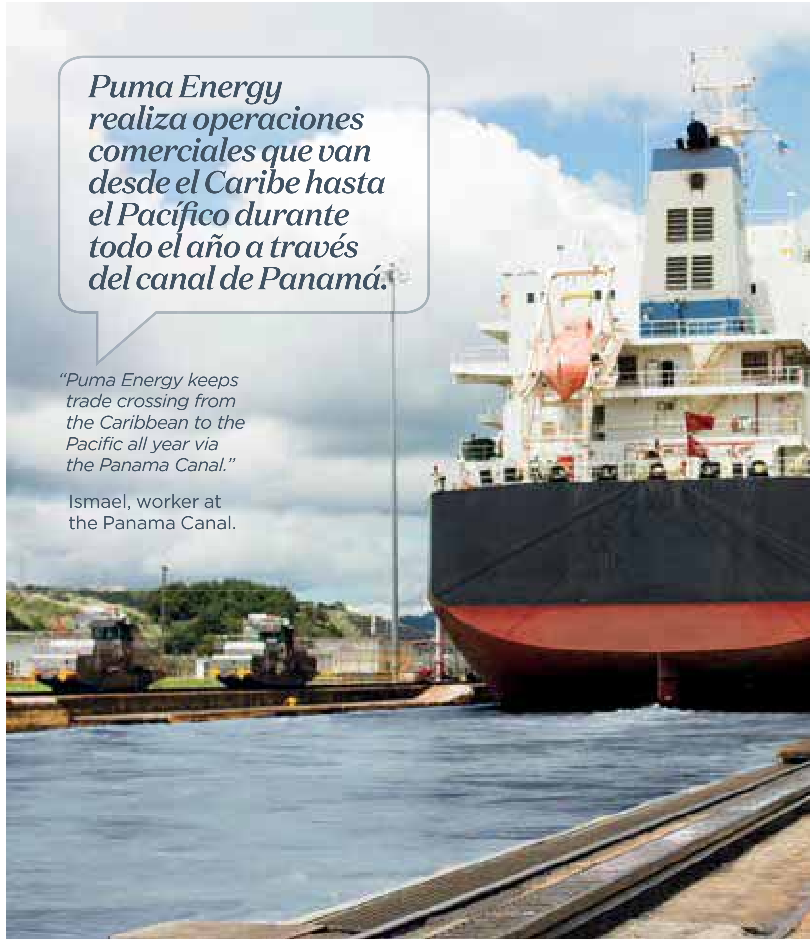
Performing to our full potential

This database of information gives us a tool our retail team can use to evaluate whether each retail site is performing to its full potential, prioritise the best locations to invest in new sites, and identify the best unbranded and competitor sites we should target to join our network.

Aiming for organic growth of our existing retail site chain is also a core objective. Using the insight from market studies, we listen to our customers to understand areas for improvement, and seek to understand the most important factors customers use to select a retail site or fuel brand.

Promoting the Puma Energy brand

We know that quality perception is very much influenced by the appearance of our sites. We support all regional efforts to improve and maintain the image of our sites. For example, our territory managers are now using the Zenput app on their digital tablets to monitor and log sites, allowing us to take swift action on image maintenance where needed and to recommend appropriate follow-up. As a relatively new brand to the market, we are continuing to pursue every opportunity to reach potential customers not yet fully aware of the Puma Energy brand, its global reach and integrated business model.



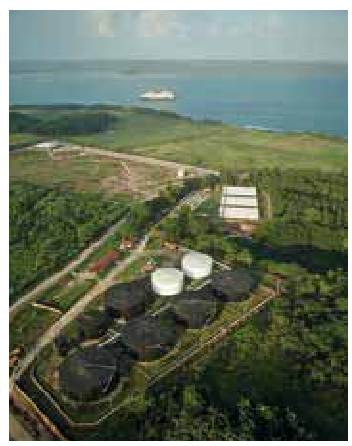
"Puma Energy keeps trade crossing from the Caribbean to the Pacific all year via the Panama Canal."

Ismael, worker at the Panama Canal.

Infrastructure improvements

We acquired a new terminal in Panama last year, which we are currently revamping and upgrading. This will add another 25k m^3 of storage capacity to the Group. Work at the Colon terminal involved the conversion of an existing fuel oil tank farm into a modern new petroleum and diesel terminal, including loading and import facilities, meeting many industry requirements and Puma Energy's global HSE standards.

During 2016, we completed a complex marine project at Rasa in El Salvador. This involved a 1.4km clean products submarine pipeline replacement and new mooring buoys facilities. We also refurbished the tanks and made efficiency improvements across the terminal.



We carried out an extensive refurbishment project at St Croix Airport in the US Virgin Islands, repairing three storage tanks used for jet fuel, including waterproofing and sealing the tank containment area. In Guatemala, we have storage terminals on both the Pacific and Atlantic seaboards, giving us a distinct advantage over our competition, and our San José terminal is certificated under ISO 14001.

Left and below: Our investments in infrastructure and support for projects such as the Panama Canal expansion help us contribute to the local economy.

Panama Canal expansion

The huge construction project to expand the Panama Canal began nearly 10 years ago and has been fuelled throughout by Puma Energy. The extensive and complex works included the creation of two new sets of locks, one on the Pacific coast on the outskirts of Panama City and one on the northern coast at Colón. The canal has now doubled in capacity thanks to an overall investment of US$5.5 billion.

The canal is now large enough to accommodate new Panama-class vessels, including the huge liquid natural gas (LNG) tankers, that have become part of modern global shipping. We are delighted to have played such a positive role in this colossal undertaking and members of the Puma Energy team in Panama were invited to be part of the canal's historic launch this year.

8
AIRPORTS IN THE AMERICAS

6 million
litres of bottled drinks per year sold in our retail sites in Panama

95
RETAIL SITES
in El Salvador

113,000
SANDWICHES PER MONTH
in Central America

3 4 5

CASE STUDY

Improving capability at our Rasa storage facility in El Salvador

Complex marine project to upgrade our underwater pipeline and multi-buoy mooring system.

Improving our facilities and efficiency

Our marine project to improve the movement of oil products in and out of our Rasa storage facility was broken down into two key phases. The first was an underwater clean products pipeline replacement, which was undertaken not only to improve the facilities and our efficiency, but also to comply with all marine facilities standards and to demonstrate best practice in environmental protection. The second was an upgrade to our multi-buoy mooring arrangements, improving accessibility at the facility and allowing larger vessels to be welcomed and moored safely.

Demanding and potentially dangerous

The work had to be managed closely to ensure we complied with the demands of the environmental and port authorities. It was made even more complex as it was carried out in an already very busy marine terminal where operations and business were to be affected as little as possible. With weather conditions that can change radically from day to day, a project that is already demanding and potentially dangerous becomes far riskier, but we delivered 1.5km of new pipeline and six new mooring legs with new anchors, chains and buoys, without a single accident resulting in delays or lost time.

On such complex projects the obstacles are numerous and the main challenge is planning and undertaking activities dependent on highly changeable sea conditions.

Find case studies online here:
www.pumaenergy.com/en/about-us/case-studies/

Africa Compared to recent years, Africa's economic growth slowed in 2016, particularly in key economies. However, the region still has high growth potential. We continue to expand our retail network and infrastructure investments, particularly in Angola and Mozambique, which means we are well positioned to fuel our customers' journeys in the years ahead.

1 *Dar es Salaam storage facility, Tanzania*
2 *Luanda and Lobito terminal, Angola*
3 *Matola terminal, Mozambique*
4 *Tema and Accra storage facility, Ghana*

Import hub for Angola and the region

Our investment in the conventional buoy mooring system (CBM) in Luanda Bay, Angola, has been a massive undertaking. This year we have completed Phase 3 of the project, installing four new tanks with a 78k m^3 capacity, as well as eight new loading racks and two quay walls to accommodate 50,000 DWT and 15,000 DWT ships, allowing us to import and export petrol, diesel, jet and bitumen.

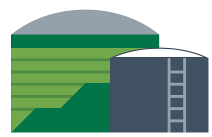
We have also brought our first Anchor Handling Tug Supply vessel into service at the port. The tug's main engines develop a total output of 3,132kW (4,256bhp), and it will help connect large fuel vessels to our CBM.

Upon completion of the Luanda Bay Terminal project in early 2017, the new facility will have storage tanks with a total capacity of 305k m^3, completely changing the fuel import infrastructure in the Angolan market and serving as a strategic mooring point for Africa in our global supply network.

New assets in Mozambique and the Democratic Republic of the Congo

Our new bitumen and fuel terminals in Matola, one of Mozambique's busiest ports, opened last year and, in 2016, we have built new rail and train loading facilities allowing petroleum, Gasoil and jet exports into the Southern African Development Community sub-region. The new fuel terminal provides a storage capacity of 115k m^3, while the bitumen terminal can store 21k m^3.

In the DRC, we have built a new fuel terminal and floating jetty at Matadi, providing strategic capability both for the DRC and the region and enabling the port to receive more vessels and improve supply for our customers. The terminal project included the creation of four 6,500m^3 clean fuels storage tanks, truck loading and unloading racks, a firefighting system and the floating jetty in the Congo River with interconnecting pipelines to the terminal. »



356k m^3
projected storage capacity in Angola by 2017

US$
2bn
has been invested by Puma Energy in Africa since 2002

For further information go to www.pumaenergy.com

The American Bureau of Shipping has confirmed that our new Conventional Buoy Mooring System (CBM) in Luanda Bay, Angola, is the largest in the world.

5

CASE STUDY

Puma Energy Zambia sponsors launch of national road safety strategy

Child Road Safety Programme benefits more than 11,000 local primary schoolchildren.

Playing our part in promoting road safety

Almost 2,100 people are killed on Zambian roads every year, according to the Zambian Road Safety Trust (ZRST), a local organisation that has been set up to create general awareness of road safety. And, with Puma Energy drivers making almost 9,000 trips every month to transport thousands of litres of our products by road, we are very keen to play our part in reducing those shocking statistics by encouraging the behaviour and caution needed to avoid such needless deaths.

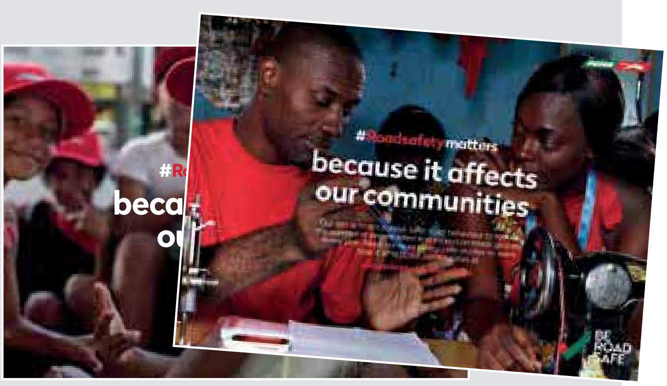
Extending the Child Road Safety Programme

The Puma Energy Foundation partnered with ZRST to launch the Child Road Safety Programme last year, benefiting around 11,000 local primary schoolchildren. In 2016, Puma Energy Zambia continued that partnership, distributing more than 2,000 reflector-enhanced schoolbags to help keep children safe on roads. We are also helping ZRST with its new National Road Strategy, which is focused on reducing the number of road accidents by half by 2020.

Highlighting the key road risks

Road safety is of paramount importance to Puma Energy and a great concern for all our people, their families and our customers throughout Zambia. In addition to our work with ZRST, we have carried out other activities and actions, including holding staff road safety talks at all our locations in Zambia, hosting weekly road safety education programmes on various radio stations and launching our 'Be Road Safe' policy, which highlights eight key road risks for our drivers and other staff.

Find case studies online here:
www.pumaenergy.com/en/about-us/case-studies/



Puma Energy Tanzania and Zambia partners with Amend, an NGO that works to make roads safer in sub-Saharan Africa, and together we play a big part in Tanzania's 'Be Road Safe' campaign.

Left and above: Road safety is a major focus for our business in Tanzania.

Left: Philippe Corsaletti, General manager in Tanzania.

32%
RETAIL SALES
in Malawi are now made through the MyFuel Card system

12
COUNTRIES
where Puma Energy companies use our fuel card

Focus on retail

We are already the fastest-growing independent fuel distribution company in Africa, and the infrastructure we have built in Angola, Mozambique and the DRC is vital both to expanding our activities and enabling us to fuel our customers' journeys through our retail networks in the region.

Angola itself remains one of our most important markets in Africa and our Pumangol business offers 24-hour retail sites and convenience stores, operating under the Super7 Express brand. We sell around 1,500 different items across our network of 78 Angolan retail sites, with a focus on providing the local products our customers want.

We are supporting local commerce and providing customers with a new kind of retail choice at our Easy Cafe in Oyster Bay, Tanzania. People can come into the retail site, where our employees teach them how to surf websites, and they can order items for delivery and collection at the Easy Cafe.

Our expansion in the region has included entering the South African market during the past two years and the acquisition of Brent Oil and Drakensberg in South Africa during 2015, including their retail sites, means we are now the largest independent distributor in the country with 145 retail sites, with many of these sites rebranded across the country in 2016. We have also worked with Bidvest Tank Terminals to build a storage depot at Richards Bay that will enable Puma Energy to supply specifically non-blended product with no additives to the South African market.

Despite an economic slowdown in the region, we continue to develop our retail business, promoting fuel and non-fuel products and expanding our operations. For example, in Tanzania, we have now opened standalone retail shops, and in Malawi we continue to have success with our MyFuel Card, a smartcard-based pre-paid fuel wallet that enables customers to manage their fuel purchases using »

We sell around 1,500 different items across our network of 78 Angolan retail sites, with a focus on providing the local products our customers want.

Pictured: Our people have seen pretty much everything at our retail sites in Zambia and are delighted to offer customers a full range of services on our forecourts, as well as in our restaurants and convenience stores.

You can see lion cubs and other wildlife at Thanda Tau conservation area next to the Puma Energy retail site. www.thandatau.co.za

» pre-funded chip-cards. This has helped to increase our sales and profits and 32% of our retail sales in Malawi are now made through the MyFuel Card system.

In 2016, Puma Energy Botswana partnered with The Debonairs Group to make two popular fast-food outlets, Steers and Debonairs Pizza, part of the offer at our retail sites. Both are popular fast-food brands and the partnership is beneficial for both parties, as it provides access to more customers by increasing foot traffic and vehicles into the forecourt. The new food outlets are part of the 'one-stop shop' convenience approach we are delivering for our customers across the country. »

455
CONVENIENCE STORES
at our retail sites in Africa

739
RETAIL SITES IN AFRICA

Spotlight

SPOTLIGHT

Official launch of the Puma Energy brand in Ghana

We were proud officially to launch the Puma Energy brand in Ghana in April 2016, although our involvement in the country began in 2006.

Puma Energy's contribution to Ghana

Prior to our arrival in the market, reliability of supply was often in question and significant investment was needed in its infrastructure. We built, and for the past 11 years have operated, the offshore mooring system through which most of the country's petroleum is imported and, working with local partners, we have built three much-needed storage terminals at the Kotoka International Airport, Tema Ridge and Takoradi.

Significant investment in infrastructure

The new storage facilities at Kotoka International Airport and Tema have greatly improved the supply of aviation fuel for domestic and international airlines and Puma Energy is helping Ghana to achieve its goal of becoming a hub for aviation and trade in the West Africa region.

Our new 100k m^3 multi-fuel product Tema Storage Facility will open in 2017 and has eight loading bays, a firefighting system, and a modern control room. The facility is connected to the offshore mooring system by 9km of pipelines and also comprises 8k m^3 LPG storage, a dedicated LPG loading rack and an LPG bottling plant.

Takoradi was the first fuel depot in the Western Region of Ghana with the capability to store and supply petrol to our competitors and our customers. It also meets the fuel needs of our current and potential retail, B2B, mining and offshore clients operating in this location.

Expanding our retail operation

In 2016, all of our 49 retail sites in Ghana have been rebranded in Puma Energy colours and we have made general improvements to appearance, service, environmental awareness, safety and compliance at these sites. We are aiming to add significantly to our network of retail sites in the country to more than 100 by the end of 2017 and more than 150 in the mid-term.

Find case studies online here:
www.pumaenergy.com/en/about-us/case-studies/

3 4

CASE STUDY

Records shattered at our Matola terminal

Puma Energy in Mozambique is really delivering for its customers.

New record set

Our construction team set a new record when they built our state-of-the-art 115k m^3 storage terminal in Matola, Mozambique, in only 13 months. But the record-breaking did not end at the construction phase, as the site currently accommodates up to 100 trucks every day.

Setting new standards

Fuelling that many customers in their trucks is a major task and we have set a new standard for an oil facility operating in the country – not just because up to 100 trucks (and sometimes more) are being loaded daily by the team, but also due to the safety standards we employ and the level of customer service that comes with one of our operations.

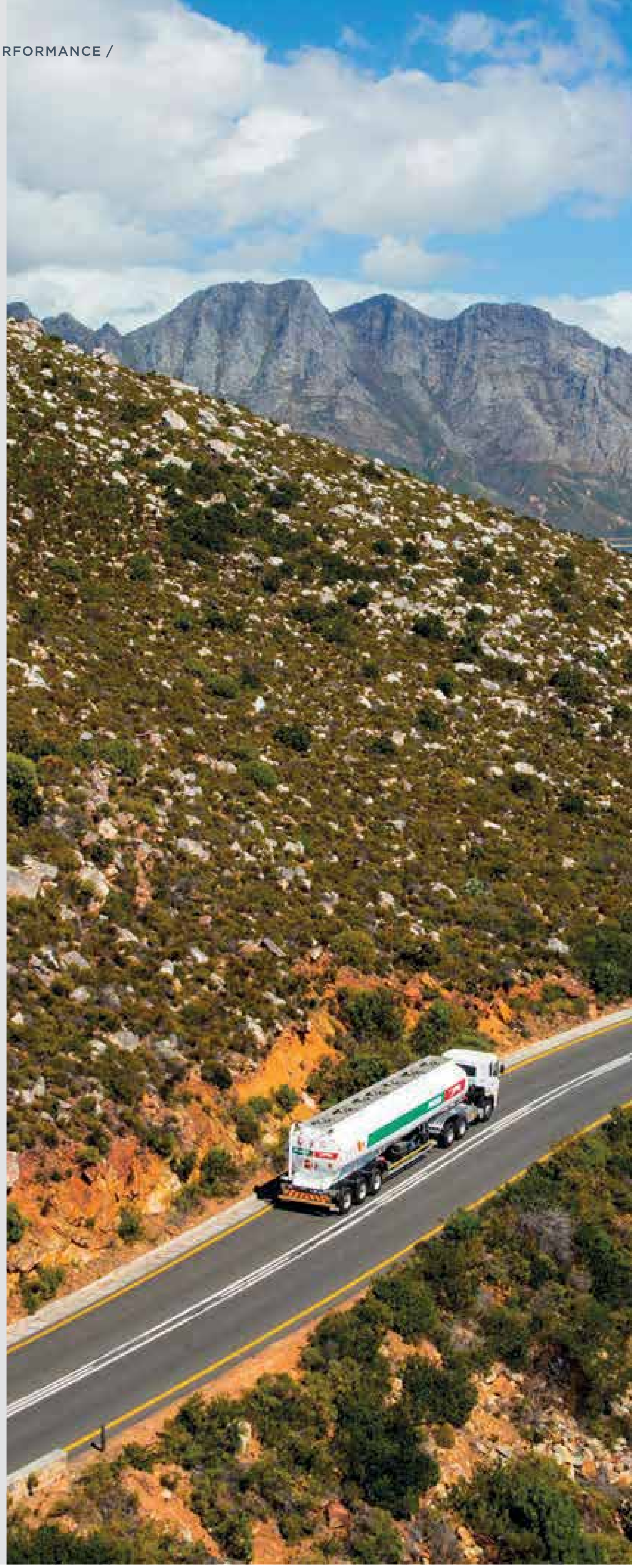
Fuelling the region

Historically, Mozambique has had a limited capacity to store fuel, so the rapid deployment of fuel at the Matola terminal is helping to keep the country moving and acting as a catalyst for maintaining the country's impressive economic growth of recent years. It is also an important part of the oil supply infrastructure for the cost-effective and secure supply of fuel to the whole of the Southern African Development Community sub-region.

We are helping to maintain the country's impressive economic growth of recent years.

Find case studies online here:
www.pumaenergy.com/en/about-us/case-studies/

Our Puma Energy terminal in Mozambique distributes and supplies fuel throughout Southern Africa.



Left: One of our tankers delivering to customers across Mozambique and South Africa.

5
NEW AIRPORTS OPENED IN 2016

57k m^3
BITUMEN STORAGE CAPACITY IN AFRICA

Positive developments in our aviation business

Puma Energy Angola has entered the aviation market with four aviation depots in Luanda, Benguela, Lubango and Ondjiva. These sites will service domestic, international and commercial aviation customers, and the entry marks an exciting development for our aviation business in a market needing new infrastructure and services.

In Tanzania, we have now completed the extension of an existing hydrant jet fuel pipeline, as part of the Dar es Salaam International Airport expansion. Our own construction team has been responsible for the design, installation and commissioning of all essential works on the project, and as a result we will be able to fuel customers faster and more efficiently at the airport.

Puma Energy bitumen in Nigeria and Benin

Having acquired 60% of the bitumen assets of the West African Bitumen Emulsion Company (Wabeco) in Nigeria, we began a project to refurbish its Calabar and Lagos bitumen terminals. Ahead of the completion of these projects, we made our first delivery of bitumen into Calabar, demonstrating our capability to deliver bitumen on specification and on time anywhere around the world.

We also made our first bitumen delivery to the port of Cotonou in Benin in 2016. The 1,800 metric tonnes of product was for our client Soroubat Benin, and unloading involved 12 operators and the construction of a mobile loading gantry. Seventy-five trucks with bitu-containers were then filled over an eight-hour period, carrying bitumen that will make a lasting impact to Benin's infrastructure. The bitumen is being used for three major road projects – totalling more than 200km.

> We entered the aviation market with four aviation depots in Luanda, Benguela, Lubango and Ondjiva.

Above: Bitumen – in crumb form.

Left: Bitumen infrastructure, Africa.

Below: Refuelling Emirates at Angola International Airport.

Spotlight

145

RETAIL SITES IN SOUTH AFRICA

1 2 3 4 5

SPOTLIGHT

Establishing our footprint in the South African market

Puma Energy's name becoming more prominent

We are already the fastest-growing independent fuel distribution company in Africa, and in 2016 we further expanded our activities in the continent. This expansion has included entering the South African market, with several acquisitions in 2015, and the subsequent rebranding of acquired retail sites, seeing the Company's name becoming even more prominent across the country in 2016. Establishing a footprint in this market was a logical progression for us as we have grown to become one of the largest independent storage and downstream companies in sub-Saharan Africa, and are now present in 19 countries.

Unlocking the potential of Richards Bay

As part of our additional investment into South Africa's fuel sector, Puma Energy is working with Bidvest Tank Terminals to build a storage depot at Richards Bay with a storage capacity of 46k m^3. The new terminal will help us unlock the potential of the Richards Bay Port, the neighbouring industrial development zone, and the KwaZulu-Natal region. Facilities at the depot will also enable Puma Energy to supply specifically non-blended product with no additives to the South African market.

Supplying the Southern African Development Community

Since 2002, Puma Energy has invested more than US$2 billion in Africa and we will continue to build new storage facilities and terminals as demand for refined products grows in the region, driven by emerging markets and global needs for higher grade fuels. The Richards Bay depot adds to the 115,000m^3 Matola storage terminal in neighbouring Mozambique that we opened last year, contributing to a network that is strategically situated to supply countries of the Southern African Development Community.

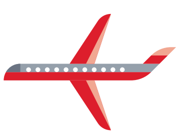
Our investments in Africa's oil and petroleum sector underpin our commitment to the sustained economic and infrastructural development of the region.

Find case studies online here:
www.pumaenergy.com/en/about-us/case-studies/

Left: On the road in Africa.

Middle East and Asia-Pacific The Asia-Pacific region has some of the fastest-growing markets in the world, although we have seen economic slowdowns in Australia and Papua New Guinea this year. We continue to expand our operations, particularly in Myanmar, across a range of activities.

1 *GRC terminal, UAE*
2 *Hai Phong terminal, Vietnam*
3 *Langsat terminal, Malaysia*
4 *Napa Napa terminal, PNG*



11
AIRPORTS IN MYANMAR SERVICED

Focus on retail

Across the Middle East and Asia-Pacific region we fuel customers at 488 retail sites. In addition to our growth in mature markets, such as Australia, where we have continued to develop our retail network despite the slowdown in the economy, our commitment to markets such as Myanmar and Vietnam is providing us with the platform to capitalise on rising consumption and economic growth.

In Papua New Guinea (PNG), we have continued to rebrand and refurbish our retail sites with support from the rebranding team from Australia, as Puma Energy aims to play an increasingly important role in PNG's growth as a major provider of reliable and competitive fuel and lubricant solutions across the country. We are dedicated to providing what customers need and there is a strong focus on training initiatives and co-operation at a local level to keep raising the overall standard of our service and operations.

Expansion in Myanmar

As the Myanmar market opens up to international business, Puma Energy is supporting the country's economic development and helping customers and businesses connect to new opportunities.

Above: Pumamax retail site, Australia.

488
RETAIL SITES
in Asia-Pacific and Middle East in 2016

Below: Customer buying Pumagas in PNG.

Last year we launched NEPAS, a new aviation business in partnership with the government-owned Myanma Petroleum Products Enterprise (MPPE). Initially, NEPAS had a deal to distribute jet fuel at the country's main Yangon International Airport, but the joint venture expanded its operations in 2016 and is now responsible for importing and distributing all aviation fuel in Myanmar, serving 11 airports.

Furthering our commitment to the airport in Yangon, we are currently building two new jet fuel tanks there with a total capacity of 5,400m^3, as well as new unloading and loading gantry facilities, based on the latest international aviation regulations. We have also made a major investment in nine state-of-the-art jet fuel tankers that will proudly display our logo throughout the Yangon region.

We have built a modern terminal and loading jetty at Thilawa Port, with a storage capacity of 91k m^3 for a variety of products, including petroleum and jet fuel. The facility is the largest refined product import terminal in Myanmar, with the capability to receive product from MR-sized (50,000 DWT) vessels. We added bitumen and lubricant storage facilities in 2016, along with new truck loading bays, and the »

Right: Providing great food at a night market in Myanmar.

Below: Refuelling at Yangon International Airport.

US$
600
MILLION INVESTMENT
in storage infrastructure in the Middle East and Asia-Pacific in the past five years

Above: Digital sign-off on iPads cuts down on paperwork and leads to immediate efficiencies and security of supply.

» terminal also benefits from a 550m² office building, a fully equipped laboratory for product testing, a substation building, firefighting facilities, a truck parking area, an 800m² warehouse and a filling station for trucks.

Bitumen growth in Vietnam

Puma Energy has a growing presence in the bitumen market across the region. In addition to our existing terminal at Hai Phong, we are building two more bitumen terminals in Vietnam, with a total investment of around US$20 million. Puma Energy Vietnam has successfully built a strong brand and a reputation for providing high-quality bitumen and services, and the market looks set to expand within the country and beyond. With work already under way, Vietnam aims to complete around 2,500km of highway within the next five years. And, because Vietnam has long sea lines and borders with Laos and Cambodia, we can also respond to big demands for bitumen from these neighbouring markets.

> Vietnam aims to complete around 2,500km of highway within the next five years.

The construction of the Dinh Vu bitumen terminal in the north of Vietnam will create an extensive new storage facility, complete with truck loading bays and an office building. It will be connected via a 1.2km-long pipeline to a jetty capable of handling vessels of up to 30,000 DWT and, when complete in early 2017, the terminal will have a storage capacity of 21k m³, making it the biggest terminal at Vietnam's Dinh Vu Industrial Zone. An additional 7k m³ bitumen storage facility, also providing import and export facilities, is due for completion shortly afterwards.

Secure supply for our customers

We have blending and storage facilities both in Malaysia and Dubai that give us access to major trading and industrial centres in the region. We have made a very large investment in our Langsat terminal in Malaysia, which is now fully online for fuel oil blending. In the Middle East, we have a part-owned subsidiary, Puma Energy Gulf, and own a minority interest in the Emoil Petroleum Storage Company. These businesses provide blending and storage facilities in the Jebel Ali Free Zone, the main free-trade zone in the UAE, and a strategic location for dealing with trade and industry customers.

The GRC terminal in Dubai is one of Puma Energy's largest and has a storage capacity of 412,100m³. Our supply and storage infrastructure in the Middle East and Asia-Pacific enables us further to consolidate our position in the region, with a secure supply for our customers.

In PNG, we have also been upgrading the Napa Napa refinery – building four new crude oil and product storage tanks, with a total capacity of 116k m³, as well as a jetty expansion and the addition of new firefighting systems.

2.4m m³
total storage capacity in the Middle East and Asia-Pacific

③ ④ ⑤

CASE STUDY

Our aviation fuel joint venture, NEPAS, spreads its wings in Myanmar

New Puma Energy-branded state-of-the-art trucks take to the country's roads.

Successful co-operation

Continuing our successful co-operation with the Myanmar government-owned Downstream enterprise, MPPE, we signed an agreement in June 2016 to expand the operations of NEPAS, our aviation fuel joint venture. NEPAS is now responsible for importing and distributing all aviation fuel in Myanmar, as well as into-plane fuelling and marketing of aviation-related petroleum products at 11 airports across the country. The Company will also take over the fuelling for all government customers not fuelling at public airports, as well as supplying avgas and aviation lubricants.

Major investment in people and equipment

This has involved 45 staff from MPPE transferring directly to NEPAS and a further 30 people have been recruited to support the expansion. A major investment has also been made in nine jet fuel tankers to replace the previous ageing fleet that had been prone to breakdowns, rusting and calibration issues. These new state-of-the-art vehicles and tanks have been purchased from Heil Trailer in Thailand and are among the first to carry our logo throughout the Yangon region, signalling that Puma Energy has really arrived in Myanmar and is playing a significant part in fuelling the country's growing economy.

