TRAFIGURA

2020 INTERIM REPORT

FOR THE PERIOD ENDED 31 MARCH 2020

TRAFIGURA GROUP PTE. LTD.

ADVANCING TRADE

Financial and business highlights[1]

Group revenue

$83.0bn

Year	Value
2020	83.0
2019	86.3[2]
2018	86.9

Gross profit

$3,125.5m

Year	Value
2020	3,125.5
2019	1,471.6[2]
2018	979.0

Total assets

$54.4bn

Year	Value
2020	54.4
2019	54.2[3]
2018	53.8

Oil and Petroleum Products revenue as a percentage of Group revenue

63%

Year	Value
2020	63
2019	67[2]
2018	69

Profit for the period

$541.9m

Year	Value
2020	541.9
2019	425.7[2]
2018	256.0

Total non-current assets

$12.5bn

Year	Value
2020	12.5
2019	10.8[3]
2018	8.8

Metals and Minerals revenue as a percentage of Group revenue

37%

Year	Value
2020	37
2019	33[2]
2018	31

EBITDA[4]

$2,411m

Year	Value
2020	2,411
2019	1,112[2]
2018	658

Total group equity

$7.0bn

Year	Value
2020	7.0
2019	6.8[3]
2018	6.2

Trafigura Group Pte. Ltd. and the companies in which it directly or indirectly owns investments in are separate and distinct entities.
In this publication, the collective expressions 'Trafigura', 'Trafigura Group', 'the Company' and 'the Group' may be used for convenience where reference is made in general to those companies. Likewise, the words 'we', 'us', 'our' and 'ourselves' are used in some places
to refer to the companies of the Trafigura Group in general. These expressions are also used where no useful purpose is served by identifying any particular company or companies.

1 Six-month period ended 31 March 2020. Figures for this period include the new IFRS 16 reporting requirements.
2. Six-month period ended 31 March 2019
3. As at 30 September 2019
4. EBITDA (earnings before interest, tax, depreciation and amortisation) is operating profit excluding the share in results of equity-accounted investees, depreciation and amortisation, gains/losses on divestments of subsidiaries, equity-accounted investees and other investments, impairment losses and other operating income and expenses.

ADVANCING TRADE

Global trade brings the world closer together.

It expands the wealth of nations, forges common interests and builds mutual trust.

Trafigura makes trade happen. And we make it our mission to do that responsibly. We deploy infrastructure, skills and our global network to move physical commodities from places they are plentiful to where they are most needed.

We have been connecting our customers to the global economy for a quarter of a century. We grow prosperity by advancing trade.

Find out more
www.trafigura.com

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Financial review

An exceptional performance in volatile markets

At times like these, the physical trading and risk management activities of specialist companies such as Trafigura become more relevant than ever.

Christophe Salmon
Group Chief
Financial Officer

Performance indicators[1]

Group revenue

$83.0bn

Year	Value
2020	83.0
2019	86.3[2]

Total assets

$54.4bn

Year	Value
2020	54.4
2019	54.2[3]

Gross profit

$3,125.5m

Year	Value
2020	3,125.5
2019	1,471.6[2]

Total non-current assets

$12.5bn

Year	Value
2020	12.5
2019	10.8[3]

Gross profit margin

3.8%

Year	Value
2020	3.8
2019	1.7[2]

Total group equity

$7.0bn

Year	Value
2020	7.0
2019	6.8[3]

Profit for the period

541.9m

Year	Value
2020	541.9
2019	425.7[2]

EBITDA

$2,411m

Year	Value
2020	2,411
2019	1,112[2*]

[1] Six-month period ended 31 March 2020
[2] Six-month period ended 31 March 2019
[3] As at 30 September 2019
[*] 2019 H1 EBITDA figure excludes impact of IFRS 16.

Trafigura Group recorded a healthy profit for the first half of its 2020 financial year, 1 October 2019 to 31 March 2020, led by an exceptionally strong performance in physical oil trading in the volatile markets that characterised the period. Net profit for the period rose 27 percent to USD542 million from USD426 million a year earlier.