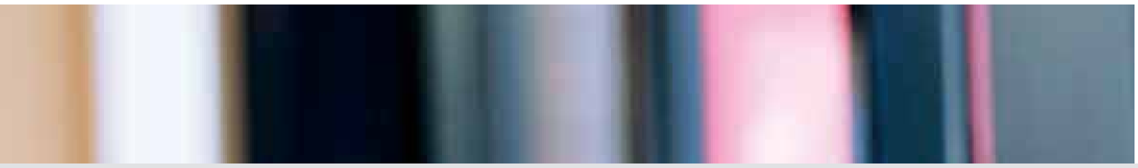
> Our new agreement with the Myanmar government-owned enterprise, MPPE, will see the operations of our aviation fuel joint venture cover the whole country.

Find case studies online here:
www.pumaenergy.com/en/about-us/case-studies/

Spotlight

16,000

CUPS OF COFFEE SERVED PER WEEK IN AUSTRALIA



Find case studies online here:
www.pumaenergy.com/en/about-us/case-studies/

SPOTLIGHT

New 7th Street cafe convenience stores launched in Australia

Creating a new first port-of-call for our customers for a decent meal and good service.

No ordinary retail site convenience store

Our new 7th Street cafe convenience stores in Australia have been designed with the customer in mind. They are a cafe convenience hybrid, bringing our customers quality, barista-made coffee, fresh food and friendly service. We have created store layouts that are easy to navigate, with clearly labelled areas for food, coffee and service, and introduced other features like free wi-fi, phone recharging points and comfortable seating areas.

Great places for our customers to enjoy

The 7th Street concept grew out of consumer research that revealed that customers were only visiting retail sites as a last resort. Our objective has been to reinvent our retail site cafe and convenience stores, making them a first port-of-call for a decent meal and good service, with practical features built in and a stylish atmosphere our customers can enjoy. Where we can, we source fresh food from local Australian suppliers, and items on the 7th Street menu include Brubecks salads, the popular YouFoodz range, gourmet chicken wraps and Brazilian coffee beans.

Positive customer reactions

We opened the doors of our first 7th Street cafe convenience store in June 2016, and by the end of the year we had 15 stores officially open for business across Australia. Our customers' initial reactions to the new concept have been very positive and we will seek to expand the chain, which complements our other retail sites such as Super7 Express, further within the country and beyond in the years ahead.

15
7TH STREET CAFES
in Australia

Grabbing coffees, accessing wi-fi, refuelling at 7th Street.

We've taken the traditional retail site and given it a makeover into something that provides the products and service you would expect from your friendly, local cafe, even wi-fi.

Spotlight

Improvements at Mackay terminal and the Port of Brisbane

Our fuel terminal at Mackay, constructed in 2014, improved Australia's import and fuel storage capabilities and helped us to ensure our customers in the Queensland region had all their fuel supply needs met. In 2016, we added a new 6,500m³ petroleum tank at the terminal with all associated facilities, including new firefighting systems and automated controls.

Following months of hard work and research, the team at Puma Energy Brisbane convinced the Port, Harbour Master and pilots at the Port of Brisbane that they could accommodate very large LR1-sized ships (45,000–79,999 DWT). The first ship of this size to enter the harbour was the SCF Alpine. It was loaded in Korea, discharged part of its cargo at our Townsville terminal and then moved on to Brisbane. Having this additional docking facility has greatly improved our import logistics on the east coast of Australia.

High-performing bitumen products

Puma Energy is dedicated to enabling our road construction customers to perform at the highest level, together we provide our road owners with high-quality surfaces that have an impressive life-cycle performance.

We are a trusted partner because of our commitment to invest in our worldwide sourcing programme, our unrivalled terminal network, and our logistic capabilities.

High-performing products resulting from customer responsive development programmes underpinned by our sourcing and supply chain strengths keep us focused on delivering win-win customer partnerships.

New retail concept – 7th Street

We supply an extensive network of 419 retail sites and 24-hour diesel sites across Australia offering our customers a wide variety of high-quality fuel choices, from products providing optimal engine performance to environmentally friendly alternatives, such as biofuels. Sales volumes continued to be strong, despite economic headwinds in the country during the year. However, when our research revealed that many customers were only visiting our non-fuel retail sites as a last resort, we set out to reinvent them as cafe and convenience stores.

The new 7th Street concept was devised to attract customers into our retail sites and make them a first choice for a decent meal and good service, with practical features built in such as wi-fi hotspots and charging stations. We now provide the stylish 7th Street atmosphere at 15 stores across Australia.

Building our retail network

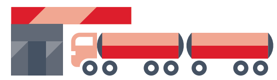
The national launch of 7th Street in the summer of 2016 coincided with another major milestone for Puma Energy in Australia: the opening of our first greenfield site in Victoria.

The new retail site at Truganina provides valuable services to the 10,000 travellers who pass through the region each month, and is a part of our ongoing commitment to growth in Victoria.

This followed the earlier opening of our Citiswich Travel Centre in south-east Queensland, providing much-needed fuel services to travellers and truck drivers heading west from Brisbane, following a similar model to our flagship Kempsey Travel Centre, which opened last year. The new travel centre has a 67-space car park, six truck bays and two caravan parking

419

NUMBER OF RETAIL SITES IN AUSTRALIA



65

NUMBER OF TRUCK STOPS IN AUSTRALIA

spaces, as well as truck refuelling facilities and drive-through waiting bays. It has also attracted an impressive range of retail tenants.

Our new B2B customer portal

ePuma is part of the digital transformation of our business that will introduce a B2B customer portal, new scheduling and tablet technology, and future terminal and truck automation. It represents a significant investment in new technology for the Group and was piloted in the Brisbane region in 2016. ePuma is being rolled out progressively to 13 locations and 63 trucks across Australia, helping our employees to gain a more comprehensive understanding of the new ways of working.

Transport and logistics

We transport more than 1.5 million m³ of fuel every year to customers throughout Australia. We do this through Directhaul, our industry-leading transport and logistics division, providing cartage to key industries in the country, including transportation, mining, pastoral, retail and aviation. Directhaul's modern fleet is supported by a vast network of depots and workshops and we operate in accordance with industry-leading safety standards, including a well-developed system of audits, training and fatigue management programmes. This ensures that we meet the stringent carrier audit requirements for the largest oil companies in Australia.

1.5 million m³

FUEL TRANSPORTED EVERY YEAR

1 *Brisbane terminal*
2 *Darwin terminal*
3 *Mackay terminal*
4 *Perth terminal*
5 *Townsville terminal*

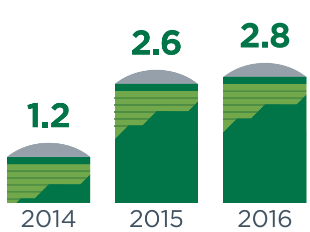
Left: Puma Energy fuels customers in Australia, investing in infrastructure and engaging in a vibrant mix of activities.

Europe We have operations in Estonia, Russia, Norway, Spain and the UK (now including Northern Ireland), with both Milford Haven and Estonia acting as strategic storage hubs for Puma Energy's European operations.

1 *Cadiz terminal, Spain*
2 *Milford Haven terminal, UK*
3 *Murmansk terminal, Russia*
4 *Paldiski and Sillamäe terminal, Estonia*
5 *Sløvåg terminal, Norway*

ACQUISITION
of Northern Ireland terminal takes the Group to
100
TERMINALS

STORAGE CAPACITY (m m^3)



Developing our infrastructure

We operate two storage and blending terminals in Estonia located in the ports of Paldiski and Sillamäe, and they are connected to fast, efficient logistic networks, primarily serving Russian exports. They handle increasing volumes of light oils, petrochemicals, LPG, petroleum and aviation fuel and have a combined storage capacity of 894,600m^3. Our facility at Paldiski holds Estonia's strategic fuel stocks, while its shale oil exports are handled at Sillamäe. We also have the facility to manufacture aviation fuels at Paldiski.

We are building a new state-of-the-art aviation terminal at the new Rostov airport in Russia, which itself has been built to cope with customers expected to travel for the 2018 FIFA World Cup. The terminal, due for completion in August 2017, will have a 7,800m^3 storage capacity and all the facilities required to refuel planes at the airport.

In 2016, we also added a new 15k m^3 tank at our Alibesa bitumen terminal in the port of Cadiz, Spain. This included new unloading facilities based on the latest bitumen design criteria. The terminal has the capacity to store and drum any grade of bitumen, making it ideally equipped to serve as an international hub for this purpose.

Upgrading our facilities in the UK

We acquired the ex-refinery in Milford Haven in July 2015 and the transition to a storage terminal over the past 12 months has seen significant changes to the way the terminal is operated, enabling us to export large volumes of various products. A significant amount of mechanical work has been completed both at the terminal and the jetty – which is 2km away – with large-capacity mobile pumps supplementing the existing systems. We have also refurbished the crude tank and converted a 4.6km pipeline from crude to diesel use.

There is an obligation in the UK for road fuels to have a 5% bio component in them, or the supplier faces financial penalties. At the time of acquisition, Milford Haven's petroleum system was capable of blending bio-ethanol to cover petrol sales, but there was no bio blending option for the diesel and gasoil grades, which form much of the UK's volumes. We have installed systems to blend pure bio component, derived from the waste streams of other processes. This will significantly improve our UK margins and enhance Puma Energy's environmental credentials in the UK.

During 2016, we have also received the accreditation we need from Shell to distribute its V-Power fuel products in the UK – another valuable business opportunity for the Group.

Growth in fuel and bitumen

Since we acquired the former Murco assets in 2015, our UK inland fuels distribution business has shown strong growth. We are currently selling 123 million litres per month, at significantly improved margins. Customer focus, reliability and flexibility has been the key to driving this growth. During the same period, we have built strong relationships with road builders, such as Lafarge, and the UK bitumen business has grown from nothing to now achieving approximately 20% of the UK's market share, with sales of more than 200,000 tonnes per year.

Acquisition of our 100th terminal in Northern Ireland

Towards the end of 2016, we signed a purchase agreement with BP to buy its bulk storage fuel terminal in Belfast, Northern Ireland. This has taken our global network of bulk storage terminals to 100, and gives us a total storage capacity of 7.9 million m^3 globally. The terminal provides storage for petroleum, distillates and aviation fuels, with road gantry loading facilities and a jetty berth capable of handling MR-sized vessels (25,000–45,000 DWT). The site has 20 bulk fuel storage tanks and a working capacity of around 143k m^3, and is located between George Best Belfast City Airport and Belfast Harbour.

For further information go to www.pumaenergy.com

Our bitumen business in Europe is showing strong growth.

Sustainability review

Our investment in safe, reliable infrastructure is bringing high-quality fuels to customers in some of the world's most remote communities. Best-in-class standards of health, safety and environment are now the norm for us; but we also embrace our diverse local cultures – this unique approach can catalyse sustainable growth on a vast scale.

Left and below: We focus on improving young lives in Myanmar and children from Nuevo Amanecer.

There is always more work to be done to make sustainability strategic to the business. That is why, in 2016, we began a three-year journey to focus on the issues that matter most to our stakeholders.

Antonio Mawad
Global Head of Project Development and Sustainability, Puma Energy

Local spotlight

Myanmar is a country rich in oil and other mineral resources. At the same time, it remains one of the poorest nations in South East Asia.

Our state-of-the-art petroleum products storage facility in Thilawa is the most modern and flexible refined product import terminal in Myanmar and is designed around American Petroleum Institute (API) standards, the first facility constructed in 15 years to be so. Our presence in Myanmar has created 110 jobs directly, with many more created indirectly as a result of our infrastructure investment. As part of our wider aim to secure the skills we need to do business in Myanmar now and in the future, we support Yangon's Centre for Vocational Training, alongside the Puma Energy Foundation (page 107).

From Thilawa, jet fuel is distributed to airports by vehicles internationally benchmarked for safety. Yangon airport is now serving around 22 international airlines, 10 domestic airlines, and four charter service groups.

HOW WE CREATE SOCIO-ECONOMIC VALUE AT SCALE

When we enter a new market, our strategic priorities guide us towards standards of excellence in health, safety and environment, as well as enabling economic growth and community development. This is how we do it.

1. Ensure reliable fuel supply

We enable a consistently high-quality, efficient supply of fuel across our markets. Working with our stakeholders, we try to identify areas where we can fill a fuel supply gap and expand our business. This may be regions of rising population or growing middle classes; it may also be simply markets where there is a rise in demand for quality fuel.

2. Invest in infrastructure

In partnership with governments and communities, we work to improve storage facilities, ports and roads. Upgrading and building safe and secure storage assets ensures a reliable, high-quality supply of fuel to the local public services and businesses that we serve.

3. Build human capacity

Our operations provide jobs and training to more than 7,600 people from 86 nationalities. The maintenance, operations and construction of our facilities create further employment opportunities for subcontractors and suppliers, while our fuel retailing and business partner networks employ a further 25,000 people.

4. Scale up fuel distribution

We transport fuel to our customers via land and sea. We establish retail sites, investing in individual entrepreneurs and giving customers high-quality, efficient fuel. This can enable social mobility and long-term, consumer-led growth.

5. Invest for the long term

Our aim is to invest for the long term to create lasting change. This means building local capacity, particularly in terms of the safety and environment of our neighbourhoods; upskilling communities with a focus on young people, and improving lives directly via the Puma Energy Foundation. »

largest
refined product import terminal in Myanmar

5x
INCREASE IN AIR TRAVEL 2012-2015

US$100m
invested in Thilawa import terminal

Performance overview

Our continued commitment to quality fuels delivered with the highest health, safety and environmental standards is helping us stand firm in a volatile market. Our terminals both in Paraguay and Myanmar are becoming regional examples of best practice for governments and the private sector.

For a fourth consecutive year, we had zero employee fatalities at our facilities, no serious environmental spills and a reduction in greenhouse gas emissions (-3%). These are just some of the achievements that point to the rigour of our safety management systems and the wider commitment by our teams to integrity and ethics. More information on ethics and integrity can be found risk management and governance sections (see pages 110-121 and 132). Upholding these standards is fundamental to how we build public trust in our business.

Resilient economies

Our investment in sea, air and land infrastructure can open up emerging economies such as Myanmar and Mozambique to global trade; it can enable small enterprises to grow and bring vital services to those who need them. Coupled with the highest standards in quality and safety, we can stimulate socio-economic development on a vast scale.

zero

employee fatalities at Puma Energy work facilities over the past four years

US$2.0bn

invested in fuel storage infrastructure since 2010

Top: We deliver high-quality fuel through our retail sites.

Below: We are supplying aviation fuel at 11 airports in Myanmar.

The importance of infrastructure

Over a 10-year investment, we have seen this play out at Kotoka airport in Ghana where our storage facilities have helped make the airport a commercial hub in the region, all without a single safety incident in 10 years. In 2016, we began similar investments with new terminal infrastructure at San José, Guatemala and Matadi, the Democratic Republic of the Congo; our 100th terminal in Northern Ireland; and US$20 million investment in bitumen terminals in Vietnam.

Our wider impact

We directly employ 7,652 people across 47 countries, and many more through our supply chain and retail network. With local jobs for local people, we see the business value in a diverse workforce and one that has the skills needed for us to compete. As well as paying taxes in every country in which we operate, we also collect taxes on behalf of our franchisees and provide opportunities for many businesses in our supply chains.

Flagship HSSE standards

Our standards of excellence in health, safety, security and environment (HSSE) are now seen as best-in-class in many of the areas in whch we work – for example, our terminal in San Antonio,

Above: Papua New Guinea.

We employ people from

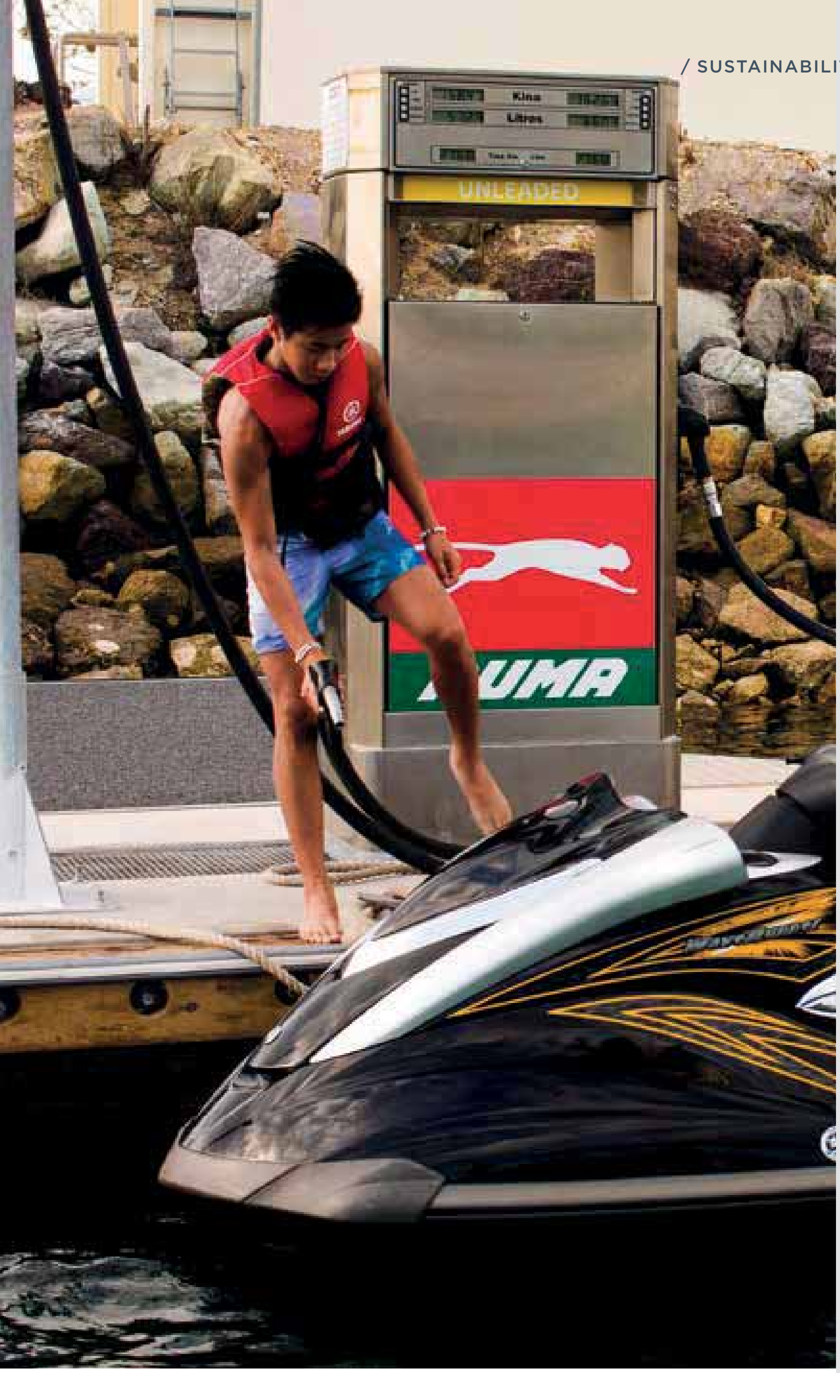
86

NATIONALITIES

20,500

businesses supplied with fuel

Above: The team in Bloemfontein, South Africa.



Paraguay has become a flagship example of safety standards for the government and other businesses to learn from. Over the year, we gained three more ISO standards for quality, environment and safety.

Digitalising safety

Our bespoke, web-based safety system, Rivo SafeGuard, gives our people and contractors the confidence that every safety incident or near-miss will be captured and acted upon. In 2016, SafeGuard reported zero fatalities at Puma Energy facilities, and a continued reduction in lost time incidents and recordable injuries. Alongside behaviour change campaigns, we can increase visibility of incidents and share lessons learnt around the business – this approach can be seen in the success of our road safety work (see pages 69, 82 and 106) and our track record on personal protective equipment for our operatives around the world.

Environmental impact

On the environment, as well as showing a robust response to the Puerto Sandino fire in Nicaragua (see page 25), we have continued our land remediation partnerships around the world – from joining the Milford Haven Waterway Environmental Surveillance Group, to our ongoing work with »

2 3 4 5

CASE STUDY

Unlocking Papua New Guinea's growth potential

Papua New Guinea is one of the world's least explored countries, culturally and geographically, with most of the population of more than seven million people living in isolated, rural communities. In July 2014, we made our entry into the market by acquiring InterOil. This venture established us as the largest entity in Downstream petroleum distribution in the country, with a geographic footprint of assets covering all market sectors, including 513k m^3 of storage capacity, a presence at 11 airports and a network of 69 retail sites.

Enabling energy security

As a remote island nation, domestic strategic storage is critical to energy security and economic development. We keep investing into the country and, in 2015, added another 86k m^3 of storage capacity, with the expansion of our refinery terminal at Napa Napa. Today, we hold more than 80% of the country's fuel storage. In 2016, we upgraded the Napa Napa refinery, an investment that will be critical to service our very important Downstream market or airports and retail sites, with ground fuels.

Investing in infrastructure

In 2015, we became the first local supplier of bitumen in the country – giving Papua New Guinea a domestic supply of road building material.

Supporting local enterprise

We have helped a number of local manufacturers develop the skill sets and competencies to supply us with international standard products. We are also now working with local distributors to transport fuel from storage terminals to retail sites.

Growing our business

Despite an economic slowdown in the country in 2016, we continue to harness the opportunities to capitalise on our expertise to bring global systems and standards of excellence into new markets and move fast where opportunities arise. Our presence in the country complements our existing global strategy of disciplined investing in fast-growing markets with a high demand for oil products, offering the opportunity to improve local infrastructure and bring supply security to remote areas.

> Although Puma Energy is still relatively new to Papua New Guinea, we've been able to prove that we were committed to invest in the country – this is not only good for our business but is good for the sustainability of the whole country.

Jim Collings
Country Manager,
Puma Energy, Papua New Guinea

Find case studies online here:
www.pumaenergy.com/en/about-us/case-studies/

3 5

CASE STUDY

One mission: two road safety partners

Road safety is a complex issue and demands a partnership approach.

In an age when sustainability must equal profitability, our community initiatives go deeper than philanthropy. It is why we, alongside our charitable Foundation, strategically invest in combating issues such as road deaths, the greatest killer of young people in Africa and a daily hazard for our many long-distance truckers.

Amend – road safety in schools

As part of a multi-year partnership, we are working with Amend, an organisation that develops, implements and evaluates evidence-based approaches to reduce the incidence of road traffic injury in Africa. Together, we are working to increase road safety for 130,000 children in schools across Malawi, Mozambique, Namibia, Botswana, Zambia, Senegal, Tanzania, Lesotho, Swaziland and Ghana.

The North Star Alliance – safety and health for truckers

Our partnership with the North Star Alliance across Africa aims to improve access to health services in order to reduce the number of truck accidents for Puma Energy's employees and improve their health conditions. Six roadside wellness centres have been set up at, or near, Impala truck stops and Puma Energy filling stations along the corridor from the port of Dar es Salaam to Tunduma. The centres provide road health and safety education services, health screening for HIV, medical check-ups for vision, hearing and reflexes. They also offer free primary healthcare to local communities.

> In addition to our comprehensive healthcare package, this model offers truck drivers essential road safety modules, paving the way to safer roadways. The support given by the Puma Energy Foundation results in more people having access to one of the most basic of human rights: health.

Ylse van der Schoot,
Executive Director, North Star Alliance

> Thanks to the Puma Energy Foundation's support of a two-year project that was completed in 2016, Amend was able to deliver our life-saving primary school-based road safety programme to 115,000 high-risk urban children in 10 countries across sub-Saharan Africa. It takes vision to support this kind of evidence-based work, and the Puma Energy Foundation has that vision.

Jeffrey Witte
Executive Director, Amend

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Below: Our work on road safety in Africa.

» El Corredor del Yaguazo to protect Puerto Rico's wetland. We rolled out more resource-efficient innovations such as LED lights on forecourts and railway sidings, and in the use of sea and rainwater. We also added lower-carbon LPG to our offer in Paraguay and Cuba, replacing kerosene and coal for household cooking.

Attracting and retaining talent

Having completed a phase of rapid expansion and acquisition, it has never been more important to ensure people feel part of the Puma Energy family – from recruitment to retirement. Recruiting local staff with knowledge of their market is invaluable, and this helps us build ties with neighbouring communities.

We recruit locally and invest in regional expertise wherever we can because knowledge of our markets and cultures is invaluable. In 2016, 99% of employees were local to the country they worked in. Having local employees with knowledge of their market is invaluable.

Thriving communities

Over the years, we have proven that we are here to invest for the long term. As well as investing in public infrastructure and access to quality fuels, we target the specific needs of individual communities. We work directly with our neighbours to improve lives on the ground. A good example is Bayamón in Puerto Rico, where, despite the animosity we inherited after the 2009

99%
OF OUR EMPLOYEES ARE LOCAL

Left: The Puma Energy Foundation supports initiatives like 'Alive and Kicking' in Ghana.

CAPECO explosion, we are now seen as a friend in the community thanks to our open-door dialogue.

A strategic investment
We invest in employability skills in our communities because it secures our future pipeline of talent. At the same time, it supports social mobility that can break generational cycles of poverty. We therefore focus our funding on education and training, as well as health and safety. We also support environmental protection programmes to support our own commitments to maintaining pristine marine and land ecosystems. For example, in Myanmar, we support the 'Empowering Youth 4 Business' programme at Yangon's Centre for Vocational Training – this will be critical to our commercial success in the region.

The Puma Energy Foundation
Our grassroots partnerships, facilitated by the Puma Energy Foundation, include 'Alive and Kicking' in Ghana where we have helped the organisation win the 2016 Social Enterprise UK International Impact Award; 'Fusades' in El Salvador, supporting farmers and their families through productivity improvements, diversification, modernisation and effective connection with the market; and 'The Prince's Trust' in the UK, addressing social and economic disadvantage across Wales by supporting unemployed young people to gain the confidence and skills they need to move into work, education, training or regular volunteering.

Community investment by the Puma Energy Foundation in 2016:

17
PROGRAMMES
(2015: 19)

US$1.1m
invested
(2015: US$1.25m)

80,000
hours of employee training
(2015: 53,000)

> **Our partnership with Puma Energy is a strong one because it is based out of shared values – a strong emphasis on harnessing individual strengths to achieve great things in a team.**

Ken Mulligan
Managing Director,
YWAM Medical Ships,
Papua New Guinea

José Munoz, aged 16.
A young customer standing in front of the national monument in El Salvador.

250

MILLION CUSTOMERS IN

47

COUNTRIES

Risk management

Fuelling the journeys of our customers in many different countries around the world means that Puma Energy faces a diverse range of political, economic, social and environmental risks. We are committed to identifying and mitigating these risks, consistently and effectively wherever we do business.

Our risk management

Our processes support Puma Energy's business goals and objectives. As we expand our operations into more global markets, selling oil products and a growing range of non-fuel items, our approach to risk management and risk governance evolves to meet not only our needs, but also those of our customers, investors and other key stakeholders.

Risk Management Framework

We have a rigorous and systematic approach to gathering risk information through our Rivo SafeGuard system, which is a comprehensive risk management tool providing accurate insight into the Group's risk management activities. The Group's Executive Committee uses the system to assess potential risks facing the Group and they review this on a quarterly basis.

The Rivo SafeGuard system helps us maintain an active and dynamic Risk Management Framework covering all our global entities, promoting a strong risk culture and empowering our local management teams across the globe to identify known and emerging risks. It enables them to assess the likelihood, impact and mitigation of these risks, and to clearly define accountability for each one.

Under the Framework, managerial responsibility for each risk is delegated to a level consistent with its severity, which means the more significant risks are handled at Group or Regional levels. The overall risk appetite of the Group is determined by the Board of Directors, who in turn are responsible for ensuring that robust processes are in place to manage all risks.

Understanding risks

We aim to audit all our entities on a country basis at least once a year. During 2016, we conducted internal audits in 30 countries covering all significant and perceived high-risk entities. The audits were conducted on site at our global entities and covered all business processes – specifically finance, business support, operations, human resources and commercial. We also ensured that the issues raised in the previous year's audits had been effectively and timely remediated.

We have a comprehensive understanding of the risks facing our business and have developed strategies to manage and mitigate them. Detailed risk profiles are available within our Rivo SafeGuard system for all countries in which the Group operates. Our 26 core risk categories are the minimum we expect all our companies to address as part of their standard risk assessment.

We reduce risk directly wherever we can (fire prevention, personal protective equipment, etc.), while for risks that cannot be fully prevented we have mitigation plans (currency hedging, business insurance, disaster recovery planning, etc.) in place. For example, in 2016 we launched our new Business Continuity Plan, with enhanced prevention and recovery systems to deal with potential threats to our operations. Our Risk Management Framework enables us to deploy our mitigation strategy, which supports the delivery of financial targets, enhancement of our reputation and safeguarding of our employees and assets, while protecting future financial security.

Health, safety, the environment and community

Puma Energy strives to operate in line with international best practice, even where that exceeds local expectations. We apply the same strict health, safety and environmental standards across our operations around the world – from manufacturing right through to distribution and delivery.

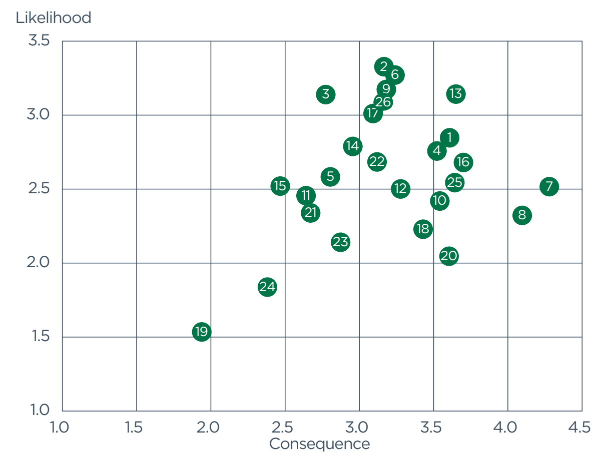
We always conduct full due diligence via our subsidiaries to assess community risk when we enter new markets. From day one, we start building relationships and create ongoing, constructive dialogue by providing job opportunities and investing in local infrastructure.

Our model of local autonomy and local recruitment makes it easier for our people to engage in constructive dialogue and to manage risks in the communities in which we operate. Having local people with knowledge of their market is invaluable, and this helps us build ties with local communities. Where the local market does not provide the skills and experience we need, we hire people from outside, but this only represents 1% of our total employees. Also, some of our non-local employees are on 'international assignments' for their personal development.

Employee policies and our Code of Business Conduct

We implement employee policies that ensure all individuals receive fair treatment while protecting their safety. These policies protect existing employees and contribute to the smooth integration of new people joining us following merger and acquisition deals or large investment programmes. Key to this successful integration is the rapid adoption of our Corporate Code of Business Conduct by all new employees.

Puma Energy Group Risk chart



Human resources risks
1 Health and safety
2 Security
3 Employees and talent management

Pricing risks
4 Commodity prices
5 Retail pricing
6 Currency risk

Operational risks
7 Environment
8 Standards
9 Business ethics
10 Natural risk
11 Stock management

Political/country/reputation risks
12 Political and country risk
13 Regulatory
14 Public storage and supply infrastructure
15 Communities

Counterparty risks
16 Customer credit risk
17 Third-party contractor management

Economic/financial risks
18 Liquidity/funding
19 Insurance
20 Supply of oil product
21 Brand/trademarks

Information technology risks
22 Systems
23 Data

Strategic risks
24 Acquisition integration
25 Loss of major customers/reliance on fewer customers
26 Construction project delays

Risk Management Framework overview

Human resources risks

IMPACT

Health and safety ① ② ③ ④ ⑤

Failure to maintain effective safety management as a priority can result in harm to our employees or contractors.

In addition to injuries and health issues, impacts may include fines and penalties, liability to employees or third parties and harm to Puma Energy's reputation.

Security ① ② ③ ④ ⑤

Failure to have robust security measures in place to deny access to unauthorised/unfit personnel from physically accessing our facilities, resources or information can constitute a serious threat for our business.

Inadequate security measures may result in physical or financial losses, unauthorised access to our facilities or offices, acts of terrorism, or harm to our employees.

Employees and talent management ① ② ③ ④ ⑤

Our ability to recruit, develop and retain talented people is crucial to the continuing growth of the business.

Failure to retain skilled employees or to recruit new employees may lead to increased costs, interruptions to existing operations and delays to new projects. This risk is particularly material for those operations newly acquired by Puma Energy.

Failure to develop people internally may result in an outflow of talent.

Prolonged industrial disputes will have an adverse effect on costs and operational results.

Pricing risks

IMPACT

Commodity prices ① ② ③ ④

Volatile crude oil prices immediately affect the costs of refined petroleum products. Where retail prices are not elastic, commodity price fluctuations pose a threat to short- and medium-term profitability.

Commodity price fluctuations create volatility on the supply side. Unpredictable swings in basic fuel indices may result in losses to Puma Energy by disrupting economic balances in the sourcing of fuels.

Retail pricing ① ② ④

Highly competitive retail markets may result in low retail margins and fluctuating consumer loyalty.

Tough local competition in the retail environment (sometimes from government-controlled entities) may affect both our profitability and our market share.

Currency risk ① ② ③ ④

As a global company with operations in 47 countries, Puma Energy's profitability is affected by currency fluctuations on international markets, both at Group and subsidiary level.

Currency volatility may result in financial losses for the Company, since Puma Energy operates in multiple currencies, some of which are not pegged to the US Dollar. Some of our business entities operate in countries with no freely convertible currency.

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Refer to page 32 for more information

MITIGATING FACTORS AND PERFORMANCE

- We monitor and actively manage our HSEC risk. One of our major risks is fire in our terminals, which we seek to mitigate by implementing regular operational controls and by installing effective firefighting systems. We also contract top industry experts to help on the ground should a major incident occur.
- In August 2016, there was a fire at one of our terminals in Puerto Sandino, Nicaragua. The incident was contained with the support of a US-based specialist independent firefighting team and there were no serious injuries.
- We had no other major incidents at our operations in 2016.
- We work with transporters to improve their own HSEC performance and encourage them to train their drivers properly, control driving hours and educate drivers on fatigue management.
- We train our employees in line with the highest international standards and actively promote a highly safety-aware culture.
- We run awareness-raising campaigns across our markets, promoting greater safety awareness both at our operations and among the wider community.
- We provide and mandate the use of Personal Protective Equipment (PPE).

- We have access to controls and alarms at our depots, facilities and offices.
- We have clear processes and procedures for visitors to follow at all our locations.
- We have installed CCTV at depots and retail sites to deter potential intruders and actively monitor and safeguard our employees and assets.
- We minimise cash balances at our retail sites and have formal cash procedures to minimise risk.
- We monitor and control in-transit product losses.

- Remuneration, reward and benefit levels at Puma Energy are regarded as competitive within the market.
- As a growing business, we can offer attractive career opportunities.
- We offer local operational autonomy and empower our employees at a local level.
- We invest in employee training and career development. Employee on-boarding workshops help employees joining from acquired businesses.
- In 2016 we sent 40 employees on MBA, Masters and short professional programmes.
- We maintain constructive dialogue with unions and worker representatives.
- We invest in programmes that support educational achievement among young people by sponsoring them through university.
- We have detailed succession plans and talent management programmes.

MITIGATING FACTORS AND PERFORMANCE

- We systematically hedge all physical products so that we are not exposed in free markets or supply-free markets.
- In regulated markets, distribution margins are fixed by the government and usually linked to return on investment formulas. Therefore, even when prices are volatile, our unit margins are protected and disconnected from oil price fluctuations.
- We actively manage and report our stock balances daily, thereby constantly limiting our potential exposure in volatile markets.

- Tight management on the supply side, together with cost control policies and procedures on local overheads, lower the break-even point.
- Diversification into new addressable markets opens up economic opportunities in less competitive sectors (such as aviation fuels and lubricants).
- We are winning customer loyalty by providing high standards of service, building the Puma Energy brand and introducing customer loyalty initiatives.
- We actively monitor our competitors and the market and have strategies in place to react to pricing fluctuations.

- Puma Energy has limited exposure to foreign trading activities and these are fully hedged. We do not hedge the equity translation risk from subsidiary earnings.
- We have a policy of tapping local funding sources in each operational region. When exposed to local currency risk, the Company hedges accordingly.

Operational risks

Operational risks	IMPACT
Environment ① ② ③ ④ ⑤ Puma Energy stores and transports hazardous, flammable and toxic materials. Seepage of polluting substances from site operations and/or in transit may, over time, harm our employees, contractors and local communities. It may also damage air quality, water purity and land and marine life.	Potential financial impacts include fines, penalties and statutory liability for environmental remediation. Governments may force closure of operations on a temporary or permanent basis or refuse future licensing applications.
Standards ① ② ③ ④ ⑤ The oil industry is highly regulated in all the countries where Puma Energy conducts business. Standards can relate to the quality of fuels, protection of the environment, the design of tank farms, the certification of tank trucks, etc. Failure to comply is harmful both to the Company's ability to retain its operating licences and to its reputation.	Higher costs or lower efficiency created by standard compliance constraints result in a direct impact on operational results and asset values. Non-compliance with global/local operating standards can directly affect our operating licences; our reputation; and our ability to attract new business or to trade with business-to-business partners who insist on standard compliance. Government authorities may force the closure of operations on a temporary or permanent basis, or refuse permit applications.
Business ethics ① ② ③ ④ ⑤ Failure to prevent acts of fraud, bribery, corruption or anti-competitive behaviour could negatively affect our reputation.	Potential impacts include prosecution and imprisonment, fines, penalties, reputational damage and financial losses.
Natural risk ① ② ③ ④ ⑤ Our offices and industrial installations can be affected by extreme weather conditions, earthquakes, disease epidemics and other natural disasters.	Physical destruction of Company assets; employee casualties; destruction of infrastructure and inability to supply areas stricken by disasters.
Stock management ① ④ ⑤ Failure to have a robust stock management system can result in product losses.	Loss of stock through damage, obsolescence or poor stock management processes and the inability to meet consumer demand on time.

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MITIGATING FACTORS AND PERFORMANCE

- We invest in modern equipment and continually monitor and maintain this equipment.
- We conduct natural and industrial risk assessments on each new activity we undertake.
- We use a bespoke safety management system, SAPS (Systems, Application and Products), at all Puma Energy terminals to monitor the frequency and severity of accidents and lost time incidents. This helps us to assess safety levels and identify potential risk factors.
- We are an active member of Oil Spill Response Ltd (OSRL), which is part of the Global Response Network, an organisation that shares effective responses to oil spills worldwide.

- We engage in dialogue with relevant experts and continually promote high standards across our global operations as a priority.
- In the interests of industrial safety, we also continuously promote Puma Energy's Safety Management System.
- Every country operation either has, or is in the process of obtaining, ISO accreditation: 61% of our terminals now hold ISO 9001 certification and 64% hold ISO 14001 certification.
- We have not experienced any issues relating to non-conformity with operating standards, nor have we been subject to any investigations or fines in 2016.

- Puma Energy has clear principles governing the way it conducts its business and expects all employees to act in accordance with its Code of Business Conduct. In 2016, we strengthened our commitment to the Code by hiring a new Compliance Manager and creating a new Ethics and Compliance Committee.
- We have a zero-tolerance approach to corruption and encourage employees, suppliers and other stakeholders to notify us if they believe the Code is at risk of being contravened. We have policies and awareness programmes in place to ensure consistent understanding of the Company's expectations.
- The Group's internal control environment is regularly reviewed by an Internal Audit team to provide assurance that controls are designed and operating effectively.
- Continuous auditing allows us to manage our operations proactively by providing management with real-time insights and alerts, highlighting any anomalies.
- We have proper segregation of duties throughout our business processes and a clear delegation of authority.
- No significant bribery, corruption or anti-competitive cases have been brought against Puma Energy.

- The Company has corporate insurance for natural disasters.
- We have emergency response plans and crisis management plans at all our locations.
- Most Puma Energy entities located in countries with a high natural risk are in 'regional clusters', so emergency responses can also be organised from neighbouring depots and subsidiaries.
- We monitor public health concerns in the countries where we operate and carry out public awareness-raising exercises where necessary.

- We have clear procedures relating to physical stock takes, stock reconciliations and daily controls, covering all inventories.
- We have formal tendering and ordering processes, and distribution contracts where required.

Political/country/reputation risks

IMPACT

Political and country risk ① ② ③ ④ ⑤

Puma Energy's business may be affected by political developments in any of the countries and jurisdictions in which we operate. Governmental instability could adversely affect the economy in our markets and hence our business, our financial condition and results.

Political instability may lead to the suspension of operations, enforced divestment, expropriation of property, cancellation of contract rights, additional taxes, import and export restrictions, foreign exchange constraints and sudden changes in industrial regulations or laws.

Regulatory ① ② ③ ④ ⑤

Changes in country regulations may bring about new operating constraints upon our business.

Puma Energy's ability to conduct business may be hampered by new constraints. This could affect our trading licences, fuel procurement, product specifications, etc.

Public storage and supply infrastructure ① ② ③ ④

Underdeveloped, unreliable or missing roads, rails, pipelines, harbours and airports may cause disruption to Puma Energy's logistics and could hamper our ability to deliver products and provide services to customers.

Inadequate infrastructure hampers our ability to operate effectively. Damaged roads or bridges may force us to split deliveries into smaller tank trucks or to delay supplies to remote areas. Poor management of public harbour facilities could generate demurrage charges and supply delays.

Communities ⑤

We rely on strong relationships with our communities to maintain our licence to operate across the diverse jurisdictions in which we do business.

Disputes with communities could arise near our operations, affecting our business directly or indirectly.

Failure to manage relationships with local communities, governments and NGOs may disrupt operations, adversely affecting the Group's reputation and undermining its social legitimacy.

Counterparty risks

IMPACT

Customer credit risk ① ② ④ ⑤

We are vulnerable to risks relating to the creditworthiness of our customers. We may be unable to collect receivables from customers if we fail to notice or act upon their inadequate financial controls.

Highly detrimental to cash flow and could result in bad debts, write-offs and revenue losses.

Third-party contractor management ③ ④ ⑤

Contractors and suppliers who do not have the resources and skills to meet our business needs or our expected cost levels, may fail to perform under our agreements.

Disruption of operations or increased costs may arise if key contractors or supplies are not available to meet operational needs. Delays in start-up of new projects may also occur.

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MITIGATING FACTORS AND PERFORMANCE

- Puma Energy seeks to maintain a politically neutral stance in all our operating jurisdictions.
- We actively monitor regulatory and political developments, both at an international level and through our local businesses.
- Puma Energy's geographic diversification limits the overall risk to the business.
- In some jurisdictions, we operate through subsidiaries and joint ventures that are part owned by state-backed or government-owned organisations. This can be both a constraint in terms of operating autonomy and an opportunity in terms of political risk management.
- Puma Energy has political risk insurance for confiscation, expropriation, nationalisation and deprivation (CEND).
- We have not experienced any changes to our business after the transition of political power in any of our markets in 2016.

- Puma Energy adheres to applicable local and international standards in all the countries in which we operate.
- By positioning ourselves as a market leader (or at least a top contender) in all countries where we do business, we maintain appropriate intelligence.
- No regulatory measures have adversely affected our business in 2016.
- We have maintained a permanent dialogue with local authorities in all the countries where we operate.

- Puma Energy always looks for solutions to avoid bottlenecks – for instance, by identifying multiple logistics routes and supply schemes to any major location.
- In Australia, where we deliver to customers across vast distances of up to 4,500km, we manage our own transport via our Directhaul business.
- We manage relationships with third-party transport companies.
- Sufficient supply infrastructure/storage capacity is in place and strategically located to service our customers.

- We proactively work with communities, empowering and encouraging managers at a local level to engage in continuous dialogue with our communities.
- The Puma Energy Foundation supports local community projects and shows our dedication and commitment to Corporate Social Responsibility.
- We promote initiatives to hire people from surrounding local communities.

MITIGATING FACTORS AND PERFORMANCE

- We undertake a full risk analysis for all prospective customers (other than retail customers) and have training and internal procedures in place to limit our credit risk.
- We offer limited credit or delayed payment terms to many of our industrial, aviation and bunkering customers, and most of our retail and wholesale customers pay in cash.
- We engage in 'know your customer' processes, invest in advanced management systems and maximise geographic and customer diversification to minimise credit losses.
- We actively monitor credit risk, and minimise our exposure by targeting and achieving an average of 10 to 15 days of sales outstanding.
- Despite the growth of the Company and the integration of new businesses, we have maintained our DSO at 12 days.
- At the same time the impact of bad debt provision has been limited, amounting to US$15 million against an annual turnover of US$12,670 million.
- We take credit insurance or use factoring systems whenever this makes sense in terms of costs/benefits.

- We always adopt a careful and considered approach in the selection and vetting of our business partners. We use our know-your-counterpart (KYC) process, an approach that helps us ascertain the legitimacy and compliance of all major prospective customers, suppliers and service providers. KYC also helps us ensure that new providers will be reliable and diligent over time.
- We work closely with our external contractors, ensuring that they provide excellent service and deliver to plan.
- We diversify our supplier base, and do not place reliance on a single source.

Economic/financial risks

	IMPACT
Liquidity/funding ① ② ③ ④ The availability of sufficient cash, in the right place and at the right time is critical to meet our financial commitments.	Cash flow problems can bring our business to a halt and curtail future investment plans.
Insurance ① ② ③ ④ Insurance transfers the risk of a loss away from us and is an essential form of risk management, primarily used to hedge against the risk of a contingent, uncertain loss.	Failure to recoup losses from insurance, resulting in a direct loss to Puma Energy.
Supply of oil product ① ② ③ ④ The ability to have the right supply of product at the right place to meet market demands.	Failure to have stock/supply of the product that we require to operate our business.
Brand/trademarks ① ② ③ ④ ⑤ Threats to our brand that make consumers choose another product or service over ours could affect the sustainability of demand for our products and services.	Consumers boycotting our products or services, political or community opposition to the brand within a geographical region limiting our ability to develop the business.

Information technology risks

	IMPACT
Systems ① ② ③ ④ We require IT systems that provide up-to-date information/data. We must ensure that those systems have a robust control environment and cannot be subject to interference.	Failure to be at the technological forefront can result in management not having the salient information required to make day-to-day business decisions, and decisions on strategies and objectives. Poor controls over IT systems impair our ability to react quickly to damage to servers, hardware or software faults.
Data ① ② ③ ④ We require real-time data to be able to act quickly and make informed business decisions. We must be able to protect our data and ensure that it is not vulnerable to manipulation or hacking.	Failure to have timely data, with data integrity we can rely upon, can adversely affect our ability to meet the Company's objectives and could result in poor decision-making.

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MITIGATING FACTORS AND PERFORMANCE

- We actively manage cash flows through accurate forecasting.
- We work with local banks to provide funding to cover working capital requirements and our investment plans and opportunities.
- We generate stable cash flows through our ongoing daily operations. We have the flexibility to decide whether to invest in capital expenditures, as in the short term our ability to generate cash flows is not bound by significant capital commitments or high mandatory maintenance costs.
- We monitor the maturity dates of existing debt and aim at maintaining a balance between continuity of funding and flexibility through the use of overdrafts and bank loans.
- As at 31 December 2016, we had US$896 million of undrawn committed borrowing facilities and 42% of our debt is due in 2021 and beyond.
- Our liquidity risk is further mitigated as a large part of our borrowing activities are related to the financing of refined oil products – products which by their nature are readily convertible into cash.

- We have extensive insurance in place, covering areas such as:
  - general liability;
  - property; and
  - business interruption.
- We also have political risk insurance to cover our operations in the event of confiscation, expropriation, nationalisation and deprivation.
- We manage insurance at a global level, unless restricted by in-country regulations, in which case we take out local insurance policies.

- We have sufficient supply infrastructure and storage capacity in place to meet changing global needs.
- We also source products from a large range of suppliers, minimising the risk of supply chain failures.
- We operate small refineries in Papua New Guinea and Nicaragua that provide crucial sources of fuel to service our needs and those of local customers in these markets. Despite a fire that affected one of our terminals in Nicaragua in 2016, we maintained supplies to local customers without interruption.

- All our retail sites are distinctly branded, as even those acquired through acquisitions have been rebranded.
- We have built our reputation by being a reliable supplier of quality products at a competitive price.
- Our investments in infrastructure ensure we can maintain consistent performance across all the countries we operate in.

MITIGATING FACTORS AND PERFORMANCE

- We use common Enterprise Resource Planning (ERP) and terminal management applications in all our businesses to limit the impact of any local IT system failure. These ensure that interchangeable skills, acquired in each business entity, can be readily put to use in any other entity.
- We have Formal Disaster Recovery Plans covering computer hardware and software.
- Our back-up generators ensure continuity of power supply to our IT systems.

- Across the business, we employ common daily reporting practices.
- There are strict access controls to our data, we employ high levels of virus protection and have robust back-up procedures.

Strategic risks

	IMPACT
Acquisition integration (1) (2) (4) We grow dynamically through acquisition. We need to ensure that risks associated with taking over new businesses are addressed and the new business is effectively and efficiently brought on-board with Puma Energy methodology.	Reputational damage and negative perceptions arising from the transaction by public and key stakeholders. Potential financial losses.
Loss of major customer/reliance on few customers (1) (2) (4) Commercial risks can arise from placing too much reliance on a few major customers, failing to manage these relationships or failing to provide competitive terms when rebidding major contracts.	Losing major customers/contracts will have a significant financial impact.
Construction project delays (1) (2) (3) (4) Our ability to do business may depend on the opening of new sites and facilities (including new retail sites, tank farms and terminals).	Loss of potential income due to delays and potential additional construction costs if projects are not effectively managed.

Above: San Salvador.

Our strategic priorities

1. EXPAND OUR OFFER TO OUR CUSTOMERS.
2. DEVELOP INTO NEW IMPORT MARKETS.
3. BUILD THE INFRASTRUCTURE TO SUPPORT OUR OFFER.
4. INTEGRATE SUPPLY, STORAGE AND DISTRIBUTION.
5. DEVELOP LOCAL STAKEHOLDER TRUST.

Refer to page 32 for more information

MITIGATING FACTORS AND PERFORMANCE

- We always ensure the timely integration of acquired businesses into the Puma Energy network, operating systems and organisation.
- Detailed integration plans are drawn up and specific integration responsibility is given to dedicated people in our existing organisation.
- We offer mentoring and coaching at all levels within the acquired businesses, as well as detailed on-boarding plans for all people involved in our acquisitions.

- We have a large and diversified customer base, with contracts in place with our major customers.
- We actively manage our relationships with our key customers to ensure their long-term business.

- We actively manage all construction projects, with a focus on costs and the timeliness of delivery.
- Our experienced local, regional and global engineering teams actively manage our relationships with all the contractors and developers involved in these projects.
- We ensure that we have contracts in place with our major contractors allowing us to claim compensation for any cost and time overruns.

Above: Africa, Tanzania Oyster Bay.

Financial review

Puma Energy's organic growth continued in 2016, with a strong performance in retail. As some of our most significant investments of recent years come to an end, we are well positioned for the long term.

Puma Energy continued to grow in 2016, and delivered a solid financial and operating performance. At the same time capital and acquisition spending has been contained. As most of the major investment projects have been completed, the Group is well positioned to capitalise on its existing asset base.

Profitability

Puma Energy increased its sales volumes significantly in 2016, mainly in the UK, Americas and Asia-Pacific. This in turn translated into higher gross profit and EBITDA. Annual gross profit increased year-on-year by 7% from US$1,496 million to US$1,601 million. Gross profit increased thanks to a 16% rise in volumes, and a slight decrease in unit margins. As operating expenses have been contained, EBITDA increased by 12%, up to US$755 million.

Downstream performance

Sales volumes were up 16% year-on-year, from 18.9 million m^3 to 22.0 million m^3 in 2016 driven by organic growth in the Americas and Asia-Pacific, and higher volumes from the UK business, acquired in mid-2015.

In particular the retail and aviation segments performed well, supported by consumption growth and new marketing developments, such as the digitalisation of activities, an improved shop offer and a renewed shop concept. At the same time, the B2B segment is facing headwinds in commodity-exporting countries, translating in lower volumes and unit margins, in particular with mining customers.

Puma Energy increased its sales volumes significantly in 2016, mainly in the UK, the Americas and Asia-Pacific.

Unit margins decreased from US$71 per m^3 in 2015 to US$66 in 2016. Unit margins were lower, due to:

1. A slowdown of activities, affecting the B2B sector in Southern Africa, Australia and Papua New Guinea.
2. A change in the geographical mix, with higher sales in the UK and the Americas, characterised by lower-than-average unit margins.
3. Further currency devaluations against the US Dollar, combined with a time-lag before regulated margin revisions took place.

Regional performance

Sales volumes increased mainly thanks to organic growth in the Americas and Asia-Pacific, as well as high volumes from the UK business acquired in mid-2015. Both gross profit and EBITDA increased across all regions, thanks to higher sales volumes and contained operating expenses. The Group's operating performance was not impacted by the fire that occurred at our Puerto Sandino terminal, in Nicaragua in August.

Capex also decreased across all regions, as several major construction projects have been completed. »

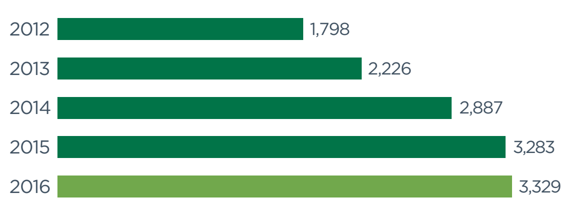
US$838m
OPERATING CASH FLOW IN 2016

FIGURE 1

EBITDA (US$m)

FIGURE 2

Net fixed assets (US$m)



Right: We continue to see good business growth in Panama.

We have built a strong business that has now truly reached a global scale, holding strong positions in key markets.

Assets

Non-current assets increased due to acquisitions in Nigeria and Ghana, and ongoing and completed terminal construction projects in Angola, Ghana, Vietnam and Australia, and the construction and rebranding of some retail sites in the Americas and South Africa. Total non-current assets as at 31 December 2016 were US$5,040 million compared to US$4,927 million as at 31 December 2015.

Total current assets have decreased slightly compared to the prior year, at US$1,879 million, as we continue to maintain our strict credit discipline and efficient inventory management.

DSO (Days of Sales Outstanding) on the total third-party receivables was 12 days in 2016 (2015: 12), despite significant growth in sales. We have not experienced any significant default from customers.

12
DAYS
of sales outstanding

US$561m
ORGANIC CAPEX
(2015: US$813m)

Equity and liabilities

Moody's has decided to upgrade the Notes to Ba2 (from Ba3), with a stable ratings outlook, while maintaining our corporate family rating (CFR) of Ba2. Fitch BB ratings have also been maintained.

Our Bond has performed well in 2016, showing our resilience in the oil and gas sector, which has had another challenging year. This underlines the fact that as a business we remain resilient to the ongoing price volatility we see in energy markets.

Puma Energy's total equity (shareholders' equity and minority interests) as at 31 December 2016 amounted to US$1,900 million (2015: US$2,072 million). This movement was the net impact of (i) the cancellation of the US$150 million unpaid share capital increase, announced in 2015 and cancelled during 2016, (ii) foreign currency translation effects, and (iii) the operating performance of Puma Energy over the past 12 months.

Current liabilities, including short-term bank borrowings, amounted to US$2,146 million (2015: US$2,295 million).

Capital structure and net debt

Compared to 2015, net debt increased slightly in 2016, whilst our leverage multiple of Net Debt/EBITDA decreased from 3.0x at 2015 year-end to 2.8x in 2016.

During 2016, the Group made another US$100 million Private Placement with Delta Lloyd and repaid secured loans in Central America and Papua New Guinea. This constitutes another step in our ongoing strategy of replacing (un)secured priority debt with unsecured HoldCo debt, ranking pari passu with the Senior Notes. We have reduced the secured OpCo debt as a percentage of our gross total debt from 65% just before our inaugural issuance of the US$ 2021 Notes, to 2% as at year-end 2016, while unsecured HoldCo debt represented 87% of Group's debt. Our aim is for Puma Energy only to have some working capital financing at OpCo level, largely in the form of short-term bilateral lines or syndicated RCF and term loans on three to five years. This also allows us to further simplify our capital structure by ensuring we have one single set of financial covenants across all our loan facilities at Group level.

At the same time, the debt maturity profile remains fairly stable with close to 40% of our debt maturing in 2021 or beyond.

Cash flow and liquidity

Puma Energy engages in activities that generate stable cash flows from our existing, strong asset base. We also maintain stable working capital ratios. This gives the Company a solid base for self-financing. Cash flow generation is further underpinned by the low level of mandatory replacement capital expenditure.

Cash flow from operations amounted to US$838 million in 2016 (2015: US$735 million), while capital expenditure has been contained and fully financed through operating cash flows.

To support further our growth strategy in 2017 and beyond, while respecting leverage guidance, the Company has renewed its Senior credit facility at US$1,550 million, including a three-year tranche of US$750 million and a US$800 million revolving credit facility. The Company will use the proceeds to finance main capex and future investments.

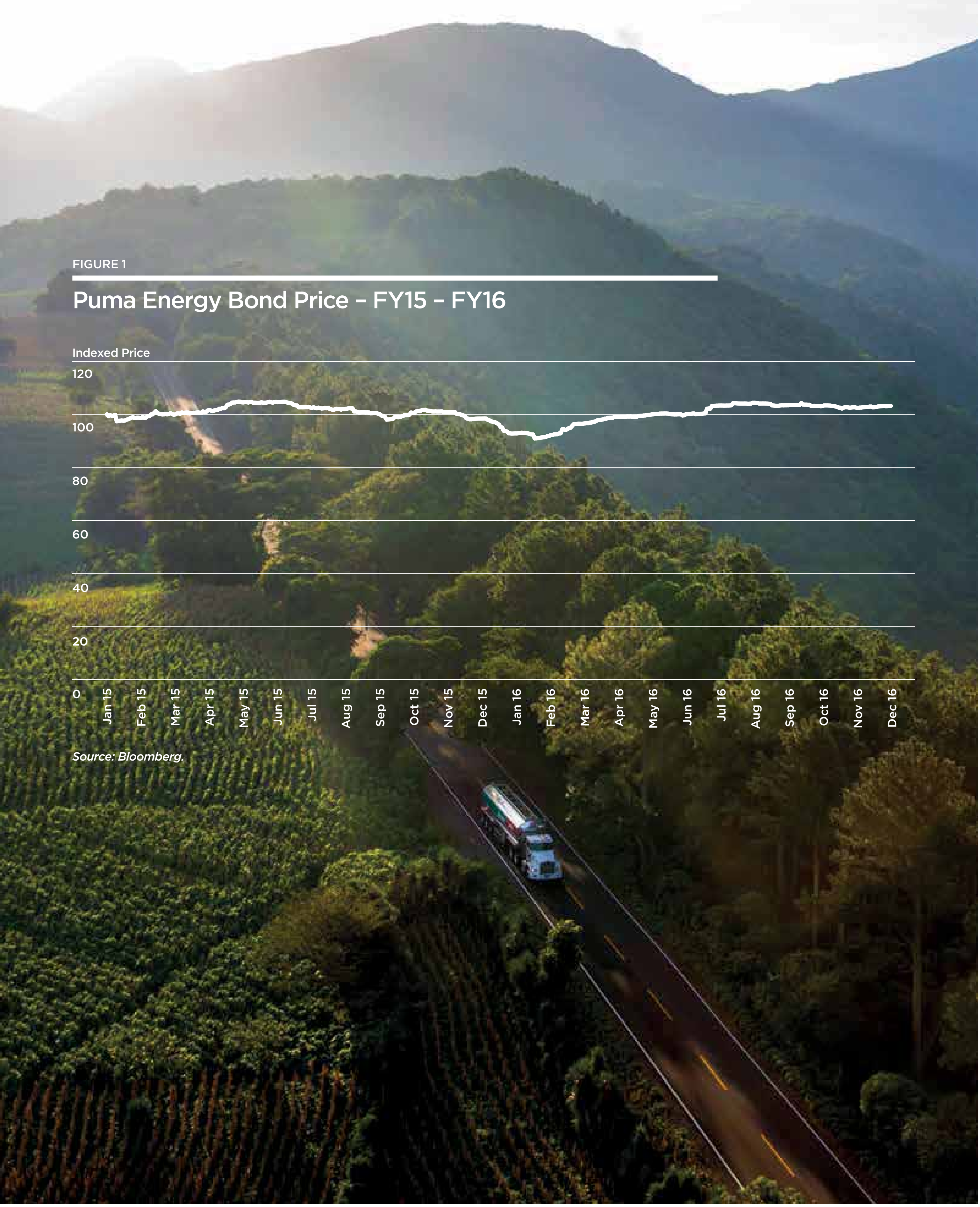
Strong global platform

Over the past few years, we have built a strong business that has now truly reached a global scale. We are performing well and hold strong positions in key markets for success in 2018 and beyond. The Group will continue to optimise and improve its existing asset base, and continue to invest in key markets and seize selected opportunities, where market conditions are favourable. This will be achieved by keeping a disciplined financing policy.