Group revenue for the period was slightly down from the same period of the previous year at USD82,960 million, reflecting lower average commodity prices. Gross profit was USD3,126 million, compared to USD1,472 million, while gross profit margin for the period was 3.8 percent compared to 1.7 percent a year ago.

Both core trading divisions performed well. Our Metals and Minerals division maintained a robust profitability, trading higher volumes in refined metals and bulk minerals, while Oil and Petroleum Products turned in its strongest first-half profit performance on record. The company maintained a strong financial position, enabling us to provide vital services to the market in the face of geopolitical turbulence and the COVID-19 crisis. At the same time, the negative effects of the pandemic on global demand led to impairments in the value of some of our fixed assets.

Like-for-like comparisons between this reporting period and the first half of 2019 are complicated by the fact that this year's results incorporate for the first time the new IFRS 16 reporting requirement on lease arrangements (see Note 4, page 15). All the figures in this statement, unless otherwise indicated, include the effect of IFRS 16, the detail of which is set out in the interim condensed consolidated financial statements. The net impact of this reporting requirement resulted in a reduced profit for the year by USD31 million from what it would have been in the absence of IFRS 16, and an increased gross profit by USD481 million, as well as a USD2,730 million increase in our total assets.

EBITDA for the period was a record USD2,411 million which, excluding the impact of IFRS 16 on the first half of this financial year, equated to USD1,926 million, compared to USD1,112 million in the first half of 2019.

Strong trading performance

The exceptionally strong performance in oil trading came in the context of significant volatility and dislocations in the global market for crude oil and refined products. In the October-December 2019 quarter, political events in the Middle East and the US-China trade conflict had already created heightened volatility in oil and other commodity markets. Then in March 2020, the shock to global oil demand resulting from the COVID-19 pandemic, combined with a jump in supply (caused by price wars between major producing countries), drove prices sharply down. Faced with an imminent shortage of storage capacity in Cushing, Oklahoma, on 20 April 2020, the US WTI benchmark plunged into negative territory for the first time on record.

At times like these, the physical trading and risk management activities of specialist companies such as Trafigura's become more relevant than ever. Our core competence lies in understanding the global supply chain in great detail, in having highly skilled trading teams and in managing infrastructure such as oil storage facilities, pipelines and freight capacity. During this period, our market intelligence on the impact of COVID-19 and of the decisions by OPEC and other oil producers on demand and supply, enabled us to act efficiently and effectively. This superior market understanding, combined with our physical infrastructure and our supply chain management capacity, were key in balancing the oil market during these unprecedented times.

As the largest exporter of US crude oil, for example, Trafigura had ample pipeline, tankage and freight capacity to play its part in channeling the supply glut that caused negative prices domestically to foreign markets where prices were higher and storage capacity was available. Opportunities for such geographical arbitrage were amplified by the uneven impact of the pandemic in regions, while the introduction of IMO 2020 regulation on marine fuel created additional volatility in the markets for fuel oil and condensates. All these factors subsequently increased the need for our services and significantly boosted profit margins in oil trading as well as in our Shipping and Chartering operations.

Other business highlights

Beyond the trading performance, other highlights in this half year included:

- The successful integration of zinc and lead refining company Nyrstar, following the company's financial restructuring and absorption into the Trafigura financial statements in 2019. Nyrstar made a positive contribution of USD370 million to Trafigura's gross profit and USD72 million on the Group's EBITDA for the first time, showing the benefits of the turnaround plan being implemented since its consolidation within the Group last year. However, as expected as part of the company's recovery plan, Nyrstar recorded a loss of USD137 million, which is fully reflected in Trafigura's profit for the period.
- A continuation of our disciplined approach to valuation of fixed assets. An assessment of the negative impact of the COVID-19 pandemic on global energy demand and increased global crude oil supplies causing refinery margins to reach record lows led to an impairment of USD287 million in the value of our stake in the Nayara Energy oil refining operation. At the same time, the value of our holding in the downstream company Puma Energy, which is being restructured having reported a loss for its 2019 financial year, was USD1,452 million on 31 March 2020, USD293 million lower than as at 30 September 2019.
- A satisfactory start to operations of our new joint venture with ship-owners Frontline Ltd. and Golden Ocean Group Ltd., TFG Marine, which aims to build significant share in a consolidating global bunker fuel market.
- A smooth transition of large parts of our operations to home-based working as the pandemic forced the reduction in use of office facilities. This underlined the benefits of the significant investment the Group has made in IT infrastructure around the world in recent years.
- Ample access to liquidity and rigorous financial control, including the simultaneous refinancing of two core credit facilities and the issue of notes with long-dated maturities in March 2020 at the height of the COVID-19 pandemic. As at 31 March 2020, we had access to bank credit lines totalling USD61 billion with significant available headroom. Our leverage, as measured by the ratio of adjusted debt to net equity, was 1.04x, within our stated guidance of around 1x.