Below: Busy road network in San Salvador.

FIGURE 1

Puma Energy Bond Price – FY15 – FY16



Source: Bloomberg.

4

Governance

Corporate governance report Puma Energy is a fast-moving business with complex operations that serve customers in 47 countries. We are committed to achieving high standards of corporate governance wherever we do business.

We are developing even more robust and credible processes and practices, particularly concerning risk management, fraud, bribery prevention, tax compliance and accounting.

Graham Sharp
Chairman

Operating globally, in both mature and emerging markets, makes promoting a consistent culture of good governance across the Group even more important. Our Corporate Governance Framework allows us to implement and uphold the structures, systems and processes we need to do this effectively; and applying our corporate governance standards throughout the organisation ensures we promote best practice, support our long-term objectives and help us meet internationally recognised standards.

Transparency and compliance

We have continued our work this year in building on our rigorous corporate governance standards and promoting transparency. Our continuous auditing process gives managers real-time insights and alerts, helping them to manage their businesses more effectively and enabling us to manage risk and refine processes accordingly. Our Internal Audit and Compliance teams can conduct systematic country risk reviews and produce ongoing, real-time alerts on transactional and counterparty risk, making use of considerable output concerning customer credit and vendor relationships.

Some of our businesses operate in markets where the regulatory systems are not mature. In these cases, our Compliance and Audit Committees are responsible for good governance and transparency, and our internal and external auditing makes sure that we protect our reputation and keep our licence to operate as a good corporate citizen.

We are developing even more robust and credible processes and practices, particularly concerning risk management, fraud, bribery prevention, tax compliance and accounting. We have also appointed Andrew McClarron as our new Global Head of Compliance in 2016, further underlining our commitment to robust corporate governance standards. Andrew will lead the work we will be doing in the coming year to drive compliance and even greater consistency across our global operations.

Ownership and shareholders

We operate independently of our main shareholders and strategic partners, Trafigura, Sonangol and Cochan; however, we can draw on their management expertise and market knowledge.

Trafigura

Trafigura is one of the world's leading international commodity traders, specialising in the oil, minerals and metals markets, with 4,100 employees in 36 countries in Europe, Africa, Asia, Australia and North, Central and South America.

Founded in 1993, Trafigura is owned by its management and employees. It has achieved substantial growth in recent years, growing turnover from US$18 billion in 2004 to US$98 billion in 2016.

Trafigura's primary trading businesses are involved in the supply and transport of crude oil, petroleum products, renewable energies, coal, refined metals, ferrous and non-ferrous ores and concentrates. It is the world's second-largest independent non-ferrous trading company and the third-largest independent oil trader.

We are one of Trafigura's largest suppliers of Midstream services, such as storage and bunkering, which in turn provides Puma Energy with stable cash flows. Trafigura is a preferred supplier of petroleum products to Puma Energy and accounts for roughly two thirds of our supply.

This special relationship provides Puma Energy with preferential access to the international markets. »

For more information about Trafigura, visit: www.trafigura.com

OUR PRINCIPLES

Effectiveness

Having the appropriate balance of skills, experience, independence and knowledge of the Company and industry to discharge duties and responsibilities effectively.

Independence

Conducting corporate governance in a professional way without conflict of interest and free from any internal and external influence or pressure.

Accountability

Clarifying the conduct and accountability of management's roles and responsibilities and monitoring to ensure the alignment of management's and shareholders' interests.

PRINCIPLES TO DELIVER LONG-TERM SUCCESS

Transparency

Transparent arrangements for considering how to apply corporate reporting, risk management and internal control principles and maintaining an appropriate relationship with the Company's auditors.

Responsibility

Determining the nature and extent of risks to take in achieving its strategic objectives while maintaining sound risk management and internal control systems.

Fairness

Ensuring the protection and equal treatment of shareholders' rights, including minority and foreign shareholders' rights.

We believe our corporate governance principles will help us to deliver long-term success by facilitating effective, entrepreneurial and prudent management.

Sonangol
Established in 1976, Sonangol is ultimately a state-owned company whose mission is the management of hydrocarbon resource exploration and production in Angola. Sonangol Holdings Lda, the direct shareholder of the Puma Energy Group is governed as a private company and has strict standards to ensure efficiency and productivity.

In this context, Sonangol works to become a reference in the international market. The company's activities include exploration, development, marketing, production, transportation and refining of hydrocarbons and their derivatives. Sonangol gives us crucial expertise and knowledge of sub-Saharan African markets.

Cochan
Puma Energy has worked with Cochan since 2005 to develop retail sites in Angola, and the Angolan bitumen and B2B markets. Cochan is a leader in capital investments in high-potential markets. Its partnerships are long term and lasting to build continuous success. Other than in Puma Energy, Cochan's key investments include Biocom, DT Group, Kero and Unitel:

- Biocom produces, distributes, markets, imports and exports sugar cane, along with its derivatives and by-products.
- DT Group's business includes infrastructure, asset management, logistics, retail and trading, as well as offshore shipping.
- Kero is a state-of-the-art benchmark for supermarkets in Angola.
- Unitel is a market-leading mobile telecommunications company in Angola.

Our approach to corporate governance
Puma Energy is managed on a global basis through a network of local offices. We employ 7,652 people in 47 countries, and have implemented a structure of regional offices. Puma Energy empowers local employees to improve its effectiveness in key markets. Local decision-makers understand the conditions on the ground, which makes them best placed to respond appropriately to the challenges they face on a day-to-day basis.

Our decentralised corporate structure promotes operational flexibility by giving regional managers the ability to respond directly to customers and stakeholders and we balance this with rigorous oversight through effective information systems, comprehensive reporting and careful internal auditing. While we make most commercial and operational decisions regionally or locally, we set strategic direction centrally. Our people know and understand their roles and responsibilities – they are clearly laid out in our Delegation of Authority document.

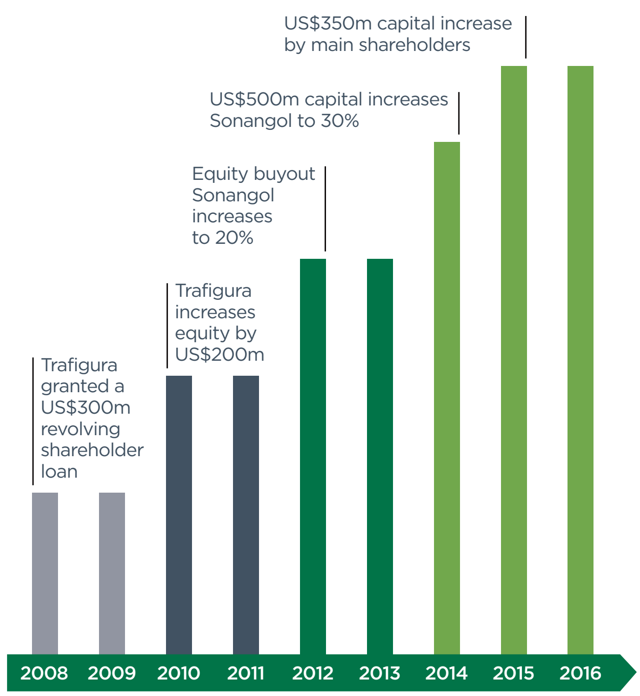
7,652
EMPLOYEES AROUND THE WORLD

Our governance objectives
Puma Energy's attitude to governance is driven by three overriding objectives. It seeks:

1. To support a performance-driven global business focused on growth.
2. To maximise our commercial flexibility by light-touch central management that empowers individual employees at a local level.
3. To balance the previous two principles by promoting a strong

Board structure

Long-term strategic shareholders



culture of governance and using effective information systems to ensure transparency and accountability.

Our Board structure and the Board

We balance our objectives with rigorous oversight. This involves effective information systems, comprehensive reporting and a networked Internal Audit department that keeps track of performance and product flows at individual business units.

Most strategic decisions are taken centrally. Commercial and operational decisions are made regionally and locally. The organisation favours short reporting lines, which encourages a dynamic culture where swift decision-making is the norm. This in turn improves reporting clarity and every employee understands the extent of their role and responsibilities.

Clarity promotes transparency, as our clear reporting lines reduce the scope for unsafe commercial practices to develop or take root. Roles, relationships, reporting lines and responsibilities are specified in a Delegation of Authorities document, which is distributed internally and updated on a regular basis and approved by our Board.

The Board of Directors

The Board comprises a Non-Executive Chairman, the Chief Executive Officer and six other Board members who represent our major shareholders. Our Board meets at least four times a year to, among other matters, set our strategy and oversee how it is implemented. The Board's main duties and responsibilities include:

- Approving the nominations of Executive Committee members and such other specialised committees as deemed necessary
- Defining Puma Energy's strategic orientation
- Approving Puma Energy's annual budget and five-year business plan, including its investment programme
- Approving investments, divestments, loans or financing equivalent to more than 3% (but less than or equal to 25%) of the total net assets of the Puma Energy Group, whether or not the projected amount is part of an announced strategy
- Reviewing information on significant events related to the Company's affairs.

Key issues our Board discussed during 2016 included:

- Acquiring and integrating the recently acquired businesses
- Approving our main projects
- Approving financing strategy and main financing arrangements
- Approving our budget and business plan for 2017-2021.

Roles and responsibilities of our Chairman and CEO

Puma Energy has had separate Chairman and Chief Executive functions since 2012. Graham Sharp has acted as Puma Energy's Non-Executive Chairman since May 2012. As Chairman, Graham Sharp is responsible for:

- Leading our Board and ensuring it makes effective decisions
- Maintaining good relations between our Board and shareholders
- Representing us in high-level discussions with governments and other important partners
- Chairing the Board's activities and our Finance and Audit Committees.

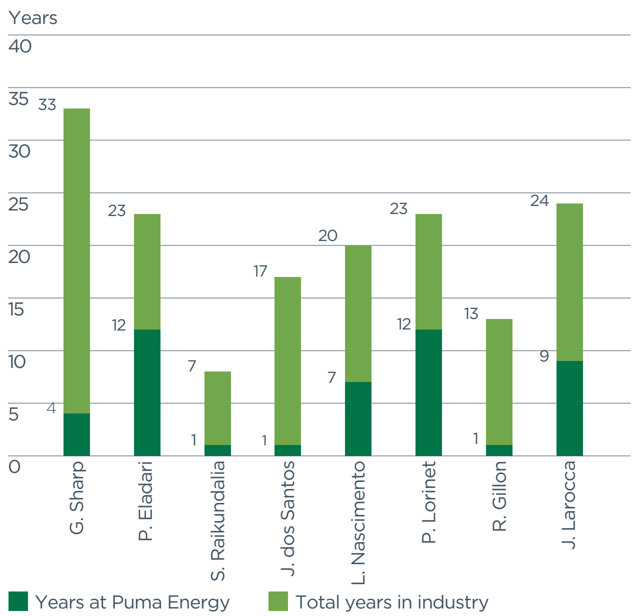
Pierre Eladari, our Chief Executive, chairs our Executive Committee. He is ultimately responsible for managing our Company, as well as being responsible for reporting our results and outlook to shareholders and the financial community. Pierre Eladari also oversees the strategic direction of the Company.

Executive team

Our highly experienced executive team takes decisions to grow our business effectively and profitably. Puma Energy has a lean and agile management structure that enables us to make quick, robust decisions »

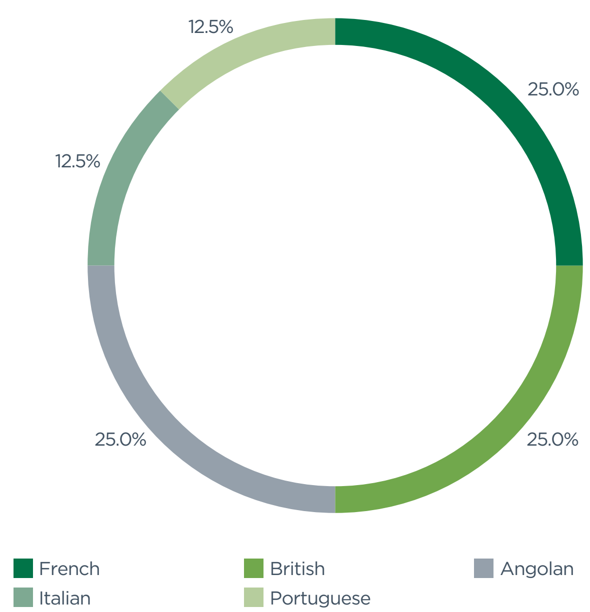
Board members' length of tenure

The graphic below provides a visual outline of our Board diversity in terms of length of tenure.



Board members by nationality

Breakdown of Board members by nationality.



Above: Pierre with the operations team.

» in a transparent way. The main duties and responsibilities of the executive team include:

- Implementing the strategic vision defined by the Board of Directors
- Providing organisational direction on behalf of the Board
- Advising the Board on decisions and business matters, ranging from strategy planning and policy to investment and risk
- Setting financial plans, monitoring and evaluating the implementation of these plans and ensuring that any necessary adjustments are made if required
- Ensuring that systems and structures are in place to provide effective management and support for employees.

See our executive team section on page 136 for details of our leadership team.

Our committees

We have appointed the following committees to ensure the smooth and effective running of our business:

- Audit Committee
- Ethics and Compliance Committee
- Finance Committee
- Health, Safety, Environment and Community Committee.

Audit Committee (i)

Members: Chair: Graham Sharp (Chairman), Christophe Salmon (CFO, Trafigura) and Mark Irwin (Director, Trafigura).

The committee meets at least twice a year and its primary role includes:

- Overseeing the financial reporting and disclosure process of the Group
- Monitoring the effectiveness of the Group's Internal Audit function and reviewing any material findings
- Overseeing the relationship with the external auditors, including agreeing their fee and assessing their independence and effectiveness
- Establishing procedures for receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters
- Engaging independent advisers as it deems necessary to carry out its duties
- Providing Board oversight of the Ethics and Compliance Committee activities.

Principal activities during the year included:

- Approving the yearly Internal Audit programme
- Proposing the appointment of Group external auditor to the Board
- Validating audit budgets for the year.

Ethics and Compliance Committee (ii)

Members: Chair: Pierre Eladari (Chief Executive Officer), Andrew McClarron (Global Head of Compliance), Denis Chazarain (Chief Financial Officer), Christophe Zyde (Group Chief Operating Officer), Jonathan Pegler (Global Head of Supply and Trading), Kerstin Knapp (Global Head of Human Resources), Antonio Mawad (Global Head of Midstream Operations).

The committee meets at least twice a year and its primary role includes:

- Review, approve and oversee the Company's programme for ethics and compliance
- Review significant ethics and compliance risks and confirm that appropriate risk management activities and plans are in place.
- Monitor the overall ethics and compliance performance in the Company
- Review the systems in place to enable staff to speak up about potential breaches of the Code of Conduct.
- Setting out and providing guidance on the culture and values of the Company in support of an effective compliance management framework
- Review significant investigations and outcomes to identify lessons learned and opportunities for systemic remediation
- Review and resolve significant ethics and compliance matters that have the potential to adversely and materially impact the Company's reputation.

Principal activities during the year included:

- Restructuring the membership and terms of reference for the Ethics and Compliance Committee.
- Recruitment of an experienced Global Head of Compliance tasked with refreshing and enhancing the Company's ethics and compliance programme.

Finance Committee (iii)

Members: Chair: Graham Sharp (Chairman), Christophe Salmon (CFO, Trafigura), Pierre Eladari (Chief Executive Officer) and Denis Chazarain (Chief Financial Officer).

The committee meets at least twice a year and its principal activities include:

- Reviewing and making recommendations to the Company in relation to matters affecting the Group's capital structure and financing, tax and treasury aspects of the Group
- Validating our external financing principles
- Reviewing KPI and monitored rating policies
- Overseeing the governance and activities of the Company's treasury functions.

Health, Safety, Environment and Community Committee (iv)

Members: Chair: Antonio Mawad (Global Head of Project Development and Sustainability), Patrick Meyer (Global Head of Corporate Affairs and Marketing), Kerstin Knapp (Global Head of Human Resources), Daniel Duffau (Operations Manager, Africa), Carlos Garcia (Regional Operations and HSE Manager), Juan Angel Diaz (General Manager).

The committee meets at least four times a year and focuses on four areas:

- Economic development
- Health and safety
- The environment
- Our people and the communities in which we work.

The committee's primary role includes:

- Advising the business on all sustainability matters
- Supervising other working groups responsible for specific strategic, technical, operational and community projects
- Reviewing historical performance indicators.

Global and local management

Our finance, liquidity management, risk management, controlling and consolidation teams are all based in our office in Geneva to maintain strict control over our finances and our exposure to risk. Other support teams, including strategy, human resources, Internal Audit, communications and sustainability (health, safety, environment and communities), are also based centrally.

Our regional offices manage our commercial activities in:

- Africa: Johannesburg, South Africa
- Latin America: San Juan, Puerto Rico
- Middle East and Asia-Pacific: Singapore
- Europe: Tallinn, Estonia.

Local general managers are responsible for day-to-day operations. Each country has a local management team and local staff, the main contacts with our customers. Our relationships with suppliers, customers and local authorities are better because we are permanently present in local markets.

Subsidiaries and joint ventures

In most countries we operate through a local subsidiary. We have more than 250 companies in more than 60 jurisdictions around the world. Most subsidiaries are either wholly owned or majority owned. In some countries, we have joint ventures with local or state-owned business. A General Manager oversees each local business, supported by regional and central functions, and they are accountable to their regional Chief Operating Officer.

Each subsidiary's Board includes at least one member of the executive team. The General Manager is not normally on the Board, unless local laws require this. For our investments in associates, the executive team chooses a Puma Energy representative on a case-by-case basis.

Each of our subsidiaries produce monthly financial accounts and mass balances to the same standard as our interim and full-year reporting.

Transparency and accountability

At Puma Energy we have an integrated information and terminal management system across the whole business.

Senior managers can see and control all transactions and product flows. We can also produce accurate live information and daily reports that give our managers an instant and detailed insight into each area of the business.

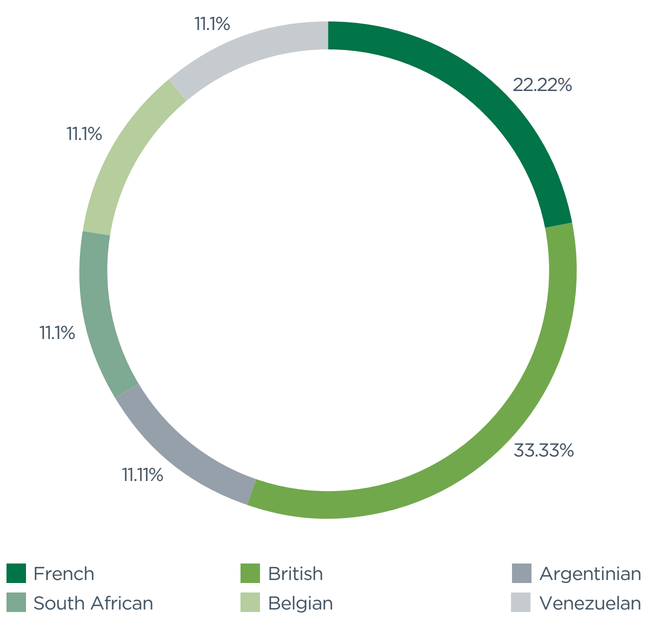
We have four pillars that support our commitment to transparency and accountability:

1. Our Delegation of Authority document sets out the balance between local decision-making and central control.
2. Our daily, weekly and monthly financial reports set high standards and emphasise continuous control.
3. Our daily cash and credit control reports ensure efficient cash management and monitor our exposure to risk.
4. Our daily mass balance reports track physical product movements. »

(i) Audit Committee
(ii) Ethics and Compliance Committee
(iii) Finance Committee
(iv) Health, Safety, Environment and Community Committee

Executive Committee nationality

Breakdown of Executive Committee by nationality.



Executive Committee length of tenure

A visual outline of length of tenure for our Executive Committee members.

Internal auditing
We have an effective Internal Audit team that works with our external auditors. It is made up of a central field audit team and a continuous audit team. The team includes certified chartered accountants (ACCA), certified internal auditors and at least one certified fraud examiner.

The Internal Audit team conducts systematic country reviews of our operations, auditing not just our economic performance, but also our social performance across a range of factors, such as environment, health and safety, customer and vendor relationships, and community relations.

We use continuous auditing across more than half of our operations, which gives our managers and the Internal Audit team real-time insights and alerts. We fast track the implementation of continuous auditing after new acquisitions, so that new subsidiaries are immediately subject to ongoing auditing.

External auditing
Ernst & Young LLP is our external auditor. For consistency and to ensure good governance, it audits all the Group and almost all local accounts.

Risk management
Our senior managers have set out how our business, including our subsidiaries, need to manage price, currency, credit, operational, human resources, information technology, counterparty and political risk. Our associates also do this. We make sure there is a consistent approach to managing risk for day-to-day operations and strategic decisions.

Directors' report
The Directors are pleased to present their Annual Report together with the audited financial statements of Puma Energy Holdings Pte Ltd. for the year ended 31 December 2016.

Principal activities
Puma Energy Holdings Pte Ltd. (the 'Company') is the holding company of the Puma Energy Group of companies (the 'Group'). The principal business activities of the Group are, inter alia, the operation of storage facilities and the sale and distribution of petroleum products globally.

Details about the Company's activities, its business model, strategy and performance, together with a description of the principal risks and uncertainties facing the Group, can be found in the following sections:

- Chairman's statement on page 22
- Chief Executive's review on page 26
- The business model and our strategic objectives on page 36
- Our progress against strategy on page 40
- Sustainability overview on page 102
- Risk management on page 110.

More information regarding the Group can be found on our website www.pumaenergy.com

Profit and dividends
Net attributable income for the year amounts to US$115 million (2015: US$175 million). No dividend was paid during 2016.

Share capital
The Company's issued ordinary share capital as at 31 December 2016 comprised 107,446,809 ordinary shares for a total amount of US$2,054 million. Details of movements in the issued share capital can be found in Note 20 to the financial statements. Each share carries the right to one vote at general meetings of the Company.

Directors' indemnities
The Company maintains Directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its Directors.

Employee involvement
We remain committed to employee involvement throughout the business. Employees are kept well informed of the performance and strategy of the Group through personal briefings, regular meetings, newsletters, personal letters home, emails and broadcasts by the Chief Executive and members of the Board to all employees at key points in the year.

Equal opportunities
The Group is committed to an active equal opportunities policy from recruitment and selection, through training and development, performance reviews and promotion to retirement.

It is our policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment practices will be objective, free from bias and based solely upon work criteria and individual merit.

The Company is responsive to the needs of its employees, customers and the community at large. We are an organisation that uses everyone's talents and abilities and where diversity is valued.

It is our policy that people with disabilities should have full and fair consideration for all vacancies. In the event of employees becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that career development of disabled persons be, as far as possible, identical to that of other employees.

Board of Directors
The Board of Directors is composed as follows:

- Graham Sharp (Chairman)
- Pierre Eladari (CEO)
- Sarju Raikundalia
- João dos Santos
- Leopoldino Fragoso do Nascimento
- Pierre Lorinet
- Robert Gillon
- José Larocca.

Directors' conflicts of interest
The Company has procedures for managing conflicts of interest in place. Should a Director become aware that they, or their connected parties, have an interest in an existing or proposed transaction with Puma Energy, they should notify the Board in writing or at the next Board meeting.

Internal controls are in place to ensure that any related party transactions involving Directors, or their connected parties, are conducted on an arm's-length basis. Directors have a continuing duty to update any changes to these conflicts.

Auditors
The reappointment of Ernst & Young LLP as auditor of the Company will be proposed at the 2017 Annual General Meeting.

Annual General Meeting
The Annual General Meeting is scheduled to take place in May 2017.

By order of the Board

Graham Sharp
Chairman, Director

Pierre Eladari
Chief Executive Officer, Director

Singapore
8 March 2017

Above: Pierre Eladari greets a customer at a retail site in Puerto Rico.

It is our policy to promote an environment free from discrimination, harassment and victimisation.

Our Board of Directors brings together energy industry professionals from around the world, who are committed to practising and promoting good governance throughout the Group.

(i) *Audit Committee*
(ii) *Ethics and Compliance Committee*
(iii) *Finance Committee*
(iv) *Health, Safety, Environment and Community Committee*

Graham Sharp (i), (iii)

NON-EXECUTIVE CHAIRMAN PUMA ENERGY

Years of experience
(Puma Energy/Industry): 4/33

Skills and experience: Graham joined the Puma Energy Board on 27 May 2012 as its independent Non-Executive Chairman. He spent his early career advising multinational clients such as Shell. Following a period trading clean petroleum products worldwide, Graham was a co-founding Board member of Trafigura. Upon his retirement in 2007, Graham continued to advise Oliver Wyman Associates and Galena Asset Management, among others. He holds a first-class honours degree in engineering, economics and management from Oxford University.

Pierre Eladari (ii), (iii)

CHIEF EXECUTIVE OFFICER PUMA ENERGY

Years of experience
(Puma Energy/Industry): 12/23

Skills and experience: Pierre joined Trafigura in 2004 and led the carve-out process of Puma Energy. Previously, he spent three years at the Boston Consulting Group on a range of international assignments. Before that Pierre was employed by Elf (now Total) in a variety of international roles in its Downstream and trading divisions. He holds an engineering degree from École Polytechnique in Paris and an engineering degree from École des Mines de Paris.

Sarju Raikundalia

CHAIRMAN AND CHIEF FINANCIAL OFFICER, SONANGOL EP

Years of experience
(Puma Energy/Industry): 1/7

Skills and experience: Sarju joined the Puma Energy Board in August 2016. He is currently CFO and a Board Member for Sonangol EP. Sarju started his career as an auditor with PricewaterhouseCoopers (Portugal) before moving to PricewaterhouseCoopers (Angola), where he was Director of Audit (Oil & Gas office) and subsequently became a partner, where he was responsible for the management of many clients including Exxon Mobil and Chevron. Sarju holds a degree in business management and a post graduate degree in Finance from Universidade Católica Portuguesa (University of Porto).

João dos Santos

PRESIDENT OF THE BOARD, SONANGOL HOLDINGS LTDA

Years of experience
(Puma Energy/Industry): 1/17

Skills and experience: João has 20 years' professional experience with 15 years in the petroleum sector, working nationally and internationally for ExxonMobil. He is currently an Executive Board Member of Sonangol EP with a responsibility for Sonangol Holdings.

Leopoldino Fragoso do Nascimento

CHAIRMAN, COCHAN

Years of experience
(Puma Energy/Industry): 7/20

Skills and experience: Leopoldino is one of Africa's foremost entrepreneurs. Since 2009, he has been a partner of Trafigura through its investment in the DT Group, which is a joint venture with Cochan. He is a founding partner of Unitel Telecom, Kinaxixe Real Estate, Zahara Logistics, Kero Supermarkets and Biocom – Bio Fuels. Leopoldino holds a degree in telecommunication engineering.

Pierre Lorinet

DIRECTOR, TRAFIGURA

Years of experience
(Puma Energy/Industry): 12/23

Skills and experience: Pierre joined Trafigura in 2002 and was appointed CFO in January 2007. Before joining Trafigura, he was employed by Merrill Lynch London and Banque Indosuez in the Middle East in various debt and capital market roles. Pierre left Trafigura in October 2015 but remains a Director on several Boards.

Robert Gillon

HEAD OF PRODUCTS TRADING AND GROUP RISK

Years of experience
(Puma Energy/Industry): 1/13

Skills and experience: Robert joined Trafigura in 2006 as a middle distillate risk manager. Since then he has traded the global paper book for distillates, before becoming Co-Head of the Distillates Desk. In 2013 Robert became a member of the Trafigura Foundation board and in 2016 was appointed to the Trafigura Trading committee.

Prior to joining Trafigura, Robert worked at Arrow and Tullett Prebon. Robert has a geography degree from Nottingham University.

José Larocca

HEAD OF OIL TRADING, TRAFIGURA

Years of experience
(Puma Energy/Industry): 9/24

Skills and experience: José Larocca was appointed to the Trafigura Management Board and Head of the Oil and Petroleum Products trading division in March 2007. He was one of the Company's earliest employees, joining Trafigura in London in 1994 on the Oil Deals Desk before taking a series of commercial roles, including as a trader of naphtha and petroleum. Prior to joining Trafigura, José worked for two years at Interpetrol, a small oil trading company in Buenos Aires.

Our Executive Committee provides strategic direction within agreed policies and business portfolios.

Pierre Eladari [ii], [iii]

CHIEF EXECUTIVE OFFICER

Twelve years at Puma Energy, 23 years in the industry

Pierre joined Trafigura in 2004 and led the carve-out process of Puma Energy, having spent three years at the Boston Consulting Group on a range of international assignments. Before that, Pierre worked for Elf (now Total) in a variety of international roles in its Downstream and trading divisions.

He holds an engineering degree from École Polytechnique in Paris and an engineering degree from École des Mines de Paris.

Denis Chazarain [ii], [iii]

CHIEF FINANCIAL OFFICER

Eight years at Puma Energy, 27 years in the industry

Denis joined Puma Energy in September 2008 as CFO. Previously, he has held various finance roles at Total (Downstream), Addax & Oryx (CFO and GM of Downstream) and Vallourec (CFO of Oil and Gas division).

Denis holds an MPhil in international relations from Panthéon-Sorbonne Université and a Masters from the Institut d'Études Politiques de Paris.

Robert Jones

CHIEF OPERATING OFFICER, ASIA-PACIFIC AND MIDDLE EAST

Twelve years at Puma Energy, 18 years in the industry

Robert joined Trafigura in 2002 as Project and Investment Manager in the oil asset division. He previously worked for Arthur Andersen and Deloitte & Touche in a variety of roles within finance and M&A.

Robert holds a first-class honours degree from the University of Cambridge and is a qualified chartered accountant (ICAEW).

Jonathan Molapo

CHIEF OPERATING OFFICER, AFRICA

One year at Puma Energy, 18 years in the industry

Jonathan joined us from Total, where he was Executive Vice President for Central and East Africa, having previously been responsible for Total's fuel and lubricants supply into South Africa. He joined Puma Energy in 2015 and has recently been appointed Chief Operating Officer for the Africa region.

Jonathan holds an economics degree from Laurentian University in Canada.

Christophe Zyde [ii]

GROUP CHIEF OPERATING OFFICER

Five years at Puma Energy, 28 years in the industry

Christophe was appointed Group Chief Operating Officer of Puma Energy this year, having joined Trafigura in 2010 and becoming Puma Energy's Chief Operating Officer for Africa in 2011. He previously worked for Umicore in a variety of operational and general management roles.

Christophe holds an engineering degree from École Polytechnique in Brussels.

> *Aviation has always been a very demanding industry, because you can't park a plane at 30,000 feet. Trust in the quality of your fuel and the quality of your operations is an absolute basic of your business.*
>
> **Christopher Zyde**
> Group Chief Operating Officer

(i) *Audit Committee*
(ii) *Ethics and Compliance Committee*
(iii) *Finance Committee*
(iv) *Health, Safety, Environment and Community Committee*

/ GOVERNANCE /

Antonio Mawad (ii), (iv)

GLOBAL HEAD OF MIDSTREAM OPERATIONS

Three years at Puma Energy, 33 years in the industry

Antonio started his career in 1983 with PDVSA-Venezuela and has worked in a variety of roles across engineering, refinery operations, logistical optimisation, and supply networks – joining Petroplus in Switzerland in 2007 and Puma Energy in 2013.

He holds a chemical engineer title from Simón Bolívar University in Caracas and an engineering degree in oil refining from the French Petroleum Institute in Paris.

Puma Energy doesn't ponder and strategise for months or years on end. When we identify an opportunity, we use the right level of due diligence for a commercial risk; then get on and do it.

Raymond Taylor
General Manager,
Australia

Raymond Taylor

GENERAL MANAGER, AUSTRALIA

Three years at Puma Energy, 33 years in the industry

Raymond joined the Trafigura Group in 2011 before being appointed to the role of Puma Energy's Australia General Manager in 2013. He was appointed to the Group Executive Committee in 2016. He previously worked for BP as CEO Asia LPG and the C&I Business in the UK.

Raymond holds a chemistry degree from Curtin University, Perth.

www.pumaenergy.com/en/about-us/leadership-team

(i) *Audit Committee*
(ii) *Ethics and Compliance Committee*
(iii) *Finance Committee*
(iv) *Health, Safety, Environment and Community Committee*

A clear focus and the strong commitment from the Americas' motivated and professional team were the key to our success in 2016.

Rodrigo Zavala
Chief Operating Officer, Americas

Rodrigo Zavala

CHIEF OPERATING OFFICER, AMERICAS

Five years at Puma Energy, 24 years in the industry

Rodrigo joined Puma Energy in 2011 to lead the merger of Exxon's Centam storage facilities into the business, and then became our General Manager in Paraguay and was appointed COO for the Americas in 2014. He started in a finance role at Shell before spending 11 years at Petrobras in M&A, refinery logistics planning and marketing in Argentina, Brazil and Chile.

Rodrigo holds an economics degree from Universidad de Belgrano and an MBA from Universidad del CEMA in Argentina.

Jonathan Pegler (ii)

GLOBAL HEAD OF SUPPLY AND TRADING

Two years at Puma Energy, 24 years in the industry

Before joining Puma Energy in 2015, Jonathan was global co-head of crude trading and head of oil Asia for Trafigura, based in Singapore. Prior to Trafigura, he worked for four years at Amerada Hess and nine years at BP, managing trading portfolios for products and risk management of its European Downstream system.

Jonathan graduated from City University in London with a BSc in aeronautical engineering.

5

Financial statements

THE NUMBERS THAT ENSURE WE CAN MAKE A DIFFERENCE FOR OUR CUSTOMERS


PUMA

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF INCOME

For the years ended 31 December

in US$'000	Notes	2016	2015
Continuing operations			
Net sales	9.1, 25	12,669,511	12,686,410
Cost of sales	25	(11,068,913)	(11,190,655)
Gross profit		**1,600,598**	**1,495,755**
Selling and operating costs	9.2	(1,022,643)	(1,016,604)
General and administrative expenses	9.3	(169,332)	(167,939)
Other operating income	9.4	1,295	39,962
Other operating expenses	9.4	(37,350)	(12,261)
Share of net profits of associates	8.2	10,581	3,132
Operating profit		**383,149**	**342,045**
Finance income	9.5	8,651	10,431
Finance costs	9.6	(228,263)	(211,164)
Net foreign exchange (losses)/gains		(14,890)	25,777
Profit before tax		**148,647**	**167,089**
Income tax (expense)/credit	10.1	(32,282)	9,762
Profit for the year		**116,365**	**176,851**

Attributable to:			
Owners of the parent		114,594	174,715
Non-controlling interests		1,771	2,136

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the years ended 31 December

in US$'000	2016	2015
Profit for the year	**116,365**	**176,851**
Other comprehensive loss		
Exchange differences on translation of foreign operations, net of tax	(121,106)	(461,215)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(121,106)**	**(461,215)**
Re-measurement gains on defined benefit plans, net of tax	130	148
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**130**	**148**
Total comprehensive loss for the year, net of tax	**(4,611)**	**(284,216)**
Attributable to:		
Owners of the parent	(4,926)	(262,876)
Non-controlling interests	315	(21,340)

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the years ended 31 December

in US$'000	Notes	2016	2015
Assets			
Non-current assets			
Property and equipment	11	3,328,833	3,282,707
Intangible assets and goodwill	12	1,342,091	1,304,960
Investments in associates	8.2	94,473	71,170
Other financial assets	15, 25	31,257	36,733
Deferred tax assets	10.5	100,543	73,187
Other assets	16, 25	143,264	158,131
Total non-current assets		**5,040,461**	**4,926,888**
Current assets			
Inventories	14	745,258	614,974
Other assets	16, 25	229,614	459,602
Income tax receivable	10.4	17,569	20,090
Trade receivables	17, 25	528,107	543,769
Other financial assets	15, 25	22,462	69,397
Cash and cash equivalents	18	335,656	281,209
Assets classified as held for sale	19	–	9
Total current assets		**1,878,666**	**1,989,050**
Total assets		**6,919,127**	**6,915,938**
Equity and liabilities			
Equity			
Share capital	20	2,054,166	2,204,166
Retained earnings		629,986	535,233
Foreign currency translation reserve		(861,306)	(741,616)
Other components of equity		(1,840)	(123)
Equity attributable to owners of the parent		**1,821,006**	**1,997,660**
Non-controlling interests		79,389	73,995
Total equity		**1,900,395**	**2,071,655**
Non-current liabilities			
Interest-bearing loans and borrowings	21	2,714,904	2,366,885
Retirement benefit obligations		6,002	6,251
Other financial liabilities	23	41,177	46,703
Deferred tax liabilities	10.5	59,548	62,760
Provisions	22	51,047	66,365
Total non-current liabilities		**2,872,678**	**2,548,964**
Current liabilities			
Trade and other payables	24, 25	1,631,727	1,556,820
Interest-bearing loans and borrowings	21	421,081	525,489
Other financial liabilities	23	39,267	154,352
Income tax payable	10.4	39,235	42,478
Provisions	22	14,744	16,180
Total current liabilities		**2,146,054**	**2,295,319**
Total liabilities		**5,018,732**	**4,844,283**
Total equity and liabilities		**6,919,127**	**6,915,938**

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the years ended 31 December

In US$'000	Notes	Attributable to owners of the parent: Share capital	Retained earnings	Foreign currency translation reserve	Other components of equity	Total	Non-controlling interest	Total equity
At 1 January 2016		**2,204,166**	**535,233**	**(741,616)**	**(123)**	**1,997,660**	**73,995**	**2,071,655**
Profit for the year		–	114,594	–	–	114,594	1,771	116,365
Other comprehensive loss		–	–	(119,690)	170	(119,520)	(1,456)	(120,976)
Total comprehensive loss		**–**	**114,594**	**(119,690)**	**170**	**(4,926)**	**315**	**(4,611)**
Cancellation of shares		(150,000)	–	–	–	(150,000)	(1,475)	(151,475)
Dividends		–	–	–	–	–	(4,691)	(4,691)
Deemed distribution to shareholder		–	(25,465)	–	–	(25,465)	–	(25,465)
Share based payments		–	7,998	–	–	7,998	–	7,998
Acquisitions/disposals of non-controlling interests	6.5	–	(4,261)	–	–	(4,261)	3,761	(500)
Reclassification of other comprehensive income to retained earnings		–	1,887	–	(1,887)	–	–	–
Acquisitions of subsidiaries	6.2	–	–	–	–	–	7,883	7,883
Other		–	–	–	–	–	(399)	(399)
At 31 December 2016		**2,054,166**	**629,986**	**(861,306)**	**(1,840)**	**1,821,006**	**79,389**	**1,900,395**

In US$'000	Notes	Attributable to owners of the parent: Share capital	Retained earnings	Foreign currency translation reserve	Other components of equity	Total	Non-controlling interest	Total equity
At 1 January 2015		**1,704,166**	**372,698**	**(303,873)**	**(275)**	**1,772,716**	**98,923**	**1,871,639**
Profit for the year		–	174,715	–	–	174,715	2,136	176,851
Other comprehensive loss		–	–	(437,743)	152	(437,591)	(23,476)	(461,067)
Total comprehensive loss		**–**	**174,715**	**(437,743)**	**152**	**(262,876)**	**(21,340)**	**(284,216)**
Issuance of share capital		500,000	–	–	–	500,000	–	500,000
Dividends		–	(17,000)	–	–	(17,000)	(4,803)	(21,803)
Acquisitions/disposals of non-controlling interests	6.5	–	4,820	–	–	4,820	7,046	11,866
Acquisitions of subsidiaries	6.2	–	–	–	–	–	1,573	1,573
Other		–	–	–	–	–	(7,404)	(7,404)
At 31 December 2015		**2,204,166**	**535,233**	**(741,616)**	**(123)**	**1,997,660**	**73,995**	**2,071,655**

FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOWS

For the years ended 31 December

in US$'000	Notes	2016	2015
Operating activities			
Profit before tax		**148,647**	**167,089**
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property and equipment	9.2, 11	306,567	321,504
Amortisation and impairment of intangible assets	9.2, 12	40,453	43,632
Gain on business combination	9.4	–	(35,522)
Tangible and intangible fixed assets written off	11,12	21,194	2,578
Gain on disposal of assets and investments	9.4	(1,295)	(1,419)
Net interest expense	9.5, 9.6	206,575	188,460
Dividend income	9.5	(2,514)	(2,005)
Share of net profit of associate	8.2	(10,581)	(3,132)
Provisions		(49)	(10,906)
Changes in value of derivative financial instruments		94,224	(9,603)
Working capital adjustments:			
Decrease/(increase) in trade, other receivables and prepayments		134,192	(14,701)
Decrease/(increase) in inventories		(153,777)	(42,369)
(Decrease)/increase in trade, other payables and accrued expenses		108,991	181,126
Interest received	9.5	6,137	8,426
Dividends received from associates		1,422	1,260
Income tax paid		(61,949)	(59,518)
Net cash flows from operating activities		**838,237**	**734,900**
Investing activities			
Net proceeds from sale of assets and investments		51,255	8,160
Purchase of intangible assets	12	(37,817)	(53,874)
Purchase of property and equipment	11	(612,552)	(820,781)
Acquisitions of subsidiaries, net of cash acquired	6.3	(132,234)	(260,843)
Investments in associates and financial investments	8, 15	(3,933)	(12,953)
Dividends received		2,514	2,005
Net cash flows used in investing activities		**(732,767)**	**(1,138,286)**
Financing activities			
Loans (granted)/reimbursed	21	(9,739)	(13,414)
Proceeds from/(repayment of) borrowings	21	137,226	61,802
Proceeds from bond issuance	21	100,000	–
Proceeds from equity increase/(reduction) in equity	20	(1,475)	349,963
Interest paid		(209,053)	(194,054)
(Acquisition)/divestment of non-controlling interests	6.5	(500)	21,866
Dividends paid		(4,691)	(21,803)
Deemed distribution to shareholder		(25,465)	–
Net cash flows from financing activities		**(13,697)**	**204,360**
Net increase/(decrease) in cash and cash equivalents		91,773	(199,026)
Effects of exchange rate differences		(37,326)	3,407
Cash and cash equivalents at 1 January	18	281,209	476,828
Cash and cash equivalents at 31 December	**18**	**335,656**	**281,209**

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Puma Energy Holdings Pte Ltd (the "Company") was incorporated in Singapore as a private company limited by shares on 2 May 2013. The registered office of the Company is 1 Marina Boulevard #28–00, One Marina Boulevard, Singapore 018989.

The principal business activities of the Company and its subsidiaries (the "Group") are the ownership and operation of storage facilities for, and the sale and distribution of, petroleum products.

The Group is ultimately owned by Trafigura Beheer BV (49.49%), Sonangol Holdings Lda (27.92%), Cochan Holdings LLC (15.45%) and other investors (7.14%).

During 2015, three new investment vehicles (Global PE Investors PLC, PE SPV Ltd and PE ESP Ltd) entered into the share capital of Puma Energy Holdings Pte Ltd. The Group also made a US$500million equity increase with its main shareholders Trafigura Beheer BV, Sonangol Holdings Lda and Cochan Holdings LLC, of which US$150million remained outstanding at 31 December 2015.

In 2016, the unpaid portion of US$150million has been cancelled.

2. Accounting methods

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a historical cost basis, except derivative financial instruments that have been measured at fair value and those inventories that qualify for fair value accounting using the IAS 2 *Inventories* exemption.

The Group had current assets of US$1,879million and current liabilities of US$2,146million at 31 December 2016 (2015: current assets of US$1,989million and current liabilities of US$2,295million). Despite the fact the Group's current liabilities exceeded the Group's current assets, the Group has access to various undrawn loan facilities as described in Note 27.2 and therefore the Group's consolidated financial statements have been prepared on a going concern basis.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at 31 December 2016. 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.

Specifically, the Group controls an investee if and only if the Group has all of the following:

— Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
— Exposure, or rights, to variable returns from its involvement with the investee.
— The ability to use its power over the investee to affect its returns.

When the Group has 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:

— The contractual arrangement with the other vote holders of the investee.
— Rights arising from other contractual arrangements.
— The Group voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group accounting policies. All intra-Group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. 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 the assets (including goodwill) and liabilities of the subsidiary.
— Derecognises the carrying amount of any non-controlling interests.
— Derecognises the cumulative translation differences recorded in equity.
— Recognises the fair value of the consideration received.
— Recognises the fair value of any investment retained.
— Recognises any surplus or deficit in profit or loss.
— Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

2. Accounting methods continued
2.3 Summary of significant accounting policies
a) Business combinations
Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed, are recognised at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively.
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests which are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (e.g. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

b) Foreign currency translation
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.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates prevailing at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate in effect at the closing date of each reporting period. These items are recorded, according to their nature, either as components of finance income or finance costs in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates 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 is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Group companies
The presentation currency of the Group is the US$. Consolidated statement of financial position items are translated into US$ at the exchange rate applicable on the date of closure of the reporting period, and consolidated statement of income items are translated using the average exchange rate over the reporting period. Foreign exchange differences arising on translation for consolidation are recognised in other comprehensive income and included in consolidated shareholders' equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

c) Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

d) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power 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 unanimous consent of the parties sharing control.

Interest in joint operations are recorded according to IFRS 11 *Joint Arrangements*:

- Assets, including its share of any assets held jointly.
- Liabilities, including its share of any liabilities incurred jointly.
- Revenue from the sale of its share of the output arising from the joint operation.
- Share of the revenue from the sale of the output by the joint operation.
- Expenses, including its share of any expenses incurred jointly.

The results of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The requirements of IAS 39 *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

e) Goodwill

Goodwill is measured as being the excess of the aggregate of the consideration transferred, the amount recognised for any non-controlling interest and the acquisition-date fair values of any previously held interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units or group of cash generating units expected to benefit from the combination's synergies.

Following initial recognition, goodwill is measured at cost less any impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit or group of cash generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash generating units is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period. For the impairment test, see note 13.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

2. Accounting methods continued
2.3 Summary of significant accounting policies continued
e) Goodwill continued
Goodwill may also arise upon investments in associates, being the surplus of the cost of investments in associates. Goodwill is included in the carrying amount of the investment in an associate and is neither amortised nor individually tested for impairment.

f) Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised according to the straight-line method for the periods corresponding to their expected useful lives. Intangible assets are mainly comprised of software licences (useful lives ranging from 3 to 5 years) and certain long term concession rights related to land usage (useful lives ranging from 33 to 99 years).

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from 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 profit or loss when the asset is derecognised.

g) Property and equipment
Property and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property and equipment.

Land and buildings are accounted for under the cost model. Hence no revaluation is carried out, in line with IAS 16 *Property, Plant and Equipment*.

Depreciation is provided on a straight-line basis over estimated useful lives of the respective assets, taking into account the residual value. The estimated useful lives are:

Buildings	33 years
Machinery and equipment	3 to 20 years
Other fixed assets	1 to 5 years

The expected useful lives of property and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

h) Impairment of non-financial assets
The Group assesses its non-financial assets at each reporting date for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable and, as a result, charges for impairment are recognised in the Group results from time to time.

Such indicators include changes in the Group business plans, changes in commodity prices leading to sustained unprofitable performance, an increase in the discount rate, low asset utilisation, evidence of physical damage and, for petroleum related properties, significant downward or upward revisions of estimated volumes.

The assessment for impairment entails comparing the carrying value of the asset or cash-generating unit with its recoverable amounts being the higher of fair value less costs to sell and value in use. A cash-generating unit is the smallest group of assets whose continued use generates cash inflows which are largely independent of cash inflows generated by other groups of assets. Value in use is usually determined on the basis of discounted estimated future net cash flows. When the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates and the outlook for global or regional market supply-and-demand conditions for petroleum products. The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years.

Goodwill and intangible assets with an indefinite useful life are subject to an annual impairment test, or more frequently, if there are indications of a loss in value.

For assets, excluding goodwill and intangible assets with an indefinite life, an assessment is made at each reporting date of whether there is an impairment and if such an indication exists, an impairment test is carried out.

If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Impairment losses relating to goodwill cannot be reversed in future periods.

i) Financial assets

Financial assets are recognised initially at fair value, plus transaction costs, except in case of financial assets recorded at fair value through profit or loss. The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. Usually, the difference between amortised cost and the nominal amount of receivables is not material. Gains and losses are recognised in profit or loss in finance costs when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised when the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, at which time the cumulative loss is reclassified to profit or loss in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the effective interest rate method.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39 *Financial Instruments: Recognition and Measurement.*

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in finance income or finance costs (as appropriate) in profit or loss. Financial assets designated upon initial recognition at fair value through profit or loss are designated at the initial recognition date and only if the criteria set out in IAS 39 *Financial Instruments: Recognition and Measurement* are satisfied. The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Derecognition

A financial asset as defined under IAS 32 *Financial Instruments: Presentation* is totally derecognised (removed from the consolidated statement of financial position) when, for instance, the Group expects no further cash flow to be generated by it and transfers substantially all risks and rewards attached to it.

In the case of trade receivables, a transfer without recourse in case of payment default by the debtor is regarded as a transfer of substantially all risks and rewards of ownership, thus making such receivables eligible for derecognition under IAS 39 *Financial Instruments: Recognition and Measurement*, on the basis that risk of late payment is considered marginal.

Amortised cost

Amortised cost is calculated using the effective interest rate method less any reductions (direct, or in the form of a provision) for impairment or uncollectibility. The calculation takes into account any premium and discount at the time of acquisition, as well as transaction costs and fees forming an integral part of the effective interest rate.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of impairment losses on financial assets carried at amortised cost is calculated as the difference between the carrying amount of the asset and the best possible estimate of the future cash flows, discounted at the effective rate of interest of the financial instrument determined on the initial recognition of the instrument. If the decrease in impairment relates to an objective event occurring after the impairment was recognised, a previously recognised impairment loss is reversed to a maximum of the amount required to carry the asset at amortised cost at the time of the reversal if no impairment had taken place. The impairment loss reversal is taken to profit or loss.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

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

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss. Increases in their fair value after impairments are recognised directly in other comprehensive income.

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

The amount of impairment losses on investments in equity instruments carried at cost is calculated as the difference between the carrying amount of the financial asset and the best possible estimate of the future cash flows, discounted at the current cost of capital for a similar asset. A previously recognised impairment loss is reversed if the removal of the indication of impairment is shown objectively.

j) Financial liabilities
All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39 *Financial Instruments: Recognition and Measurement*. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss should be designated at the initial recognition date and only if the criteria set out in IAS 39 *Financial Instruments: Recognition and Measurement* are satisfied.

Other financial liabilities
Following initial measurement, other financial liabilities are carried at amortised cost using the effective interest rate method. This category includes loans with original maturities greater than one year. Gains or losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

Derecognition
A financial liability is derecognised when the associated obligation is discharged, cancelled or expires.

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

k) Derivative financial instruments
The Group utilises derivative financial instruments (shown separately in the consolidated statement of financial position under other financial assets and other financial liabilities) to economically hedge its primary market risk exposures, primarily risks related to commodity price movements, and to a lesser extent, related to exposure to foreign currency exchange and interest rate movements. For some of these derivative transactions, the Group will enter into positions through Trafigura Pte Ltd. The Group has an agreement in place with Trafigura Pte Ltd whereby those derivative transactions entered into on behalf of the Group by Trafigura Pte Ltd are contractually binding to the Group and therefore any gains or losses arising from such transactions are strictly for the account of the Group.

Derivatives, including separated embedded derivatives, are classified as held for trading at fair values and related gains and losses are recorded in profit or loss unless they are designated as effective hedging instruments as defined by IAS 39 *Financial Instruments: Recognition and Measurement*. The Group does not generally apply hedge accounting as defined by IAS 39 *Financial Instruments: Recognition and Measurement*.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only 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.

Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include: using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis; or other valuation models.

Current versus non-current classification
Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (e.g. the underlying contracted cash flows).

- Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistent with the cash flows of the host contract.

l) Inventory
Inventories, other than inventories held for trading purposes, are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses. Borrowing costs are not included in the cost of inventory.

Net realisable value of petroleum products is based on the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition.

Any write-off is recognised when the probable realisable value is lower than the net book value.

With respect to inventories held for trading purposes, the Group accounts for them at fair value less costs to sell and any changes in value are recognised in profit or loss. Trading activities include optimisation of the Group's supply cycle and the supply of petroleum products to business-to-business and wholesale clients. Further details are provided in Note 14.

m) Leases
The Group as lessee
Finance leases, which transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

The Group as lessor
Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

n) Cash and short term deposits
Cash and short term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short term deposits with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short term deposits as defined above.

o) Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

p) Pensions and other post-employment benefits
Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Group. Deferred bonus arrangements that have a vesting date more than 12 months after the period end are valued on an actuarial basis using the projected unit credit method and amortised on a straight-line basis over the service period until the awards vest.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

2. Accounting methods continued
2.3 Summary of significant accounting policies continued
p) Pensions and other post-employment benefits continued

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Unvested past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. Past service costs are recognised immediately if the benefits have already vested immediately following the introduction of, or changes to, a pension plan. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognised in profit or loss during the period in which the settlement or curtailment occurs.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long term market returns on plan assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year.

Actuarial gains and losses are recognised in full within other comprehensive income in the year in which they occur.

The defined benefit pension plan surplus or deficit in the consolidated statement of financial position comprises the total for each plan at the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and, in the case of quoted securities, is the published bid price.

Contributions to defined contribution schemes are recognised in profit or loss in the period in which they become payable.

q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Revenue is reduced for estimated customer returns, discounts and other similar allowances. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold.
- Revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

r) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised in other comprehensive income is also recognised in other comprehensive income and not in profit or loss.

Deferred tax

Deferred tax assets and liabilities are recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date and for operating loss and tax credit carry forwards. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 reassessed 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. The effect on deferred tax assets and liabilities of changes in tax rates is recognised in profit or loss in the period of the enactment of the change in tax rates.

Tax exposure

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities and such changes to tax liabilities will impact tax expense in the period that such a determination is made.

s) Share based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in employee benefits expense, together with a corresponding increase in equity (retained earnings), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group consolidated financial statements in conformity with IFRS 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 at the date of the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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.

In particular, the Group has identified the following areas where significant judgements, estimates and assumptions are required. Changes in these assumptions may materially affect the consolidated financial position or performance reported in future periods. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements.

Impairment of assets

In accordance with IAS 36 *Impairment of Assets*, the Group performs an assessment at each reporting date to determine whether there are any indications of impairment at each reporting date. If indications of impairment exist, an impairment test is performed to assess the recoverable amount of the assets.

Goodwill impairment

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit, and a suitable discount rate, in order to calculate present value. Details of the Group goodwill impairment assessment at 31 December 2016 and 2015 are described in Note 13.

Useful lives of intangible assets and property and equipment

Intangible assets and property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The useful lives are estimated by management at the time the assets are acquired and are reassessed annually, with the estimated useful lives being based on historical experience with similar assets, market conditions and future anticipated events.

The actual useful lives might be different from the estimated useful lives. The related carrying amounts at 31 December 2016 and 2015 are disclosed in Note 11 and Note 12.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

3. Significant accounting judgements, estimates and assumptions continued

Environmental costs
Costs associated with environmental remediation obligations are provided for when the Group has a present obligation and the provision can be reasonably estimated. Such provisions are adjusted as further information develops or circumstances change. The related carrying amounts at 31 December 2016 and 2015 are disclosed in Note 22.

Recovery of deferred tax assets
Judgement is required in determining whether deferred tax assets should be recognised in the consolidated statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable earnings in future periods, in order to utilise recognised deferred income tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, oil and natural gas prices, reserves, operating costs, decommissioning costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction.

To the extent that future cash flows impacting the taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

In addition, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

Pension benefits obligation
The accounting policy applied by the Group for defined benefit pension schemes requires management to make judgements as to the nature of such benefits provided by each scheme which thereby determines the classification of each scheme. The cost of defined benefit pension plans and the present value of the pension obligation are required to be determined annually using actuarial valuations. An actuarial valuation involves making various estimates and assumptions. These include the determination of the future returns on each different type of scheme asset, the discount rate, future salary increases, employee attrition rates, mortality rates, expected remaining periods of service of employees and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Determination of fair values in business combinations
The Group has applied estimates and judgements in order to determine the fair value of assets acquired and liabilities and contingent liabilities assumed by way of a business combination.

The value of assets, liabilities and contingent liabilities recognised at the acquisition date are recognised at fair value. In determining fair value the Group has utilised valuation methodologies including discounted cash flow analysis market value assessments or replacement value by third parties for, in particular, acquired property and equipment. The market value of property and equipment is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The assumptions made in performing these valuations include assumptions as to discount rates, foreign exchange rates, commodity prices, the timing of development, capital costs, and future operating costs. Any significant change in key assumptions may cause the acquisition accounting to be revised including the recognition of additional goodwill or a discount on acquisition.

4. Significant events

US$100million Private Placement
In January 2016, the Group entered into a US$100million Private Placement with Delta Lloyd, at a fixed interest rate of 5.87% per year, which matures in 2023.

Storage assets in Nigeria
In January 2016, the Group acquired the storage assets of Wabeco in Nigeria. Wabeco keeps a 40% stake in the legal entity, which owns two import terminals and distributes bitumen in Nigeria.

Acquisition of Grace Petroleum
In April 2016, the Group acquired Grace Petroleum, a retail distribution company in Ghana.

Senior Credit Facility refinancing
In May 2016, the Group refinanced and increased its Senior Credit Facility from US$1.25billion to US$1.55billion.

Equity increase
In October 2015, the Group issued a US$500million capital increase with its main shareholders, Trafigura Beheer BV, Sonangol Holdings Lda and Cochan Holdings LLC, with $350million having been paid at the end of 2015. The outstanding portion of US$150million of this capital increase was cancelled in April 2016.

Transfer of storage and distribution contracts
In July 2016, certain contracts for the rental of storage facilities and the distribution of bitumen products in the United States have been transferred from Trafigura Group to the Group. These contracts were transferred at no cost.

Acquisition in Tanzania
In December 2016, the Group acquired a network of 13 retail sites in Tanzania from Kili Oil.

Acquisition of BP terminal in Northern Ireland
In November 2016, the Group announced the acquisition of a bulk storage terminal in Belfast, Northern Ireland. This increases the Group's storage capacity by 143k m^3, to a total of 7.9million m^3. This acquisition was closed during the first quarter of 2017.

Australia property trust
In December 2016, the Group made an AUD20million investment in a retail property fund, holding 23 retail sites in Australia.

5. Changes in accounting standards

New and amended standards and interpretations
In 2016, the Group adopted the following new or amended standards and interpretations for the first time:

— Amendments to IAS 1 *Presentation of Financial Statements* (effective for annual periods beginning on or after 1 January 2016).
— Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations* (effective for annual periods beginning on or after 1 January 2016).
— Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation* (effective for annual periods beginning on or after 1 January 2016).
— Amendments to IAS 27 *Equity Method in Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2016).
— Annual improvements 2012-2014 cycle (effective for annual periods beginning on or after 1 January 2016):
  - IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.
  - IFRS 7 *Financial Instruments: Disclosure*.
  - IAS 19 *Employee Benefits*.
  - IAS 34 *Interim Financial Reporting*.

Standards issued but not yet effective
The standards and interpretations that have been issued or amended, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below.

The Group intends to adopt the following standards, interpretations and amendments when they become effective, to the extent they are relevant to the Group.

— Annual Improvements 2014–2016 Cycle (effective for annual periods beginning on or after 1 January 2017).
— Amendments to IAS 7 *Disclosure* (effective for annual periods beginning on or after 1 January 2017).
— Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses* (effective for annual periods beginning on or after 1 January 2017).
— IFRS 9 *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018).
— IFRS 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018).
— Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions* (effective for annual periods beginning on or after 1 January 2018).
— IFRIC Interpretation 22 *Foreign Currency Transactions and Advance Consideration* (effective for annual periods beginning on or after 1 January 2018).
— Amendments to IAS 40 *Transfers of Investment Property* (effective for annual periods beginning on or after 1 January 2018).
— IFRS 16 *Leases* (effective for annual periods beginning on or after 1 January 2019).
— Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between and Investor and its Associate or Joint Venture* (effective date to be determined by the IASB).