Income, expenditure and balance sheet

Of total Group first-half year revenue of USD82,960 million (2019: USD86,297 million), oil trading accounted for USD52,248 million (USD57,986 million), or 63 percent, while metals and minerals trading revenue was USD30,712 million (USD28,311 million), or 37 percent of the total. With regard to the total gross profit of USD3,126 million, oil trading contributed USD2,128 million (2019: USD1,035 million) or 68 percent, and metals and minerals contributed USD998 million (2019: USD437 million) or 32 percent. This increase of the gross profit in the first half of 2020 compared to the same period in 2019 includes the effects of the consolidation of Nyrstar (USD370 million) and the IFRS 16 implementation which led to lower cost of sales (USD481 million).

The result from operating activities was USD1,275 million, compared to USD894 million a year ago. General and administrative expenses were USD1,453 million, against USD510 million, an increase largely resulting from the effect of reporting under IFRS 16 (USD450 million) and the consolidation of Nyrstar (USD404 million), which mostly related to staff and depreciation costs.

The Statement of Income shows a loss of USD398 million under "other income/expenses" that includes Nayara Energy impairments of USD287 million and foreign exchange losses equating to USD69 million. Net financing costs increased to USD432 million from USD316 million, again largely because of the effect of IFRS 16 (USD56 million) and Nyrstar (USD57 million).

Share of profit/loss of equity-accounted investees included USD150 million losses relating to our investment in Puma Energy.

As at 31 March 2020, total assets stood at USD54,416 million, compared to USD54,151 million on 30 September 2019. Fixed and non-current assets were USD12,528 million, compared to USD10,777 million. Once again, the difference was largely accounted for by the effect under IFRS 16 of booking leasing arrangements as "right of use" assets. For the same reason, non-current liabilities rose to USD11,802 million from USD9,968 million on 30 September 2019.

Current assets fell slightly to USD41,886 million from USD43,372 million, principally reflecting a shrinkage in inventories (to USD11,550 million from USD13,435 million) and receivables due to lower commodity prices. Prepayments rose, with current prepayments (with maturities of one year or less) up to USD4,039 million by 31 March 2020 from USD3,454 million six months earlier, and non-current (longer-term) prepayments at USD768 million from USD679 million. There was no change in the credit parameters used to govern such facilities. Trafigura lays off a substantial portion of such credit risks through bank syndication and other arrangements.

In terms of operational leverage, loans and borrowings were barely changed from six months earlier, giving an adjusted debt-to-equity ratio of 1.04x, as stated above. We assess the Group's financial leverage by calculating a ratio of adjusted net debt to equity. Adjusted net debt corresponds to the company's total non-current and current debt less cash, fully-hedged and readily marketable inventories, non-recourse debt related to the Group's securitisation programme and the non-recourse portion of loans from third parties.

Total Group equity grew by USD173 million to USD6,977 million as at March 2020, lower than the USD542 million profit for the six-month period mainly due to losses recorded in other comprehensive income related to associates (USD208 million representing the Group's share of their other comprehensive income) and negative fair value movements on cash flow hedges (USD199 million), mostly relating to hedging of price exposure on future purchases and sales of commodities.