With the exception of IFRS 16 *Leases*, for which the impact is still being assessed, the adoption of these issued or amended standards and interpretations is not expected to have a material impact on the consolidated financial position or performance of the Group.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

6. Business combinations and acquisition of non-controlling interests
6.1a Subsidiaries acquired in 2016
The following table summarises those subsidiaries acquired in 2016:

Subsidiaries acquired	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %
Wabeco Nigeria	Bitumen storage and supply	19 January 2016	60%
Grace Petroleum	Fuel marketing and distribution	4 April 2016	100%
Kili Oil Tanzania	Fuel marketing and distribution	1 January 2016	100%

6.1b Subsidiaries acquired in 2015
The following table summarises those subsidiaries acquired in 2015:

Subsidiaries acquired	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %
Save Combustibles SAS, Colombia	Fuel marketing and distribution	19 March 2015	100%
N'komazi South Africa	Fuel marketing and distribution	23 March 2015	100%
Drakensberg	Fuel marketing and distribution	1 April 2015	75%
Portsmith	Fuel marketing and distribution	1 June 2015	100%
Murco Petroleum Ltd	Fuel storage, marketing and distribution	1 July 2015	100%
BP Puerto Rico, aviation business	Fuel marketing and distribution	1 July 2015	100%
Brent Oil	Fuel marketing and distribution	10 August 2015	75%
BP Australia, bitumen business	Bitumen supply and distribution	21 August 2015	100%
Ferush SAS	Fuel marketing and distribution	2 October 2015	100%
Sasol Swaziland	Fuel marketing and distribution	1 December 2015	100%

6.2a Assets and liabilities recognised at date of acquisition in 2016
The provisional fair value of the identifiable assets and liabilities of the entities acquired at the date of acquisition was:

in US$'000	Downstream segment(i)	Total
Assets		
Property and equipment	24,122	24,122
Intangible assets	10,873	10,873
Other receivable	54	54
Total identifiable net assets acquired at fair value(i)	**35,049**	**35,049**
Non-controlling interest measured at the proportionate share of the acquiree's net assets	(7,883)	(7,883)
Net assets acquired	**27,166**	**27,166**
Goodwill arising on acquisition	24,234	24,234
Purchase consideration	**51,400**	**51,400**

(i) Includes the acquisition of Wabeco bitumen assets in Nigeria, Grace Petroleum in Ghana and Kili Oil in Tanzania.

The goodwill recognised on these acquisitions reflects the expected revenue growth, synergies, and optimised supply. None of the goodwill recognised is expected to be deductible for tax purposes.

Transaction costs of US$0.1million have been expensed (included in selling and operating costs) and are part of the operating cash flows in the consolidated statement of cash flows.

6.2b Assets and liabilities recognised at date of acquisition in 2015

The fair value of the identifiable assets and liabilities of the entities acquired at the date of acquisition was:

in US$'000	Downstream segment(i)	Total
Assets		
Cash and cash equivalents	6,128	6,128
Trade receivables	9,241	9,241
Property and equipment	216,165	216,165
Intangible assets	51,983	51,983
Deferred tax assets	926	926
Other assets	79,962	79,962
Liabilities		
Trade and other payables	(72,533)	(72,533)
Interest-bearing loans and borrowings	(677)	(677)
Other liabilities	(69,503)	(69,503)
Deferred tax liabilities	(6,589)	(6,589)
Total identifiable net assets acquired at fair value(i)	**215,103**	**215,103**
Non-controlling interest measured at the proportionate share of the acquiree's net assets	(1,573)	(1,573)
Net assets acquired	**213,530**	**213,530**
Goodwill arising on acquisition	98,031	98,031
Gain on business combination	(39,522)	(39,522)
Purchase consideration	**272,039**	**272,039**

(i) Includes the acquisitions of Save Combustibles SAS, N'komazi, Drakensberg, Portsmith, Murco Petroleum Ltd, BP's aviation business in Puerto Rico, Brent Oil, BP Australia, bitumen business, Ferush SAS and Sasol Swaziland.

In aggregate, the fair value of the trade receivables amounted to US$9.2million. The gross amount of trade receivables was US$14.9million. The difference of US$5.7million represented provisions for doubtful debts at the respective acquisition dates.

The Group recognised a gain on the acquisitions of Murphy Oil in the United Kingdom and BP's aviation business in Puerto Rico. The goodwill recognised on the other acquisitions reflects the expected revenue growth, synergies, and optimised supply. None of the goodwill recognised is expected to be deductible for tax purposes.

Transaction costs of US$10.6million have been expensed (included in selling and operating costs) and are part of the operating cash flows in the consolidated statement of cash flows.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

6. Business combinations and acquisition of non-controlling interests continued
6.3 Cash flow on acquisitions
6.3a Cash flow on acquisitions in 2016
The cash flow on acquisitions made in 2016 is summarised below:

in US$'000	Downstream segment(ii)	Total
Purchase consideration	(51,400)	(51,400)
Deferred payment/prepayment made	10,902	10,902
Reduction in purchase price	419	419
Repayment of vendor loan	(92,155)	(92,155)
Net cash outflow	**(132,234)**	**(132,234)**

(ii) Includes the acquisition of Wabeco bitumen assets in Nigeria, Grace Petroleum in Ghana and Kili Oil in Tanzania, and the repayment of the vendor loan for a business acquired in 2014.

6.3b Cash flow on acquisitions in 2015

in US$'000	Downstream segment(iii)	Total
Cash consideration	(272,039)	(272,039)
Cash and cash equivalents acquired	6,128	6,128
Vendor loan	5,068	5,068
Net cash outflow	**(260,843)**	**(260,843)**

(iii) Includes the acquisitions of Save Combustibles SAS, N'komazi, Drakensberg, Portsmith, Murco Petroleum Ltd, BP's aviation business in Puerto Rico, Brent Oil, BP Australia, bitumen business, Ferush SAS and Sasol Swaziland.

6.4 Pro forma impact of acquisitions on the results of the Group
6.4a Pro forma impact of 2016 acquisitions on the results of the Group
None of the businesses acquired during 2016 had a material impact on sales and operating profit of the Group.

6.4b Pro forma impact of 2015 acquisitions on the results of the Group
From the date of acquisition, the aggregate contributions of the acquired businesses were US$1,258million to sales and US$(10.9)million to operating profit (net of acquisition costs).

Had these business combinations been in effect from 1 January 2015, the aggregate contribution to sales of the Group from continuing operations for the whole year would have been US$2,588million (mainly Murphy Oil US$1,782million, Brent Oil US$265million and BP Bitumen US$145million).

The Group Executive Committee considers these "pro-forma" numbers to represent an approximate measure of the performance of the combined Group on an annualised basis and to provide a reference point for comparison in future periods.

6.5 Non-controlling interests acquired
The following non-controlling interests in subsidiaries were purchased in 2016:

in US$'000	Total
Non-controlling interests purchased	**(3,761)**
Change in retained earnings from non-controlling interest purchase	(4,261)
Purchase consideration	**500**

The following non-controlling interests in subsidiaries were purchased/sold in 2015:

in US$'000	Total
Non-controlling interests purchased/(sold)	**(7,046)**
Change in retained earnings from non-controlling interest purchase/sale	4,820
Purchase/(sale) consideration	**(11,866)**
Amount outstanding	**(10,000)**

7. Segment and geographic information

7.1 Segment information

For management purposes, the Group is organised into business units based on products and services and has two reportable segments as follows:

- Midstream business activities that include refining and storage of oil and gas products internationally.
- Downstream business activities that include distribution, wholesale and retail sales of refined products.

No operating segments have been aggregated to form the above reportable operating segments.

The Group Executive Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are based on terms determined by the Group's management.

Year ended 31 December 2016

in US$'000	Downstream	Midstream	Consolidated
Net sales	12,134,652	534,859	12,669,511
Gross profit	**1,373,200**	**227,398**	**1,600,598**
Selling and operating costs(i)	(875,158)	(147,485)	(1,022,643)
General and administrative expenses	(156,147)	(13,185)	(169,332)
Other operating income/(expenses), net	(24,922)	(11,133)	(36,055)
Share of profits/(losses) of associates	8,263	2,318	10,581
Operating profit	**325,236**	**57,913**	**383,149**
Finance income			8,651
Finance costs			(228,263)
Net foreign exchange gains/(losses)			(14,890)
Profit before tax			**148,647**
Total non-current assets (excluding other financial, deferred tax and other assets)	4,015,347	750,050	4,765,397
Total current assets	1,676,969	201,697	1,878,666
Total current liabilities	1,999,681	146,373	2,146,054

(i) Selling and operating costs include an impairment charge of US$2.2million, of which US$1.4million are attributable to the midstream segment.

Year ended 31 December 2015

in US$'000	Downstream	Midstream	Consolidated
Net sales	12,213,403	473,007	12,686,410
Gross profit	**1,285,954**	**209,801**	**1,495,755**
Selling and operating costs(ii)	(822,996)	(193,608)	(1,016,604)
General and administrative expenses	(159,128)	(8,811)	(167,939)
Other operating income/(expenses), net	9,782	17,919	27,701
Share of profits/(losses) of associates	31	3,101	3,132
Operating profit	**313,643**	**28,402**	**342,045**
Finance income			10,431
Finance costs			(211,164)
Net foreign exchange gains/(losses)			25,777
Profit before tax			**167,089**
Total non-current assets (excluding other financial, deferred tax and other assets)	3,836,923	821,914	4,658,837
Total current assets	1,837,802	151,248	1,989,050
Total current liabilities	2,094,293	201,026	2,295,319

(ii) Selling and operating costs include impairment charges of US$42.7million, of which US$33.5million are attributable to the midstream segment.

Selling and operating costs and general and administrative expenses that are not specifically linked to a segment operating entity are allocated on a pro-rata basis according to the relative weighting of gross profit for each segment.

Finance income/(costs), net foreign exchange gains/(losses) and income tax expenses are not allocated as they do not relate to a specific segment and are managed on a Group basis. These accounts do not form part of the review of the operating segment performance monitored by management.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

7. Segment and geographic information continued
7.2 Geographic information

The Group is organised in four main regions:

- Americas (mainly composed of Latin America and Caribbean)
- Asia Pacific (including Middle East and Australia)
- Africa
- Europe (including Russia)

in K m³ (unaudited)	2016 Downstream	2016 Midstream	2015 Downstream	2015 Midstream
Throughput volumes (midstream)				
Americas	–	458	–	414
Asia Pacific	–	5,160	–	3,615
Africa	–	8,643	–	8,260
Europe	–	5,432	–	6,083
Total	**–**	**19,693**	**–**	**18,372**
Sales volumes (downstream and midstream)				
Americas	8,922	–	8,144	–
Asia Pacific	3,468	1,127	3,071	711
Africa	6,499	–	6,348	–
Europe	1,952	–	670	–
Total	**20,841**	**1,127**	**18,233**	**711**

Year ended 31 December 2016

in US$'000	Americas	Asia Pacific	Africa	Europe	Consolidated
Net sales	4,030,893	2,711,260	4,229,680	1,697,678	12,669,511
Gross profit	**475,510**	**375,985**	**658,063**	**91,040**	**1,600,598**
Selling and operating costs	(273,712)	(322,931)	(342,500)	(83,500)	(1,022,643)
General and administrative expenses	(41,964)	(39,066)	(79,077)	(9,225)	(169,332)
Other operating income/(expenses), net	(223)	3,873	(39,709)	4	(36,055)
Net profits/(losses) in associates	986	10,349	(754)	–	10,581
Operating profit	**160,597**	**28,210**	**196,023**	**(1,681)**	**383,149**
Total non-current assets (excluding other financial, deferred tax and other assets)	**1,050,567**	**1,725,844**	**1,707,810**	**281,176**	**4,765,397**

Year ended 31 December 2015

in US$'000	Americas	Asia Pacific	Africa	Europe	Consolidated
Net sales	4,400,673	2,788,296	4,495,156	1,002,285	12,686,410
Gross profit	**438,911**	**376,647**	**599,205**	**80,992**	**1,495,755**
Selling and operating costs	(268,160)	(316,946)	(321,469)	(110,029)	(1,016,604)
General and administrative expenses	(43,270)	(47,352)	(72,535)	(4,782)	(167,939)
Other operating income/(expenses), net	(9,281)	11,479	(14,995)	40,498	27,701
Net profits/(losses) in associates	1,625	3,252	(1,745)	–	3,132
Operating profit	**119,825**	**27,080**	**188,461**	**6,679**	**342,045**
Total non-current assets (excluding other financial, deferred tax and other assets)	1,093,733	1,690,443	1,560,725	313,936	4,658,837

Selling and operating costs and general and administrative expenses that are not specifically linked to an operating region are allocated on a pro-rata basis according to the relative weighting of gross profit for each region.

The Group has no material commercial operations and no material non-current assets in its country of incorporation, Singapore.

Non-current assets for this purpose consist of investments in associates, property and equipment, intangible assets and goodwill (Notes 8, 11 and 12).

8. Investments in associates

The following table summarises the Group's investments in associates for the years ended 31 December 2016 and 2015. None of the entities included below is listed on any public exchange.

8.1 List of investments

Associate name	Activity	Location	Proportion of voting interests held at 31 December 2016 %	2015 %
Empresa Cubana de Gas	Fuel marketing	Caribbean	50%	50%
Hidrosur Asfaltos SAPI de CV	Bitumen marketing and distribution	Mexico	–	49%
Emoil Petroleum Storage FZCO	Storage	United Arab Emirates	20%	20%
Langsat Terminal (One) Sdn Bhd	Storage	Malaysia	20%	20%
Langsat Terminal (Two) Sdn Bhd	Storage	Malaysia	20%	20%
National Energy and Puma Aviation Services Co Ltd	Aviation	Myanmar	49%	49%
Oil Malal SA	Storage	Chile	33%	33%
Sakunda Petroleum (Pvt) Ltd	Fuel marketing	Zimbabwe	49%	49%
Fuel Distributors of Western Australia Pty Ltd	Fuel supply and cartage	Australia	50%	50%
Phoenix Petroleum Pty Ltd	Fuel supply and cartage	Australia	50%	50%
Phoenix Petroleum Unit Trust	Fuel supply and cartage	Australia	50%	50%
APN Retail Property Fund	Retail property fund	Australia	29%	–

8.2 Associates summarised financial information

The following table illustrates summarised financial information of the Group's investments in associates, which apply the same reporting dates and periods as the Group:

in US$'000	2016	2015
Associates' assets and liabilities:		
Current assets	159,645	119,855
Non-current assets	274,345	220,788
Current liabilities	(70,378)	(65,998)
Non-current liabilities	(119,126)	(99,627)
Equity	**244,486**	**175,018**
Carrying amount of the investments	**94,473**	**71,170**
Associates' revenues and net profits/(losses) (all from continuing operations):		
Revenues	342,613	77,143
Profits/(losses), net of tax	31,908	14,281
Group's share of net profits/(losses) of associates	**10,581**	**3,132**

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

9. Consolidated statement of income
9.1 Net sales

in US$'000	2016	2015
Net sales of goods	12,156,552	12,187,680
Rendering of services	512,959	498,730
Total net sales	**12,669,511**	**12,686,410**

Sales of goods are net of any sales taxes, value-added taxes, petroleum taxes and discounts.

9.2 Selling and operating costs

in US$'000	2016	2015
Employee benefit expenses	(173,220)	(157,453)
Operating expenses	(502,403)	(494,015)
Depreciation (Note 11)	(304,557)	(288,041)
Amortisation (Note 12)	(40,238)	(34,403)
Impairment (Note 11/12)	(2,225)	(42,692)
Total selling and operating costs	**(1,022,643)**	**(1,016,604)**

9.3 General and administrative expenses

in US$'000	2016	2015
Employee benefit expenses	(108,614)	(95,108)
Operating expenses	(60,718)	(72,831)
Total general and administrative expenses	**(169,332)**	**(167,939)**

9.4 Other operating income/(expenses)

in US$'000	2016	2015
Movements in provisions	–	3,021
Gains on disposal of assets and investments	1,295	1,419
Gain on business combination(i)	–	35,522
Total other operating income	**1,295**	39,962

(i) The line gain on business combination includes a US$ 36million gain in 2015, relating to the acquisition of Murco Petroleum in the United Kingdom.

in US$'000	2016	2015
Provision for doubtful accounts	(4,266)	(2,150)
Movements in other provisions	(3,852)	(1,889)
Foreign exchange losses on operations	(5,464)	(5,136)
Other expenses(ii)	(23,768)	(3,086)
Total other operating expenses	**(37,350)**	**(12,261)**

(i) The line other expenses includes US$ 21.2million for the write-off of tangible and intangible assets (2015: US$ 2.6million)

9.5 Finance income

in US$'000	2016	2015
Interest income on other loans and finance lease receivables	6,137	8,426
Dividend income	2,514	2,005
Total finance income	**8,651**	**10,431**

9.6 Finance costs

in US$'000	2016	2015
Interest on loans and borrowings from third parties	(196,864)	(190,291)
Interest on loans and borrowings from related parties	(15,848)	(6,595)
Unwinding of discount	(2,126)	(1,652)
Hedging costs	(10,131)	(11,481)
Net loss on financial instruments carried at fair value through profit or loss	(3,294)	(1,145)
Total finance costs	**(228,263)**	**(211,164)**

10. Income tax

10.1 Current income tax expense

The major components of income tax expense for the years ended 31 December 2016 and 2015 were:

in US$'000	2016	2015
Current income tax:		
Current income tax charge	52,102	49,173
Adjustments in respect of current income tax of previous year	(625)	3,650
	51,477	**52,823**
Deferred tax:		
Relating to origination and reversal of temporary differences	(33,546)	(76,430)
	(33,546)	**(76,430)**
Withholding tax:		
Applicable withholding tax in the current year	14,351	13,845
	14,351	**13,845**
Income tax expense/(credit) reported in the consolidated statement of income	**32,282**	**(9,762)**

10.2 Income tax recognised directly in other comprehensive income

Income tax totalling US$(0.1)million (2015: US$(0.1)million) was recognised directly in other comprehensive income. The entire amount recognised related to the actuarial losses recognised during the year from the Group's various defined benefit plans.

10.3 Reconciliation of accounting profit to income tax expense

The Group's effective tax rate differs from the Company's statutory income tax rate in Singapore, which was 17% in 2016 (2015: 17%) due to the Group operating in several jurisdictions. A reconciliation between tax expense and the product of accounting profit multiplied by the Group's statutory blended income tax rate of jurisdictions the Group operates in for the years ended 31 December 2016 and 2015 was as follows:

in US$'000	2016	2015
Accounting profit before tax	**148,647**	**167,089**
Share of net profits in associates	(10,581)	(3,132)
Accounting profit before tax net of share of net profits in associates	**138,066**	**163,957**
Income tax expense at statutory blended tax rate of 31.02% (2015: 34.64%)	(42,824)	(56,790)
Non-deductible expenses	(62,128)	(30,536)
Other non-taxable income	5,138	11,555
Capital gains or losses	315	1
Income exempt or subject to specific tax holidays[(i)]	75,305	75,985
Other permanent differences	3,564	3,496
Adjustment for countries not based on net taxable income	(3,264)	9,725
Adjustments recognised in the current year in relation to current income tax of previous years	625	(3,650)
Adjustments recognised in the current year in relation to deferred income tax of previous years	(6,514)	2,552
Impact of rate differences on deferred tax items	213	505
Effect of unrecognised and unused tax losses not recognised as deferred tax assets	15,476	14,669
Withholding tax	(14,351)	(13,845)
Minimum tax and surtax	(1,887)	(2,665)
Rate difference impacts	96	1,232
Others	(2,046)	(2,472)
At the effective income tax rate of 21.72% (2015: (5.84%))	**(32,282)**	**9,762**

(i) Income exempt or subject to specific tax holidays is mainly the result from tax specific incentives granted by certain national authorities to the Group given certain investments made by the Group which resulted in the development of local infrastructure.

The Group operates in a multitude of jurisdictions and adheres to applicable local and international tax law in the countries in which it operates, including legislation on transfer pricing. The Group's tax policy is to pay appropriate tax according to work carried out in each jurisdiction, as determined by a functional analysis of operations using standard measures wherever possible, underpinned by reports prepared to fulfil local transfer pricing requirements. The Group's effective tax rate – the average rate at which consolidated pre-tax profits are taxed – varies from year to year according to circumstances, but in 2016 it was 21.72% (2015: (5.84%)). The difference in effective tax rate between the two years is explained, by recognition of deferred tax assets relating to tax loss carry forwards.

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10. Income tax continued
10.4 Current tax assets and liabilities
Current income taxes are computed on the profit before tax presented in the consolidated statement of income adjusted to taxable profit in accordance with local tax legislation.

Current tax assets relate to overpaid income tax. Current tax liabilities relate to income tax payable.

10.5 Deferred tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of income	
in US$'000	**2016**	2015	**2016**	2015
Accelerated depreciation for tax purposes	(20,924)	(26,629)	7,361	1,236
Revaluations	(43,846)	(47,673)	616	3,067
Losses	134,464	113,745	(34,690)	(68,927)
Other temporary differences	(28,699)	(29,016)	(6,833)	(11,806)
Deferred tax expense/(income)			**(33,546)**	**(76,430)**
Deferred tax liability, net	**40,995**	**10,427**		
Reflected in the consolidated statement of financial position as follows:				
Deferred tax assets	100,543	73,187		
Deferred tax liabilities	(59,548)	(62,760)		
Deferred tax asset/(liability), net	**40,995**	**10,427**		

Reconciliation of net deferred tax assets/(liabilities)

in US$'000	**2016**	2015
Opening balance at 1 January	10,427	(61,684)
Tax income recognised in profit or loss during the year	33,348	76,416
Change in tax rate recognised in profit or loss during the year	198	14
Transfers	(2,979)	(5,663)
Other movements during the year	1	1,344
Closing balance at 31 December	**40,995**	**10,427**

At 31 December 2016, the Group had unrecognised tax loss carry forwards amounting to US$140.0million (2015: US$160.1million). These losses relate to subsidiaries that have had historical losses, which have an expiry date of more than four years. These losses may not be used to offset taxable income elsewhere in the Group and where the subsidiaries have no taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets.

At 31 December 2016, the Group had unrecognised other temporary differences amounting to US$1.0million (2015: US$0.7million). These temporary differences have no expiry date. If the Group was able to recognise all unrecognised deferred tax assets, profit would increase by US$34.7million (2015: US$39.3million).

10.6 Tax uncertainties
The Group operates in numerous jurisdictions worldwide resulting in cross-border intercompany transactions whereby the transfer pricing rules applied in one country have an impact on the results in another country. Due to complexity of tax rules, interpretation by local taxing authorities can differ from the Group's interpretation based on opinions provided by local tax counsel.

In countries where the Group starts new operations or alters business models, the issue of having a permanent establishment and profit allocation thereto may arise. The risk is that taxing authorities in multiple jurisdictions claim taxation rights over the same profit.

11. Property and equipment

in US$'000	Land and buildings	Machinery and equipment	Motor vehicles	Office and IT equipment	Fixed assets in progress	Total
Cost:						
At 1 January 2015	1,013,570	2,062,217	158,741	66,343	396,209	3,697,080
Additions[(i)]	48,867	140,710	36,636	15,829	614,723	856,765
Disposals	(1,385)	(7,301)	(7,673)	(678)	(255)	(17,292)
Acquisitions of subsidiaries (Note 6.2)	33,817	177,322	4,617	361	48	216,165
Write-offs	(1,359)	(2,979)	(289)	(133)	(291)	(5,051)
Reclassifications	175,525	294,009	16,956	5,495	(507,718)	(15,733)
Exchange adjustment	(125,694)	(211,328)	(13,777)	(7,583)	(51,091)	(409,473)
Other movements	(8,249)	(3,898)	(2,504)	(131)	(8,109)	(22,891)
At 31 December 2015	**1,135,092**	**2,448,752**	**192,707**	**79,503**	**443,516**	**4,299,570**
Additions[(ii)]	28,460	123,362	18,182	14,695	375,894	560,593
Disposals	(5,317)	(87,913)	(56,223)	(11,682)	(584)	(161,719)
Acquisitions of subsidiaries (Note 6.2)	11,513	1,050	619	–	10,940	24,122
Write-offs	(453)	(3,070)	(539)	(192)	(13,297)	(17,551)
Reclassifications	81,721	245,553	5,977	5,542	(363,330)	(24,537)
Exchange adjustments	(63,546)	(103,406)	(3,789)	(2,051)	(21,227)	(194,019)
Other movements	(1,164)	–	–	–	–	(1,164)
At 31 December 2016	**1,186,306**	**2,624,328**	**156,934**	**85,815**	**431,912**	**4,485,295**
Depreciation and impairment:						
At 1 January 2015	(181,436)	(566,311)	(30,532)	(31,408)	–	(809,687)
Depreciation (Note 9.2)	(66,614)	(188,521)	(21,178)	(11,728)	–	(288,041)
Disposals	280	6,288	3,328	668	–	10,564
Impairment (Note 9.2)	(8)	(33,417)	–	(38)	–	(33,463)
Write-offs	11	2,106	289	67	–	2,473
Reclassification	(10,606)	12,227	(3,002)	1,381	–	–
Exchange adjustment	31,186	58,610	4,879	3,189	–	97,864
Other movements	(568)	507	3,465	23	–	3,427
At 31 December 2015	**(227,755)**	**(708,511)**	**(42,751)**	**(37,846)**	**–**	**(1,016,863)**
Depreciation (Note 9.2)	(60,215)	(205,345)	(23,080)	(15,917)	–	(304,557)
Disposals	5,198	86,720	9,868	10,835	–	112,621
Impairment (Note 9.2)	(8)	(2,002)	–	–	–	(2,010)
Write-offs	312	625	256	166	–	1,359
Exchange adjustment	20,156	29,887	1,340	828	–	52,211
Other movements	(3,332)	2,693	349	1,067	–	777
At 31 December 2016	**(265,644)**	**(795,933)**	**(54,018)**	**(40,867)**	**–**	**(1,156,462)**
Net book value:						
At 31 December 2016	920,662	1,828,395	102,916	44,948	431,912	3,328,833
At 31 December 2015	907,337	1,740,241	149,956	41,657	443,516	3,282,707

(i) Includes US$36.0million of deferred capex in Mozambique and Angola financed through vendor loans.
(ii) 2016 additions of fixed assets as per the cash flow statement include US$52.0million of deferred payments made for assets acquired in 2014.

Certain items included in property and equipment are pledged as collateral for the third party loans granted to certain of the Group's affiliates amounting to US$78million (2015: US$195million). The Group does not hold any property for investment purposes.

Exchange rate adjustments reflect the translation effects from movements in foreign currencies against the US$.
All property, plant and equipment is valued at historic cost, and no revaluations are made, in line with Group policy.

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12. Intangible assets and goodwill

in US$'000	Goodwill	Licences	Other intangibles	Total
Cost or valuation:				
At 1 January 2015	960,266	40,908	332,693	1,333,867
Acquisitions/disposals of subsidiaries (Note 6.2)	98,031	94	51,889	150,014
Additions	–	15,214	38,660	53,874
Disposals	–	(7)	(5)	(12)
Exchange adjustment	(102,288)	(2,469)	(37,942)	(142,699)
Reclassifications	–	7,757	7,976	15,733
Write-offs	–	(51)	(6)	(57)
Other movements	–	(59)	(6,686)	(6,745)
At 31 December 2015	**956,009**	**61,387**	**386,579**	**1,403,975**
Acquisitions/disposals of subsidiaries (Note 6.2)	24,234	–	10,873	35,107
Additions	–	22,442	15,375	37,817
Disposals	(389)	(4,636)	(1,505)	(6,530)
Exchange adjustment	5,449	(827)	(19,273)	(14,651)
Reclassifications	(3)	(3,999)	28,539	24,537
Write-offs	–	–	(5,002)	(5,002)
Other movements	861	–	(1,306)	(445)
At 31 December 2016	**986,161**	**74,367**	**414,280**	**1,474,808**
Amortisation:				
At 1 January 2015	(6,725)	(20,542)	(34,352)	(61,619)
Amortisation charge for the year (Note 9.2)	–	(12,690)	(21,713)	(34,403)
Impairment (Note 9.2)	(9,229)	–	–	(9,229)
Disposals	–	7	2	9
Exchange adjustment	–	781	5,518	6,299
Reclassification	–	17	(146)	(129)
Write-offs	–	57	–	57
At 31 December 2015	**(15,954)**	**(32,370)**	**(50,691)**	**(99,015)**
Amortisation charge for the year (Note 9.2)	–	(13,018)	(27,220)	(40,238)
Impairment (Note 9.2)	–	(215)	–	(215)
Disposals	–	4,625	1,212	5,837
Exchange adjustment	–	303	513	816
Other movements	–	5	93	98
At 31 December 2016	**(15,954)**	**(40,670)**	**(76,093)**	**(132,717)**
Net book value:				
At 31 December 2016	970,207	33,697	338,187	1,342,091
At 31 December 2015	940,055	29,017	335,888	1,304,960

13. Impairment testing of goodwill and intangible assets with indefinite lives

Goodwill acquired through business combinations and intangible assets with indefinite lives have been allocated to two cash-generating units, which are also operating and reportable segments, for impairment testing as follows:

- Midstream cash-generating unit.
- Downstream cash-generating unit.

The carrying amount of goodwill (other than goodwill relating to discontinued operations) was allocated to cash-generating units as follows:

in US$'000	**2016**	2015
Midstream unit	41,438	41,386
Downstream unit	928,769	898,669
Total carrying amount of goodwill	**970,207**	**940,055**

Midstream cash generating unit:

The midstream cash generating unit relates to entities with refining and storage facilities. The recoverable amounts of the net assets tested under this cash-generating unit have been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Board of Directors covering a five-year period, and an average pre-tax discount rate of 7.83% per annum (2015: 8.45%).

Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a continuous 1.0% per annum growth rate (2015: 1.0%).

Downstream cash generating unit:

The downstream cash generating unit pertains to entities that include distribution of refined oil and gas products. The recoverable amount of the net assets tested under this cash-generating unit have been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Board of Directors covering a five-year period, and an average pre-tax discount rate of 7.27% per annum (2015: 8.14%).

Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a steady 2.0% per annum growth rate (2015: 2.0%).

13.1 Key assumptions used in value in use calculations

Gross profits – Gross profits are based on average values achieved in the three years preceding the start of the budget period, adjusted for any new investments or change in market dynamics. These are volume-driven and are increased over the budget period according to the expected gross domestic product growth and applicable local petroleum regulations of each country where the units operates.

Discount rates – Discount rates represent the current market assessment of the risks specific to each cash generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital. The weighted average cost of capital takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on its interest bearing loans and borrowings which the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on management's knowledge of the particular markets in which it operates.