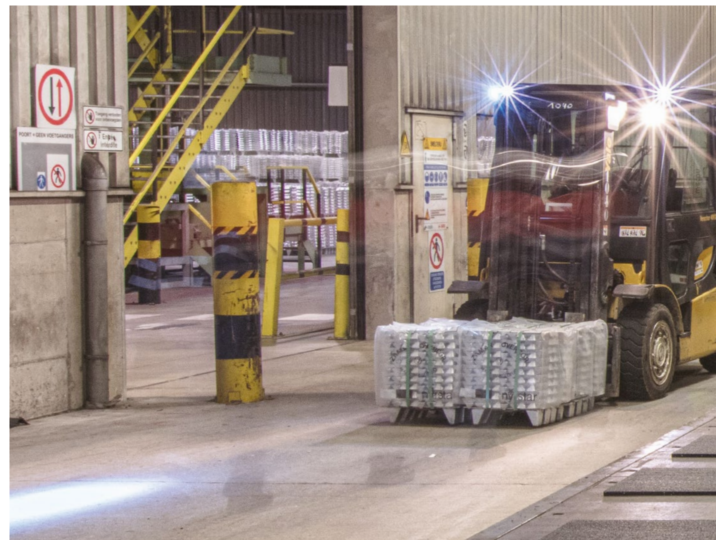
Liquidity and financing

Trafigura maintained a wide access to liquidity throughout the half year with credit lines of USD61 billion from a network of around 140 financial institutions. The majority of our day-to-day trading activity is financed through uncommitted, self-liquidating trade finance facilities, while we use corporate credit facilities to finance other short-term liquidity requirements, such as margin calls.

This funding model gives us the necessary flexibility to cope with periods of enhanced price volatility as utilisation of the trade finance facilities increases or decreases to reflect the volumes traded and underlying prices. Trafigura also maintains an active programme of capital markets debt to secure longer-term finance in support of our investments.

During the six months ended 31 March 2020, the Group completed a number of important transactions.

In October 2019, Trafigura refinanced its Asian Revolving Credit Facility (RCF) and Term Loan Facilities (TLF) at USD1,505 million-equivalent with the support of 27 banks.



The transaction comprised a 365-day US dollar revolving credit facility, a one-year Chinese yuan renminbi term loan facility and a three-year US dollar term loan facility. This facility was upsized by USD130 million-equivalent post-closing via the accordion feature.

In March 2020, Trafigura simultaneously refinanced two core credit facilities and issued notes with long-dated maturities. The company refinanced its flagship 365-day European multi-currency syndicated Revolving Credit Facility (ERCF) at USD1,895 million. The 365-day ERCF initially launched at USD1,500 million and closed substantially oversubscribed, allowing the facility to be upsized. In addition, the company decided to exercise the second extension option available on the three-year tranche of its 2018 ERCF, thereby extending the facility by 365 days and maintaining a three-year tenor. Those tranches were subsequently upsized by USD135 million in aggregate via the accordion feature.

In a separate transaction, Trafigura returned for the fifth time to the Japanese domestic syndicated bank loan market and raised JPY76.8 billion (USD720 million equivalent at spot rate) via a JPY denominated term loan. In addition to the three-year tranche, which Trafigura has refinanced every two years since 2012, Trafigura introduced an inaugural five-year tranche. Twenty Japanese financial institutions supported the Samurai Loan, demonstrating the continued interest of domestic lenders in Trafigura's credit. Five new institutions joined the syndicate, while the majority of existing lenders continued to participate and increased their amount invested.

Finally, Trafigura Funding SA, a dedicated funding vehicle of the company, issued USD203 million of notes in the US Private Placement (USPP) market with tenors of five, seven and ten years. For its fifth issuance in the USPP market, Trafigura achieved its tightest ever all-in financing level. Proceeds were used to refinance USD51.5 million of maturing USPP notes and to support the refinancing of Trafigura's EUR550 million bond repaid in April 2020.

Cash flow

After adjusting profit before tax for non-cash items, the operating cash flow before working capital changes for the first half of the year rose to USD2,345 million on a like-for-like basis excluding the impact of IFRS 16. Including the IFRS 16 impact, the total was USD1,850 million, compared to USD1,079 million for the same period in 2019. Trafigura believes its financial performance is best assessed on the basis of operating cash flow before working capital changes, as the level of working capital is primarily determined by prevailing commodity prices and price variations are financed through the Group's self-liquidating finance lines. Net cash from operating activities was USD1,036 million, including the USD439 million impact of IFRS 16.

Investing activities showed a net outflow of USD171 million, including USD153 million of net investments in property, plant and equipment, of which USD96 million is related to sustaining capital expenditure of the Nyrstar industrial facilities. Financing activities showed a net outflow of USD415 million. The overall balance of cash and cash equivalents stood at USD6,717 million as of 31 March 2020.

Outlook

The turbulent and uncertain market conditions described in this Interim Report continue to prevail, as governments work to bring the COVID-19 pandemic under control and to restart the global economy. But as has been demonstrated during the first half of financial year 2020, Trafigura is a highly resilient company that is providing reliable and valuable services to producers and consumers of vital commodities. Those services were the wellspring of our revenues and profits in this reporting period, and we see every reason to be confident that this will continue to be the case for the second half of our financial year.

Marketplace review

Record volatility brings commodity traders to the fore

Saad Rahim,
Chief Economist and
Head of Research

The onset of the COVID-19 pandemic in the first two months of 2020 created a global economic and financial shock the like of which had not been seen in nearly one hundred years. The resulting dislocations of economic activity and trade were a severe test for global commodity markets. For Trafigura, these dislocations were an opportunity to demonstrate the relevance and resilience of its services to clients, and its capacity to help balance commodities supply and demand.

The pandemic, government measures to curb its spread and the consequent sharp reduction in global economic activity impacted almost all the commodities Trafigura trades - either on the supply side, the demand side or, in most cases, a combination of the two. In the oil market, we saw, for a time, prices and curves moving from backwardation (where forward prices are lower than spot prices) to contango (the reverse) and back again. Volatility broke all records.

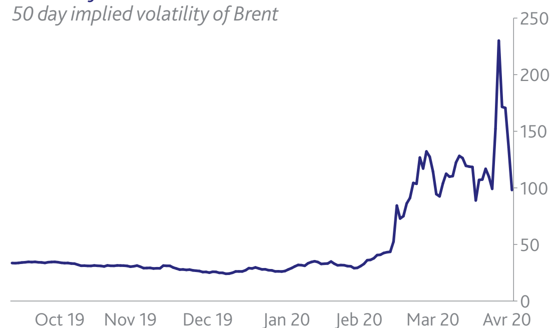
These conditions are in a sense what physical commodity trading firms are built to handle. The role of commodity traders is to address and rectify disconnects between supply and demand in global commodities markets, and the past few months have seen the largest-ever disconnect in the oil market, as a glut in supply collided with a drastic drop in demand. Those firms that operate on a global scale, with access to infrastructure, ample credit and a broad network of counterparties, were able to stabilise the market by storing various commodities, and then working to bring those inventories back into the market as demand has picked up.

Oil markets

The oil market has experienced a change of fortunes that is truly extraordinary. In calendar 2019, average crude oil prices were USD64.15 per barrel (Brent) and USD57.04 per barrel (WTI), about 10 percent below their averages for 2018. But the market expected a somewhat stronger 2020 on the back of the apparent truce in the US-China trade conflict, OPEC+ production cuts and other relatively positive news. Instead, prices are currently about 50 percent below 2019 levels and the year-to-date average is about USD20 below expectations.

Volatility of crude oil

50 day implied volatility of Brent



Source: Trafigura Research, Bloomberg

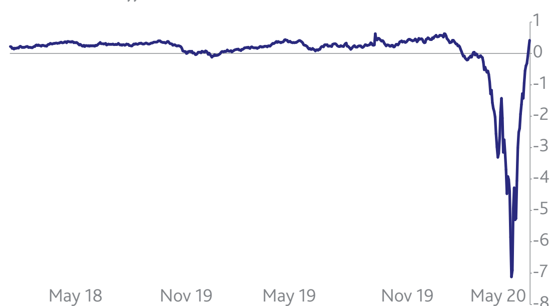
The first signs of trouble came as China began exhibiting signs of a new viral pandemic gripping the country. A week after the city of Wuhan went into lockdown on 23 January 2020, prices had fallen 15 percent from their pre-quarantine peak. Chinese refining runs dropped by approximately 3.5 million barrels per day, close to 25 percent. By mid-February, as cases proliferated in South Korea, Iran and Italy, fears grew over global demand and prices dropped again by 20 percent in a week. The slide became a rout when Saudi Arabia, Russia and other members of OPEC+ abandoned production quotas and embarked on a battle for market share. The day after that decision, prices saw their second-largest one day drop ever with prices falling by almost a third at the market open.