Petroleum product prices – Forecasted commodity prices are publicly available.

Market share assumptions – These assumptions are important because, as well as using industry data for growth rates (as noted below), management assesses how the unit's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the petroleum product market to be stable over the budget period.

Growth rate estimates – Rates are based on management's estimates.

13.2 Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the midstream and downstream units, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

A 1% increase in the discount rate or a 1% fall in the growth rate would not result in a recoverable amount below net book value.

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14. Inventories

in US$'000	**2016**	2015
Petroleum inventories at fair value(i)	219,479	146,998
Petroleum product inventories at lower of cost and net realisable value, net	511,916	456,425
Merchandise inventories, net	13,863	11,551
Total inventories, net	**745,258**	**614,974**

(i) As indicated in Note 2.3.l, inventories held for trading purposes are stated at fair value less costs to sell and any changes in net fair value are recognised in profit or loss. Certain of the Group's subsidiaries engage in commodity trading activities for which the exemption stipulated in IAS 2 I*nventories for commodity broker-traders* applies. Trading activities undertaken include optimisation of the Group's supply cycle and the supply of petroleum products to business-to-business and wholesale clients.

The cost of inventories recognised in cost of sales in 2016 amounted to US$10,784million (2015: US$10,899million).

15. Other financial assets

in US$'000	**2016**	2015
Financial assets carried at fair value through profit or loss(i)	5,974	64,869
Finance lease receivable(ii)	4,569	4,992
Loans to other entities(iii)	33,225	25,218
Investments	9,951	11,051
Total other financial assets	**53,719**	**106,130**
Of which due from related parties (Note 25)	9,322	–
Current	22,462	69,397
Non-current	31,257	36,733
	53,719	**106,130**

(i) All held for trading derivatives are swaps and commodity futures with maturities less than one year.
(ii) The Group has a finance lease arrangement for petroleum storage equipment.
(iii) The Group makes a limited number of loans to third and related parties. None of these loans were past due and management believes there are no circumstances which would warrant impairing these loans.

16. Other assets

in US$'000	**2016**	2015
Prepayments, deposits and guarantees(i)	159,168	190,815
Other tax receivables(ii)	170,245	184,950
Other receivables(iii)	43,465	241,968
Total other assets	**372,878**	**617,733**
Of which due from related parties (Note 25)	5,063	179,345
Current	229,614	459,602
Non-current	143,264	158,131
	372,878	**617,733**

(i) Prepayments, deposits and guarantees mainly include payments made for the purchase of equipment and construction materials, capital expenditure prepayments, a deposit made for deferred payments on the Neumann Australia acquisition, as well as other guarantees and deposits.
(ii) Other tax receivables include non-income tax related items such as VAT and petroleum tax receivables.
(iii) The decrease in other receivables is mainly due to the forfeiture and cancellation of the unpaid shares of the Company, amounting to US$150million, from the share capital increase made in October 2015.

17. Trade receivables

Trade and other accounts receivable include the short term portion of trade accounts receivable and related accounts.

in US$'000	2016	2015
Trade receivables	**528,107**	**543,769**
Of which due from related parties (Note 25)	131,365	139,816

Trade receivables are non-interest bearing and are generally on cash to 30 day terms. At year-end Group days of sales outstanding amounted to 12.4 days (2015: 12.3 days).

The most significant allowance for doubtful debts on an individual trade receivable amounted to US$3.2million (31 December 2015: US$2.9million). The impairment recognised represents the difference between the carrying amount of the trade receivables and the present value of the expected proceeds. The Group does not hold any collateral over these balances. As illustrated below, there were no significant movements in the allowance for impairment of receivables (see credit risk disclosure in Note 27.3 for further guidance).

The movement in the allowance for doubtful debts was as follows:

in US$'000	2016	2015
Balance at beginning of the year	(16,414)	(12,016)
Impairment losses recognised on receivables	(7,351)	(6,323)
Amounts written off during the year as uncollectible	6,016	2,142
Amounts recovered during the year	3,085	3,672
Foreign exchange translation gains and losses	(141)	1,768
Integration of existing allowances from acquired entities	–	(5,657)
Balance at end of the year	**(14,805)**	**(16,414)**

At 31 December, the ageing analysis of trade receivables from third parties was as follows:

			Past due but not impaired		
in US$'000	Total	Neither past due nor impaired	< 30 days	30-90 days	> 90 days
2016	396,742	342,516	43,052	4,852	6,322
2015	403,953	353,608	33,161	9,749	7,435

Receivables from related parties are neither past due nor impaired and are therefore excluded from the table above.

17.1 Receivables sold without recourse

At 31 December 2016, trade receivables of US$130.6million (2015: US$61.4million), related to the operations in the United Kingdom, had been sold without recourse.

18. Cash and cash equivalents

in US$'000	2016	2015
Cash at banks and on hand	285,406	226,616
Restricted cash	42,256	26,137
Short term deposits	7,994	28,456
Cash and short term deposits	**335,656**	**281,209**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term 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 deposit rates. Restricted cash is mainly comprised of a US$30million guarantee deposit made for a construction project in Angola (2015: US$18million).

19. Assets classified as held for sale

in US$'000	2016	2015
Total assets held for sale	**–**	**9**

20. Capital and reserves

Shares	2016	2015
Registered share capital[(i)]		
100,000,000 ordinary shares of US$0.01 par value each	1,000	1,000
7,446,805 ordinary shares of US$47 par value each	350,000	500,000
1 share for Trafigura Beheer BV of US$830,967 thousand	830,967	830,967
1 share for Sonangol Holdings Lda of US$510,950 thousand	510,950	510,950
1 share for Cochan Holdings LLC of US$255,475 thousand	255,475	255,475
1 share for PE Investments Limited of US$105,774 thousand	105,774	105,774
Total share capital	**2,054,166**	**2,204,166**

(i) At 31 December 2016, the Group had 107,446,809 shares issued.

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21. Interest bearing loans and borrowings

in US$'000	2016	2015
Unsecured – at amortised cost		
Senior notes(i)	1,304,448	1,210,450
Bank overdrafts	176,637	134,787
Obligations under finance leases	339	890
Accrued interest(ii)	36,868	34,141
Unsecured bank loans(iii)	1,559,468	1,073,519
Related parties	1,563	9,344
	3,079,323	**2,463,131**
Secured – at amortised cost		
Secured bank loans(iv)	56,662	429,243
	56,662	**429,243**
Total interest-bearing loans and borrowings	**3,135,985**	**2,892,374**
Of which due to related parties (Note 25)	1,563	9,344
Current	421,081	525,489
Non-current	2,714,904	2,366,885
	3,135,985	**2,892,374**

(i) 6.75% senior notes of US$750million and US$250million issued in January and July 2014 respectively, maturing in 2021, as well as a 4.5% private placement of EUR 200million maturing in 2022, and a 5.87% private placement of US$100million, maturing in 2023.

(ii) Prior year accrued interest of US$34million has been reclassified from trade payables to interest-bearing loans and borrowings to conform with the current year presentation.

(iii) Secured and unsecured bank loans consist of fixed and floating rate loans, for which the weighted average effective interest rate (including arrangement fees) on the loans was 5.96% for the year ended 31 December 2016 and 5.89% for the year ended 31 December 2015. The Group economically hedges a portion of the loans for interest rate risk via an interest rate swap, exchanging variable rate interest for fixed rate interest. The fair value of interest-bearing loans and borrowings for disclosure purposes is based on quoted prices in an active market for identical liabilities. These financial instruments are fair valued, based on Level 2 measurement.

(iv) Bank loans are secured by mortgages over certain of the Group's assets (mainly inventories, qualifying receivables, shares of certain subsidiaries and other long-term assets). The total value of the pledged assets at 31 December 2016 was US$287million (2015: US$696million).

Loan maturity schedule

in US$'000	2016	2015
Not later than one year	421,081	525,489
Later than one year and not later than five years	2,409,669	1,151,209
Later than five years	305,235	1,215,676
Total interest-bearing loans and borrowings	**3,135,985**	**2,892,374**

In addition to the aforementioned debt facilities, the Group entered into a US$1.5billion loan with Bulavista Limited, an indirect subsidiary of Trafigura Beheer BV. This loan which was not drawn at 31 December 2016 and 2015 consists of a US$500million committed revolving credit facility and a US$1.0billion uncommitted revolving credit facility. This loan is not secured, and bears interest of 8.10% per annum (2015: 8.10% per annum). The maturity of the loan is five years, expiring in September 2018.

22. Provisions

in US$'000	Employee related provisions(i)	Provisions for contingencies and expenses(ii)	Provision for remediation(iii)	Total
At 1 January 2016	11,677	28,521	42,347	82,545
Arising during the year	1,940	3,064	2,435	7,439
Utilised	(114)	(2,255)	–	(2,369)
Unused amounts reversed	(3,178)	(2,477)	(1,770)	(7,425)
Foreign exchange translation gains and losses	(128)	(398)	(13,873)	(14,399)
At 31 December 2016	**10,197**	**26,455**	**29,139**	**65,791**
Current	7,432	5,699	1,613	14,744
Non-current	2,765	20,756	27,526	51,047
	10,197	**26,455**	**29,139**	**65,791**
At 31 December 2015				
Current	7,890	5,290	3,000	16,180
Non-current	3,787	23,231	39,347	66,365
	11,677	**28,521**	**42,347**	**82,545**

(i) Employee related provisions mainly reflect holiday accruals, provision for employee benefits as well as provisions for long service leave in Australia and Papua New Guinea.

(ii) Provisions for contingencies and expenses mainly relate to operations in Australia, El Salvador and Papua New Guinea.

(iii) Remediation provisions mainly relate to the UK business acquired in 2015, and the Capeco terminal in Puerto Rico, acquired in 2011.

23. Other financial liabilities

in US$'000	2016	2015
Financial liabilities carried at fair value through profit or loss(i)	38,933	3,760
Vendor loan – related parties(ii)	–	144,114
Vendor loan – third parties(iii)	34,638	40,671
Other liabilities(iv)	6,873	12,510
Total other financial liabilities	**80,444**	**201,055**
Of which due to related parties (Note 25)	–	144,114

Current	39,267	154,352
Non-current	41,177	46,703
	80,444	**201,055**

(i) Derivative positions include commodity futures, commodity swaps and interest rate swaps used to economically hedge certain of the Group's financial risks. A substantial portion of the derivatives are transacted with Trafigura Pte Ltd.
(ii) At 31 December 2015, the Group had a vendor loan from Trafigura Group, which has been repaid during the first quarter of 2016.
(iii) Includes a vendor loan granted for capex payables related to the Matola terminal in Mozambique, as well as deferred payment for the Brent Oil acquisition.
(iv) Other liabilities mainly include branding fees in connection with the Australian acquisition.

24. Trade and other payables

in US$'000	2016	2015
Trade payables	1,329,950	1,171,016
Other payables and accrued liabilities	140,225	227,892
Other liabilities(i)	161,552	157,912
Total trade and other payables	**1,631,727**	**1,556,820**
Of which due to related parties (Note 25)	1,013,622	834,095

(i) Other current liabilities include mainly tax, social security and VAT payables.

Terms and conditions of the above liabilities:

— Trade payables are generally non-interest bearing.
— Interest payable is normally settled on a monthly basis throughout the financial year.

25. Related parties disclosures

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Related parties not part of the Group include the following:

		% equity interest in the Group	
Entity name	Country of incorporation	2016	2015
Trafigura Beheer BV	Netherlands	49.49%	48.39%
Sonangol Holdings Lda	Angola	27.92%	30.0%
Cochan Holdings LLC	Marshall Islands	15.45%	15.0%
PE Investments Limited	Malta	5.85%	5.61%
Global PE Investors PLC	Malta	0.22%	0.21%
PE SPV Ltd	Malta	0.56%	0.54%
PE ESP Ltd	Malta	0.51%	0.25%

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

25. Related parties disclosures continued
25.1 Related party transactions

Group entities entered into the following transactions with related parties that are not members of the Group:

in US$'000	Sales to related parties 2016	Sales to related parties 2015	Purchases from related parties 2016	Purchases from related parties 2015
Trafigura Group	694,177	575,414	(5,871,812)	(5,719,671)
Sonangol Group	37,223	48,180	(775,566)	(1,008,520)
Others	12,521	12,615	(92)	(4,210)
Total	**743,921**	**636,209**	**(6,647,470)**	**(6,732,401)**

in US$'000	Amounts owed by related parties(i) 2016	Amounts owed by related parties(i) 2015	Amounts owed to related parties(ii) 2016	Amounts owed to related parties(ii) 2015
Trafigura Group	77,567	97,297	(896,759)	(804,724)
Sonangol Group	34,002	201,048	(114,925)	(173,724)
Others	34,181	20,816	(3,501)	(9,105)
Total	**145,750**	**319,161**	**(1,015,185)**	**(987,553)**

(i) Includes trade and other receivables, loans to related parties and other assets.
(ii) Includes trade and other payables, loans from related parties and other liabilities.

In addition to the above transactions and balances, a substantial portion of the Group's derivatives are transacted with Trafigura Pte Ltd. The fair value of derivatives contracted with Trafigura Pte Ltd amounted to US$(30.3)million at 31 December 2016 (2015: US$61.5million).

The reduction in amounts owned by Sonangol is related to the US$150.0million cancellation of the unpaid share capital increase.

25.2 Related party loans

The Group has acquired, by virtue of its various acquisitions, certain legacy loans made to employees of acquired entities. These loans are, individually and in aggregate, immaterial to the Group. Furthermore, the Group entered into a US$1.5billion loan with Bulavista Limited, an indirect subsidiary of Trafigura Beheer BV, which was not drawn at 31 December 2016 and 2015. This loan is not secured, and bears interest of 8.1% per annum (2015: 8.1% per annum) and is meant to support the Group in its investment activities.

25.3 Key management personnel compensation

Key management personnel compensation amounted to US$9.1million in 2016 (2015: US$5.9million).

26. Commitments and contingencies

Off balance sheet commitments:

in US$'000	2016	2015
Storage and land rental	661,181	603,469
Assets under construction	130,223	208,765
Supply contracts	510	737
Other commitments(i)	96,316	51,545
Total	**888,230**	**864,516**

in US$'000	2016	2015
Within one year	269,318	293,282
After one year but not more than five years	280,425	234,999
More than five years	338,487	336,235
Total	**888,230**	**864,516**

Contingent liabilities:

in US$'000	2016	2015
Letters of credit(ii)	246,813	88,577
Guarantees(iii)	90,042	101,087
Legal and other claims(iv)	48,556	34,376
Total	**385,411**	**224,040**

(i) Other commitments mainly include guarantees issued to third parties for US$15million, US$48million related to retail sites in Australia and US$23million related to a capital commitment for the acquisition of a terminal in Belfast.
(ii) The Group utilises standby letters of credit and documentary credits, where appropriate, when transacting with counterparties who have limited credit history or where certain of the Group underwriting banks require such facilities to be put in place.
(iii) Guarantees issued by the Group are mostly related to performance bonds for performance on specific contracts. No liability is expected to arise from these guarantees.
(iv) Legal and other claims includes existing legal cases for which the Group believes no further charge will arise in the future as the Group believes it has the legal grounds to eventually conclude the cases favourably. The amount reported represents the maximum potential liabilities.

Excluded from the contingent liabilities listed above are those mortgages and assets pledged as collateral on certain financing transactions. These items are disclosed in Note 11.

27. Financial risk management objectives and policies

The Group Executive Committee oversees the management of financial risks and reviews and agrees policies for managing these risks, which are defined in the Group Risk Management Framework. The Group Risk Management Framework is a comprehensive management tool utilised by the Group Executive Committee to assess potential risks facing the Group. With the support of the Group internal audit team, the Group Risk Management Framework provides a context through which the Group is able to continuously monitor external risks. The Group Risk Management Framework is reviewed on a quarterly basis by the Group Executive Committee.

The Group is primarily a midstream and downstream business with a strong risk management philosophy. The Group manages its exposure to key financial risks in accordance with the Group Risk Management Framework. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security. The main risks that could adversely affect the Group's financial assets, liabilities or future cash flows are: market risks, comprising commodity price risk, cash flow interest rate risk and foreign currency risk; liquidity risk; and credit risk. As a rule, commodity price risk relating to the physical supply activities is systematically economically hedged, with the support of Trafigura Pte Ltd. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken as all derivative transactions are entered into for the purpose of managing the Group's physical inventory exposure. At this stage, the Group does not currently apply any form of hedge accounting.

Furthermore, the Group, through the Group Risk Management Framework, has established conservative consolidated risk limits and closely monitors the Group's risk positions to ensure that the Group's risk exposure remains well within these limits.

27.1 Market risk

The Group operates in various national markets where petroleum prices are predominantly regulated and therefore in many of its markets, it has limited market risk in terms of price exposure. Furthermore, where the Group operates in unregulated markets, the Group is typically able to price its products so as to reflect increases or decreases in market prices on a timely basis and thereby substantially mitigate its price exposure. Despite the Group selling into markets where price exposure is largely mitigated, the Group does economically hedge its physical supply. The primary purpose of the economic hedging activities is to protect the Group against the risk of physical supply transactions being adversely affected by changes in commodity prices. The Group systematically enters into economic hedging contracts to cover price exposures in its physical supply activities. In particular, substantially all supply stock is at all times either pre-sold or the commodity index price risk is economically hedged. By virtue of the nature of the markets in which the Group operates and given the economic hedging conducted in the Group's supply activities as per the Group Risk Management Framework, the Group faces limited market risk.

The following table provides an overview of the derivative contracts at the year-end. All commodity derivatives had maturities of less than one year at each year-end.

	Fair value of derivatives	
in US$'000	**2016**	2015
Commodity futures and swaps	(30,305)	61,553
Currency swaps	(2,654)	(433)
Interest rate swaps	–	(11)
Total	**(32,959)**	**61,109**

Currency risk

The Group has exposures to foreign currency risk on its activities. However a substantial part of this foreign exchange exposure is economically hedged out. The Group does not use financial instruments to hedge the translation risk related to equity and earnings of foreign subsidiaries and non-consolidated companies.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

27. Financial risk management objectives and policies continued
27.1 Market risk continued
Interest rate risk

Interest rate risk of the Group is mainly applicable on the long term funding of the Group. Please refer to the comments below for further details on the Group's funding.

The Group has entered into certain interest rate swap transactions in order to limit its exposure to floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax through the impact on floating rate interest bearing loans and borrowings and cash and cash equivalents. The impact on equity is the same as the impact on profit before tax.

	Effect on profit before tax for the year ended	
in US$'000	**2016**	2015
+ 1.0%	(13,563)	(9,864)
- 1.0%	13,563	9,864

The carrying amount of all financial assets and liabilities except for interest-bearing loans and borrowings approximated the estimated fair value, due to the short-term nature of the financial instruments. The following table summarises the fair value of interest-bearing loans and borrowings:

	Carrying amount		Fair value	
in US$'000	**2016**	2015	**2016**	2015
Interest-bearing loans and borrowings(i)	3,135,985	2,892,374	2,804,576	2,549,902
Total	**3,135,985**	**2,892,374**	**2,804,576**	**2,549,902**

(i) For the purpose of the above disclosure, fixed rate interest-bearing loans and borrowing have been discounted using the actual cost of debt of the Group.

(ii) The fair value of interest-bearing loans and borrowings for disclosure purposes is based on quoted prices in an active market for identical liabilities. These financial instruments are based on a Level 2 fair value measurement (refer to Note 27.6).

27.2 Liquidity risk
The Group, by virtue of the nature of its operations, has demonstrated a consistent ability to generate cash through its ongoing daily operations. The flow of cash received and generated by the Group throughout its global locations is such that the Group views itself as being in a favourable position from a liquidity perspective. The Group generates stable cash flows as the Group's assets are utilised to deliver an essential product to customers in specific, national markets and the Group is therefore not entirely exposed to international commodity market movements. At the same time, the Group has the flexibility to decide whether to invest or not in capital expenditures as its ability to generate cash flows is not bound, in the short term, by significant capital commitments or significant mandatory capital asset maintenance.

Furthermore, the Group monitors its risk to a shortage of funds by monitoring the maturity dates of existing debt. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. At 31 December 2016, the Group had US$896million (2015: US$967million) of undrawn committed borrowing facilities. In addition the Group had US$500million of undrawn committed shareholder loans.

17% of the Group's debt will mature in less than one year at 31 December 2016 (2015: 17%) based on the balances reflected in the consolidated financial statements. The maturity profile of the Group's debt is summarised in Note 21 and below. The Group liquidity risk is further mitigated as a large part of the borrowing activities of the Group are related to the financing of petroleum stocks and by their nature, these stocks are easily convertible into cash.

The table below summarises the maturity profile of the Group's financial liabilities based on non-discounted contractual payments:

in US$'000	Less than 1 year	1-5 years	5+ years	Total
At 31 December 2016:				
Interest-bearing loans and borrowings	554,389	2,745,119	313,048	3,612,556
Trade and other payables	1,631,727	–	–	1,631,727
Financial derivatives	38,933	–	–	38,933
Other financial liabilities	334	41,177	–	41,511
Total	**2,225,383**	**2,786,296**	**313,048**	**5,324,727**
At 31 December 2015:				
Interest-bearing loans and borrowings	655,985	1,532,872	1,259,379	3,448,236
Trade and other payables	1,556,820	–	–	1,556,820
Financial derivatives	3,748	12	–	3,760
Other financial liabilities	150,604	48,391	–	198,995
Total	**2,367,157**	**1,581,275**	**1,259,379**	**5,207,811**

27.3 Credit risk
The Group has a formalised credit process, with credit officers in the key locations around the world. Strict credit limits are established for each counterparty on the basis of detailed financial and business analyses. These limits are constantly monitored and revised in light of counterparty or market developments and the amount of exposure relative to the size of the Group's consolidated statement of financial position. The Group conducts transactions with the following major types of counterparties:

— Physical commodity counterparties spread across the vertical chains for oil (e.g. resellers and end-users). Sales to counterparties are made on open terms up to internally approved credit limits. Exposures above such limits are subject to independent payment guarantees.
— Payment guarantee counterparties (e.g. prime financial institutions from which the Group obtains payment guarantees).

The Group is present in different geographic regions. Wherever appropriate, guarantees, insurance and letters of credit are used to reduce payment or performance risk. The Group's maximum exposure to credit risk is equivalent to the amounts of financial assets presented in the consolidated statement of financial position. The Group has no significant concentrations of credit risk and no single customer accounts for more than 2% of the Group's revenues. In addition, a significant part of the activity of the Group's downstream business (mainly service stations) is on a cash or prepayment basis.

Refer to Note 17 for an ageing analysis of trade receivables.

27.4 Operational risk
The operations department has representatives in key locations around the world and is responsible for a number of tasks including contract insurance and logistics management. The operations department is also responsible for ensuring that industry, environmental safety, and internal policies and procedures are complied with at all times. Detailed procedures manuals are implemented throughout the Group and all operations personnel receive regular and adequate training covering the relevant subjects according to their specific functions within the operating activities of the Group. This ensures that operations staff are kept up to date with all applicable procedural, legal, regulatory and industry changes.

The Group, when chartering vessels, applies a strict vessel vetting procedure which complements insurance requirements and focuses on the vessel age, classification, protection, indemnity and pollution insurance cover. Similar vetting procedures are also applied for both rail car and truck movements. The Group also has a storage procedure which involves full due diligence being undertaken of every proposed storage location – including a site visit to the storage location, the tank or warehouse. Regular stock analysis is undertaken to avoid losses such as theft and contamination, and each approved location is checked annually to evaluate the ongoing situation.

By virtue of the Group's relationship with its significant shareholder, Trafigura Beheer BV, the Group does have a risk of supplier concentration as the Trafigura group of companies accounts for around 70% (2015: 70%) of all purchases made by the Group.

27.5 Capital management
The primary objective of the Group's capital management is to ensure that it maintains a strong capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions in order to ensure a sound capital structure.

27.6 Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

— Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
— Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
— Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

All financial assets and liabilities measured at fair value, at 31 December 2016 and 2015, fall under the Level 2 category described above, and include financial derivatives for a net amount of US$33.0million (2015: US$61.1million) and inventories for US$219.5million (2015: US$147.0million). There have been no transfers between fair value levels during any of the reporting periods.

28. Events after the reporting period
No material events occurred after the reporting period.

FINANCIAL STATEMENTS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

29. Significant consolidated subsidiaries and participating interests

The consolidated financial statements for the year ended 31 December 2016 include the Company's financial statements and those of the following operating entities listed in the table below:

Name of subsidiary	Place of incorporation	Proportion of ownership interest held by the Group at 31 December for the year ended 2016	2015	Legal relationship
Puma Energy Holdings Pte Ltd	Singapore	100%	100%	Parent company
Alexela Slovag AS	Norway	95%	95%	Subsidiary
Angobetumes Lda	Angola	100%	100%	Subsidiary
APN Retail Property Fund	Australia	29%	–	Equity investment
AS Alexela Logistics	Estonia	95%	95%	Subsidiary
AS Alexela Sillamäe	Estonia	95%	95%	Subsidiary
AS Alexela Terminal	Estonia	95%	95%	Subsidiary
Central Combined Group Pty Ltd	Australia	100%	100%	Subsidiary
Comercial el Hogar SA	Honduras	100%	100%	Subsidiary
Directhaul Pty Ltd	Australia	100%	100%	Subsidiary
DP Drakensberg Properties Pty Ltd	South Africa	100%	100%	Subsidiary
Drakensberg Oil Pty Ltd	South Africa	100%	100%	Subsidiary
Emoil Petroleum Storage FZCO	United Arab Emirates	20%	20%	Equity investment
Empresa Cubana de Gas	Cuba	50%	50%	Equity investment
Fuel Distributors of Western Australia Pty Ltd	Australia	50%	50%	Equity investment
Gulf Refining Company NV	Curacao	64%	64%	Subsidiary
Hidrosur Asfaltos SAPI de CV	Mexico	–	49%	Equity investment
Hull Ocean Going Barges UK Ltd	United Kingdom	100%	100%	Subsidiary
Kpone Marine Services Ltd	Ghana	100%	100%	Subsidiary
Langsat Terminal (One) Sdn Bhd	Malaysia	20%	20%	Equity investment
Langsat Terminal (Two) Sdn Bhd	Malaysia	20%	20%	Equity investment
National Energy and Puma Aviation Services Co Ltd	Myanmar	49%	49%	Equity investment
Neumann Petroleum Pty Ltd	Australia	100%	100%	Subsidiary
Oil Malal SA	Chile	33%	33%	Equity investment
PC Puerto Rico LLC	Puerto Rico	100%	100%	Subsidiary
PE Bitumen Resources Nigeria Ltd	Nigeria	60%	–	Subsidiary
PE Swaziland (Pty) Ltd	Swaziland	100%	100%	Subsidiary
PE Tanzania Services Assets Ltd	Tanzania	100%	100%	Subsidiary
Pervyi Murmanskiy Terminal(i)	Russia	47%	47%	Subsidiary
Petrobeira Lda(ii)	Mozambique	49%	49%	Subsidiary
Phoenix Petroleum Pty Ltd	Australia	50%	50%	Equity investment
Phoenix Petroleum Unit Trust	Australia	50%	50%	Equity investment
PT Puma Energy Indonesia	Indonesia	100%	100%	Subsidiary
Puma El Salvador SA de CV	El Salvador	100%	100%	Subsidiary
Puma Energia España SLU	Spain	100%	100%	Subsidiary
Puma Energy (Australia) Bitumen Pty Ltd	Australia	100%	100%	Subsidiary
Puma Energy (Australia) Fuels Pty Ltd	Australia	100%	100%	Subsidiary
Puma Energy (Aviation) SA	Panama	100%	100%	Subsidiary
Puma Energy (Malaysia) Sdn Bhd	Malaysia	100%	100%	Subsidiary
Puma Energy (Moçambique) Lda	Mozambique	100%	100%	Subsidiary
Puma Energy (Namibia) (Pty) Ltd	Namibia	100%	100%	Subsidiary
Puma Energy (Singapore) Pte Ltd	Singapore	100%	100%	Subsidiary
Puma Energy (UK) Ltd	United Kingdom	100%	100%	Subsidiary
Puma Energy Asia Sun Co Limited	Myanmar	80%	80%	Subsidiary
Puma Energy Asia Supply Company SA	Panama	100%	100%	Subsidiary
Puma Energy Bahamas SA	Bahamas	100%	100%	Subsidiary
Puma Energy Benin SA	Benin	100%	100%	Subsidiary
Puma Energy Bitumen (Vietnam) Ltd	Vietnam	80%	80%	Subsidiary
Puma Energy Bitumen Supply SA	Panama	100%	100%	Subsidiary
Puma Energy Botswana (Pty) Ltd	Botswana	80%	80%	Subsidiary
Puma Energy Caribe LLC	Puerto Rico	100%	100%	Subsidiary
Puma Energy Colombia Combustibles SAS	Colombia	100%	100%	Subsidiary
Puma Energy Colombia Holdings AG	Switzerland	100%	100%	Subsidiary
Puma Energy Cote d'Ivoire SA	Ivory Coast	100%	100%	Subsidiary
Puma Energy Distribution Benin SA	Benin	100%	100%	Subsidiary
Puma Energy Group Pte Ltd	Singapore	100%	100%	Subsidiary
Puma Energy Guatemala SA	Guatemala	100%	100%	Subsidiary
Puma Energy Honduras SA de CV	Honduras	100%	100%	Subsidiary

Name of subsidiary	Place of incorporation	Proportion of ownership interest held by the Group at 31 December for the year ended 2016	2015	Legal relationship
Puma Energy International BV, Geneva Branch	Netherlands	100%	100%	Branch
Puma Energy Irrawaddy Pte Ltd	Singapore	100%	100%	Subsidiary
Puma Energy Johannesburg Supply SA	Panama	100%	100%	Subsidiary
Puma Energy LS (Pty) Ltd	Lesotho	100%	100%	Subsidiary
Puma Energy Ltd (FZE)	Nigeria	100%	80%	Subsidiary
Puma Energy Luxembourg Sàrl	Luxembourg	100%	100%	Subsidiary
Puma Energy Malawi Ltd(i)	Malawi	50%	50%	Subsidiary
Puma Energy New Zealand Limited	New Zealand	100%	100%	Subsidiary
Puma Energy Panama Supply SA	Panama	100%	100%	Subsidiary
Puma Energy Paraguay SA	Paraguay	100%	100%	Subsidiary
Puma Energy Peru SAC	Peru	100%	100%	Subsidiary
Puma Energy PNG Ltd	Papua New Guinea	100%	100%	Subsidiary
Puma Energy PNG Refining Ltd	Papua New Guinea	100%	100%	Subsidiary
Puma Energy PNG Supply Ltd	Cayman Islands	100%	100%	Subsidiary
Puma Energy Procurement BV	Netherlands	100%	100%	Subsidiary
Puma Energy Senegal SA	Senegal	80%	80%	Subsidiary
Puma Energy Services (Singapore) Pte Ltd	Singapore	100%	100%	Subsidiary
Puma Energy Services South Africa (Pty) Ltd	South Africa	100%	100%	Subsidiary
Puma Energy South Africa (Pty) Ltd	South Africa	75%	75%	Subsidiary
Puma Energy Tanzania Ltd(i)	Tanzania	50%	50%	Subsidiary
Puma Energy Zambia PLC	Zambia	76%	76%	Subsidiary
Puma International Congo SA	Congo	100%	100%	Subsidiary
Puma International Financing SA	Luxembourg	100%	100%	Subsidiary
Puma Overseas Projects Pte Ltd	Singapore	100%	100%	Subsidiary
Pumangol Industrial Lda	Angola	100%	100%	Subsidiary
Pumangol Lda	Angola	100%	100%	Subsidiary
Redan Petroleum (Pvt) Ltd	Zimbabwe	60%	60%	Subsidiary
Refineria Petrolera de Acajutla SA de CV	El Salvador	100%	100%	Subsidiary
Sakunda Petroleum (Pvt) Ltd	Zimbabwe	49%	49%	Equity investment
Tema Offshore Mooring Ltd	Ghana	100%	100%	Subsidiary
UBI Group Ltd(i)	Ghana	49%	49%	Subsidiary
Ultrapar SA	Paraguay	100%	100%	Subsidiary

Presented below are explanations for those entities which are consolidated despite the Group having less than 50% interest in those entities:

(i) The Group retains effective control over these entities, despite the fact that it does not hold clear majority of the shares, by virtue of the fact the Group is exposed to, or has rights to, variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

(ii) Management believes that the Group retains effective control over this entity as a result of there being both a shareholder and an investment agreement in place with the National Oil Company of Mozambique stipulating that the Group has 100% economic control over the entity.

The Group does not have any non-controlling interests exceeding 5% of the Group's long-term assets or 20% of the Group's operating profit.

FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT

Report of the independent auditor with consolidated financial statements at 31 December 2016 of Puma Energy Holdings Pte Ltd, Singapore
Singapore, 28 February 2017

Opinion

We have audited the consolidated financial statements of Puma Energy Holdings Pte Ltd and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position at 31 December 2016 and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISA'). Our responsibilities under those provisions and 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 International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code') and we have fulfilled our ethical responsibilities in accordance with the IESBA 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Valuation of property and equipment, intangible assets and goodwill

Risk

At 31 December 2016, the Group's balance sheet includes property and equipment amounting to US$3,329million (2015: US$3,283million), intangible assets amounting to US$372million (2015: US$365million), and goodwill amounting to US$970million (2015: US$940million). The assessment of the recoverable value of these assets for property and equipment and intangible assets, or of the relevant cash-generating unit for goodwill, incorporates significant judgement in respect of factors such as gross profits, discount rates, petroleum product prices, market shares and growth rates which are affected by expected future market or economic conditions in many different countries.

The Group's disclosures about property and equipment, intangible assets and goodwill, are included in Notes 11, 12 and 13 of the consolidated financial statements.

Our audit response

We performed the following procedures:

- We reviewed the Group's calculation of value in use or fair value less costs to sell, as appropriate.
- We involved our valuation specialists to evaluate methodologies and key assumptions, such as cash flow forecasts included in the impairment assessment for each cash generating unit or asset tested on a stand-alone basis, and discount rate assumptions.
- We assessed whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation.

Recoverability of deferred tax assets

Risk

At 31 December 2016, the Group had deferred tax assets on deductible temporary differences of US$93million (2015: US$ 103million) which were recognised. At the same date the Group also had deferred tax assets on tax losses carried forward of US$134million (2015: US$ 114million) which were recognised and US$35million (2015: US$ 39million) which were not recognised. The analysis of the recognition and recoverability of the deferred tax assets was significant to our audit because the amounts are material, the assessment process is complex and judgmental and is based on assumptions that are affected by expected future market or economic conditions.

The Group's disclosures about deferred tax assets are included in Note 10 of the consolidated financial statements.

Our audit response
We performed the following procedures:

- We evaluated the Group's process for the identification and evaluation of uncertain tax positions and other tax risks as well as for the assessment of the recoverability of deferred tax assets.
- We also considered the Group's process for the recording and continuous re-assessment of the related (contingent) liabilities and provisions as well as deferred taxes.
- We reviewed tax exposures estimated by management and the risk analysis associated with these exposures along with claims or assessments made by tax authorities to date.
- We analysed the tax risk provision to evaluate whether it reflects the tax risks in the business.
- We reviewed documentation of tax audits and evaluated whether exposures raised by the tax authorities have been considered.
- We analysed these with involvement of our internal tax experts, and assessed the tax risk provision.
- We tested the calculation of deferred tax assets and liabilities and considered the management estimates relating to the recoverability of deferred tax assets.
- We analysed these with involvement of our tax experts, and assessed the tax risk provision.
- We analysed the offsetting and presentation of deferred tax positions.

Determination of fair values in business combinations
Risk
In 2016, the Group acquired 3 subsidiaries (2015: 10) for total consideration up to US$ 51million (2015: US$ 272million). For these acquisitions, the Group made purchase price allocations in which the consideration was allocated to the various assets and liabilities of the acquired companies. The audit of the purchase price allocations is a key audit matter given the magnitude of the amount and since significant management judgment is required to determine the purchase price allocations to the various assets and liabilities of the acquired companies.

The Group's disclosures about business combinations are included in Note 6 of the consolidated financial statements.

Our audit response
We performed the following procedures:

- We assessed, with involvement of our valuation specialists, the valuation methodology adopted in determining fair values, the underlying assumptions and the mathematical accuracy of the valuation models.
- We analysed the purchase price allocations and assessed the allocation of goodwill to cash generating units.
- We involved our tax specialists to assess the recognition and valuation of deferred tax assets and liabilities.
- We analysed the disclosures relating to the business combinations.
- We assessed whether transactions were correctly classified as business combinations or acquisitions of a group of assets.

Other information in the annual report
Management is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements and our auditor's reports thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

Responsibility of management for the consolidated financial statements
Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS, and for such internal control as management determines 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, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Management is responsible for overseeing the Group's financial reporting process.

FINANCIAL STATEMENTS
INDEPENDENT AUDITOR'S REPORT *continued*

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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 ISA, we exercise professional judgment and maintain professional scepticism throughout 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 or 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 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 management 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 management, we determine those matters that were of most significance in the audit of the 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.

Ernst & Young Ltd

Scott Duncan	Didier Lequin
Licensed audit expert	Licensed audit expert

Footnotes to the market review

1. *In 2015.*
2. *From 13,684 Mtoe in 2014 to 17,866 Mtoe in 2040. Source: IEA World Energy Outlook 2016, New Policies (intermediate) Scenario.*
3. *BP (2016).*
4. *BP Statistical Review of World Energy 2016, Macrobond, and Llewellyn Consulting.*
5. *While the dollar price of internationally traded goods (e.g. Brent crude oil, or a Nikon camera) will tend to be similar across countries, the same is not the case for many non-internationally traded services. The price of a haircut in New York will be markedly higher than (even an essentially similar) haircut in Spain; and that in turn will be more expensive than a haircut in Mexico. To overcome this potentially quantitatively important issue, the World Bank and the IMF offer PPP adjustments to countries' national income data in an attempt to allow for this effect.*

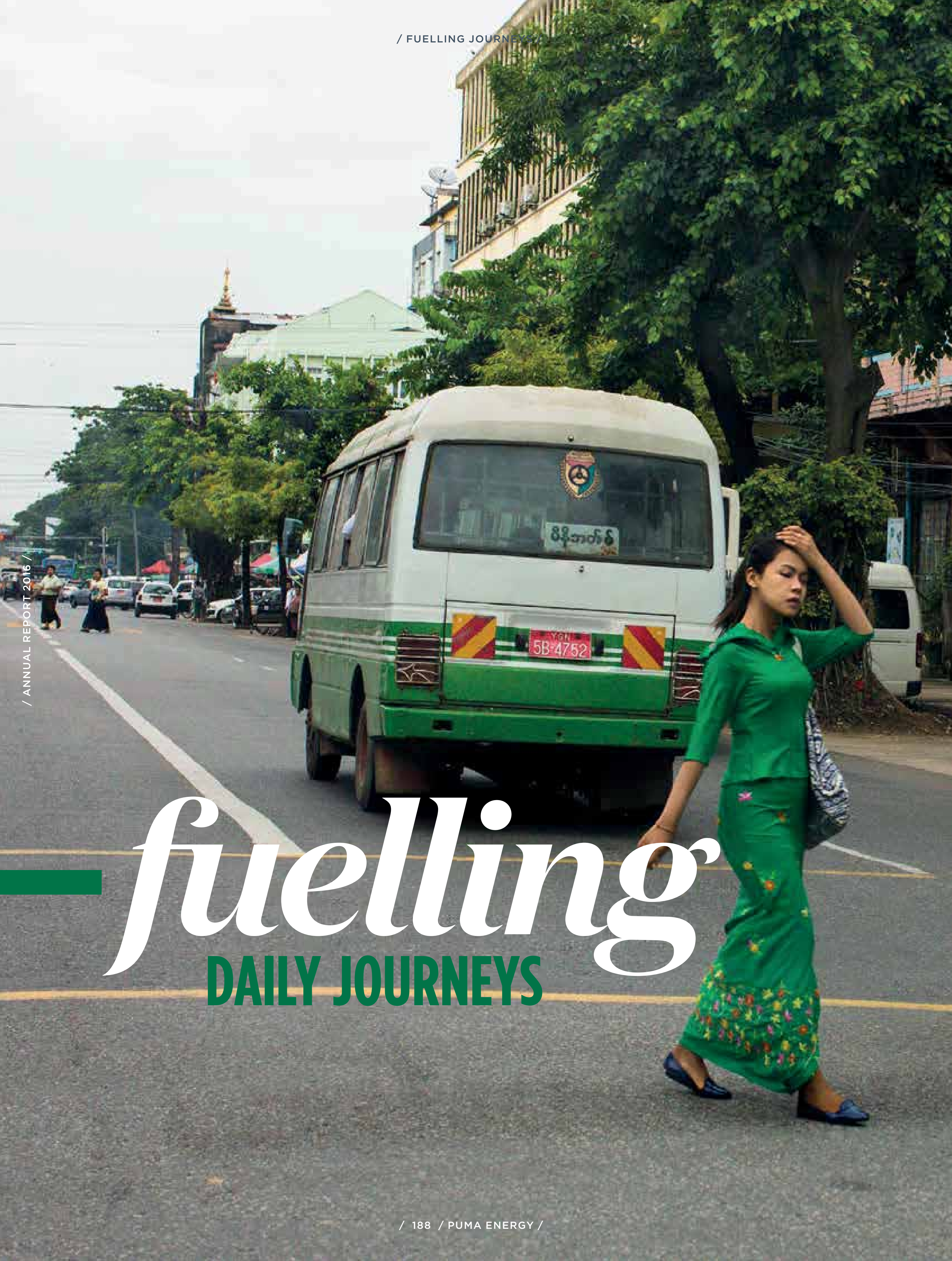
   In general, these adjustments raise the value of non-traded goods and services, and thereby measured national income in PPP terms, in low per capita income economies relative to the high per capita income economies, and thereby narrow the measured difference in per capita income levels across countries.
6. *Kharas, H and Gertz, G. The New Global Middle Class: A Cross-Over from West to East (2010).*
7. *Up from 1.8 billion people in 2009; Source: Kharas, H and Gertz, G. (2010).*
8. *Drabble, The Rise of a global middle class (2015).*
9. *Scotiabank, Global Auto Report (2017) available at http://www.gbm.scotiabank.*
10. *The International Organization of Motor Vehicle Manufacturers.*
11. *LeBeau, P, "Whoa! 1.7 Billion Cars on the Road by 2035" (2012) http://www.cnbc.com/id/49796736 / International Energy Agency.*
12. *Trans World News. Winning in Africa's consumer market, McKinsey (2015).*
13. *Deloitte, Deloitte on Africa The Rise and Rise of the African Middle Class. https://www2.deloitte.com/content/dam/Deloitte/au/Documents/international-specialist/deloitte-au-aas-rise-african-middle-class-12.pdf*
14. *Company filings.*

6

The people's story

A PICTORIAL VIEW OF OUR
CUSTOMERS AND THEIR JOURNEYS

CUSTOMERS ACROSS THE GLOBE ARE AT THE *heart* OF WHAT WE DO



fuelling DAILY JOURNEYS

Puma Energy's diesel fuels the daily commute to work for millions of people, from this young woman heading for her bus in Myanmar to packed trains in cities half a world away.

FUELLING PERSONAL JOURNEYS

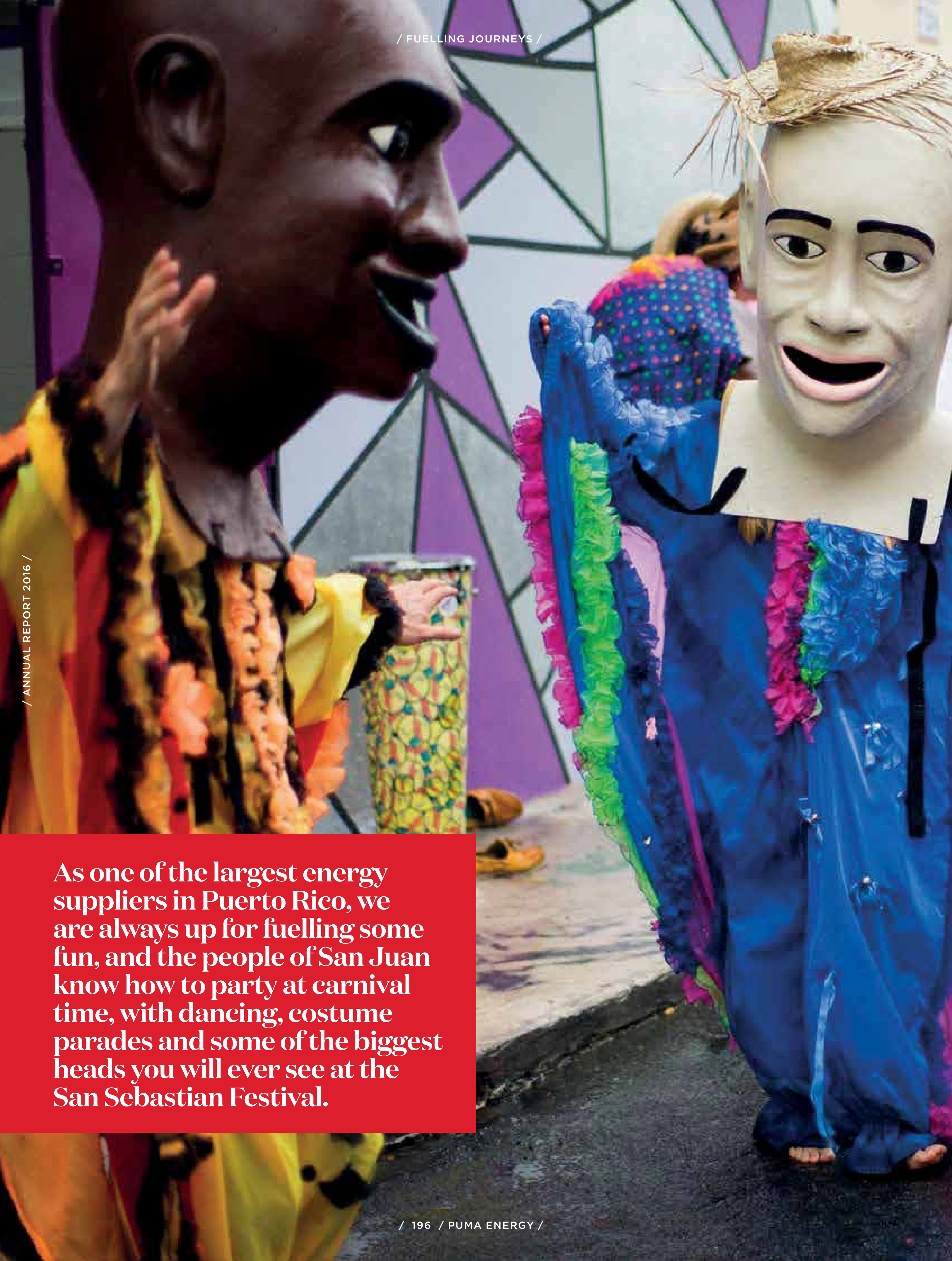
It is surprising whom you meet on the road in Puerto Rico – they may all use our fuel, but everyone has their own personal story to tell, and you can be sure Chica the dog will have the last word!

We treat our customers as individuals, and few are more individual than the bus drivers in Panama, who decorate their buses to suit their personalities and create unique environments for their passengers.

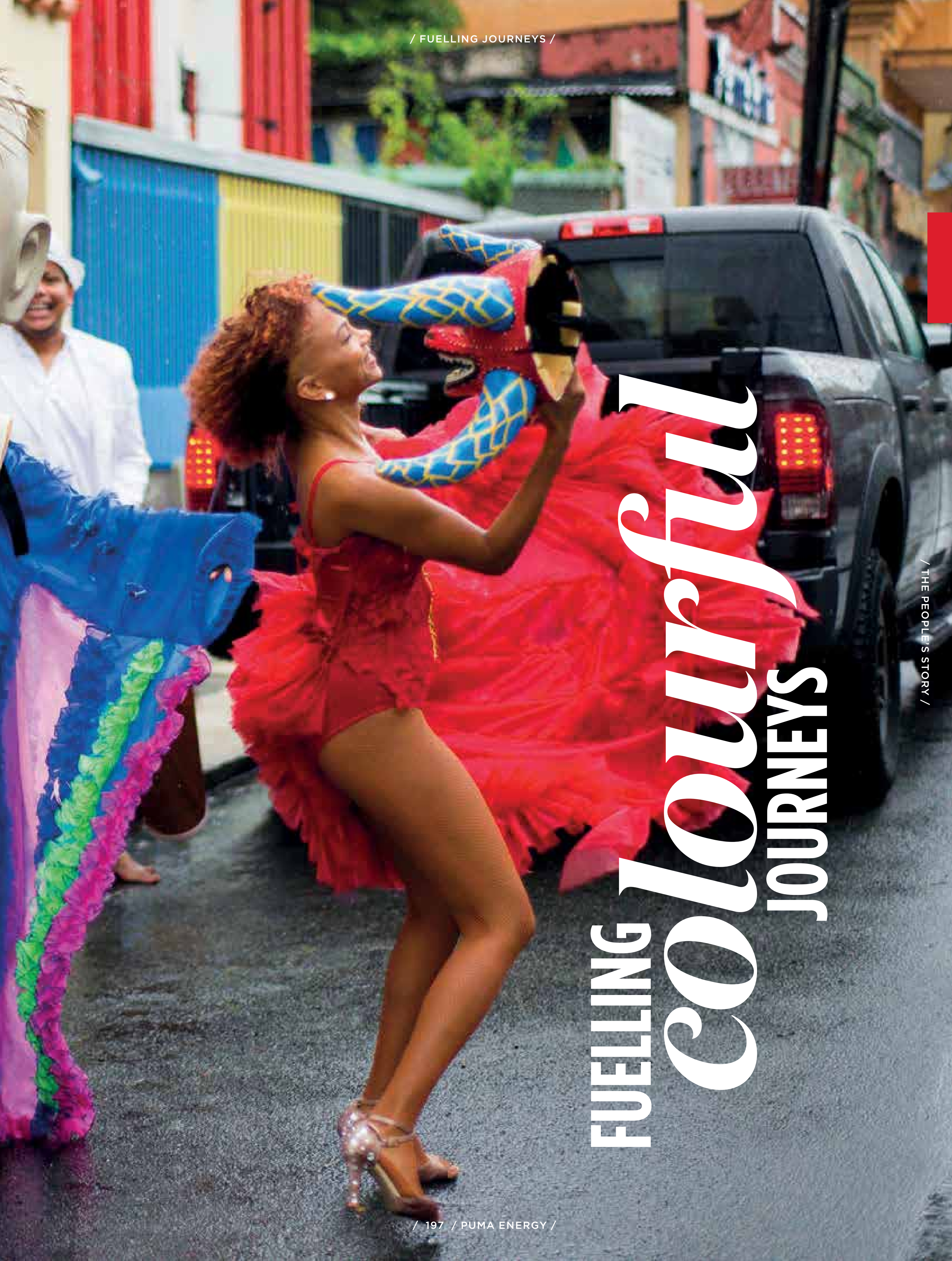
FUELLING UNIQUE *journeys*

FUELLING *performance*

When you're in the acting business, fuelling performance means more than just filling up with premium fuel at our pumps – this young actress is a regular Puma Energy customer in Puerto Rico, bringing star quality to our forecourts.

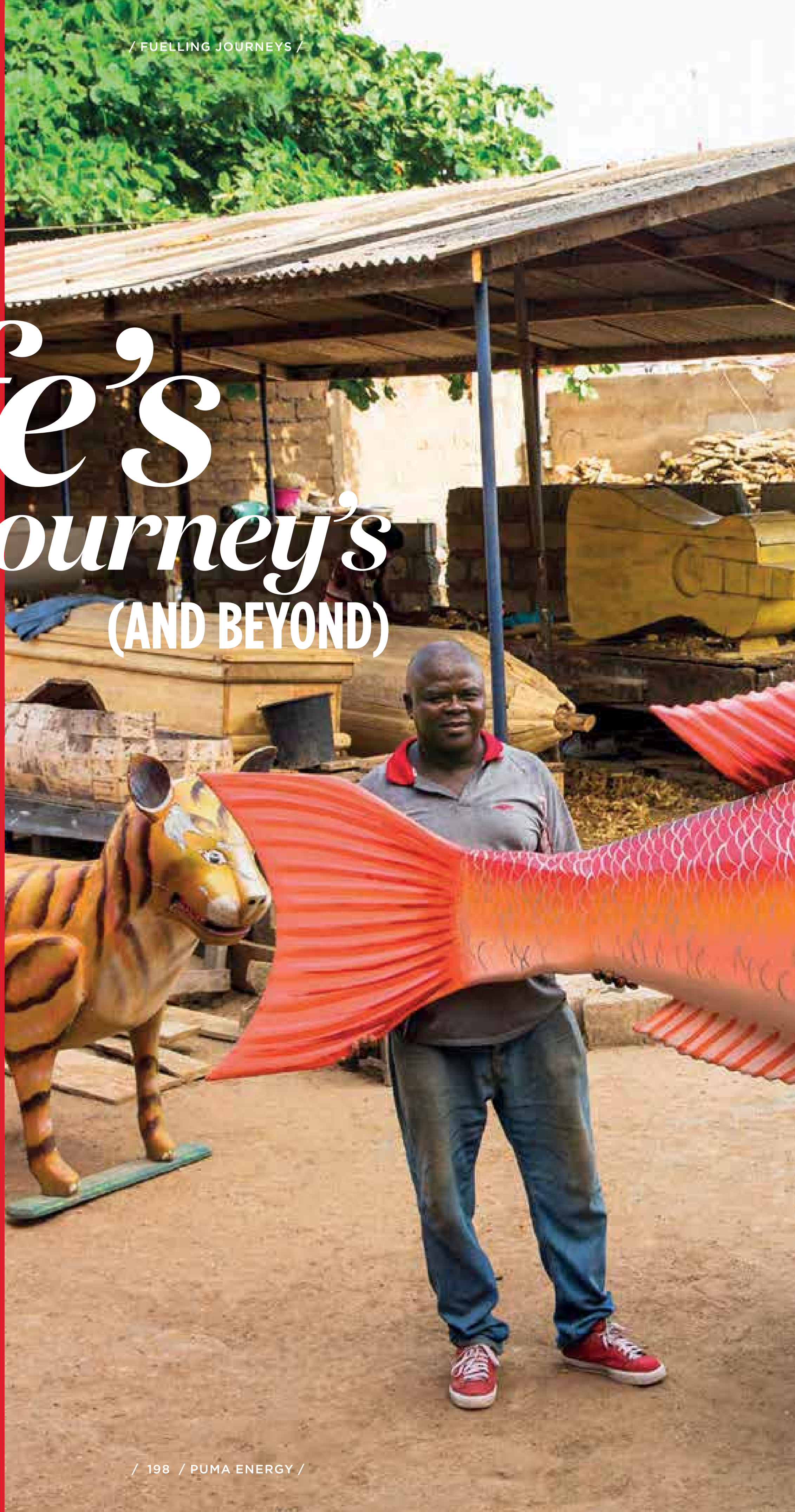


As one of the largest energy suppliers in Puerto Rico, we are always up for fuelling some fun, and the people of San Juan know how to party at carnival time, with dancing, costume parades and some of the biggest heads you will ever see at the San Sebastian Festival.



FUELLING *colourful* JOURNEYS

FUELLING *life's journey's* (AND BEYOND)



The businesses we fuel cover everything from the cradle to the grave. Custom-made coffins in Ghana are a unique part of celebrating a loved one's life as they make their final journey.

From customer to drag racer, we fuel a variety of journeys for people every day.

FUELLING WEEKENDS

From jewellery makers to banjo players, we fuel the journeys of locals aross the Americas every day.

57

Puma Energy retail sites in Panama

57,000m^3

fuel we supply per year to the Panama Canal

77km

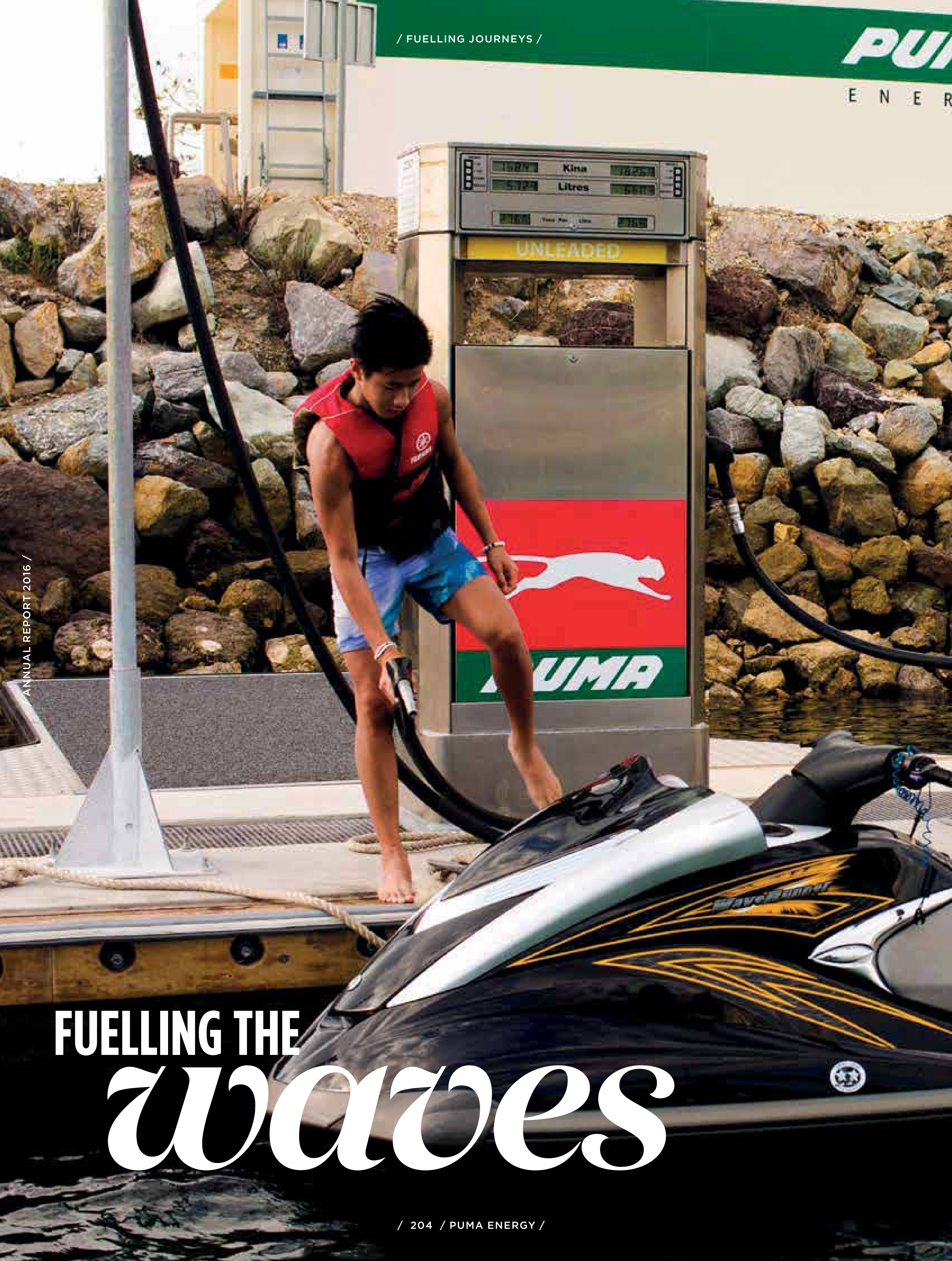
length of the world-famous Panama Canal

According to a 2012 poll,

PANAMA CITY

is the city with the happiest people in the world. (*Though we cannot take all the credit for that!*)

FUELLING CREATIVITY



FUELLING THE *waves*

It's not always four wheels that count in Papua New Guinea – for customers at this particular Puma Energy retail site, the jet ski is the only way to travel.

fuelling ADVENTURE

This daredevil couple flew all the way across Africa during a Puma Energy-sponsored Vintage Air Rally, stopping off in Plettenberg Bay, South Africa, to refuel and refresh along the way.

Fuelling business and more

Next time you take to the open road, do not forget to call in for everything you need.

These have been just a few of our customers' stories from around the world.

Puma Energy
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FUELLING CUSTOMER *journeys*

Puma Energy retail site at Thanda Tau conservation area.

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Fuelling Journeys