The advent of quarantines and lockdowns in Europe and the US then took an unprecedented hammer to demand. Normally in a crisis it is a slowdown in economic activity that creates a drag on oil demand; this time, oil demand was hit first, as movement literally came to a halt. Demand for jet fuel suffered especially, with 80 percent or more of the market disappearing virtually overnight as airlines grounded their fleets. Gasoline use also collapsed in many areas. The US, which accounts for approximately one-third of global gasoline demand, saw demand fall by 45 percent, approximately 4.5 million barrels per day. Diesel use did not fall by quite as much but was also clearly impacted by the drop in trade and manufacturing, with global demand off by 25-30 percent.

As excess production met collapsing demand, storage began filling up at previously unimagined rates and market players started booking oil tankers to hold unwanted barrels. So-called floating storage is significantly more expensive than holding oil onshore and is economically unviable in all but the most extreme circumstances. Remarkably, on this occasion, floating storage was activated well before onshore storage tanks were actually full. Rather, they were “virtually full” in that the space had already been booked and was not accessible to new players. The result was the previously unthinkable emergence of negative crude prices. While the fall below zero and the consequent rapid curtailment of production occurred after our fiscal six-month period closed, the conditions were already building at the end of March.

June contract vs. July contract

WTI - $/BBL differential



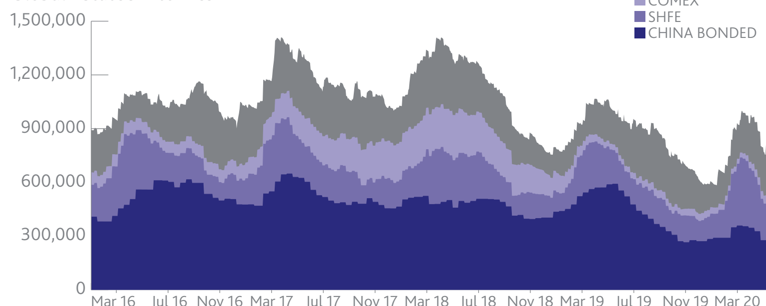
Source: Trafigura Research, Bloomberg

Metals markets

Metals markets followed a different path, but were also heavily affected, not least because China consumes about 50 percent of most major metals, and in some cases much more. In the oil market, by contrast, China accounts for less than 15 percent of global demand. A major slowdown in China has an outsize impact on metals demand, so metals prices reacted earlier than oil. Similarly, as China started to emerge from COVID-19 quarantine much sooner than other regions, prices rebounded relatively quickly. One of the key themes in metals markets has been that the supply side has been impacted as much as the demand side, and more in some cases. This duality has helped balance these markets much more quickly than oil markets.

Visible stocks of copper

Global - Stated in tonnes



Source: Trafigura Research

Copper had a particularly volatile ride. As the virus spread in China, prices plummeted by almost USD1,000 per tonne in two weeks (13 percent). The closure of auto plants and other manufacturing facilities was a problem, but there were issues on the supply side as well. Given the restrictions on movement, smelters were unable to move the sulphuric acid that is a by-product of smelting. At the same time, copper mines were hit hard by the virus, particularly in Latin America, with about four million tonnes per annum of production capacity offline at the end of March.

As demand picked up with a resumption of Chinese economic activity, inventories were drawn down. By the end of March, prices had rebounded by more than seven percent to just below USD5,000 per tonne. This more positive outlook looks set to continue, with demand outpacing supply, especially given the major stimulus programmes being rolled out across the globe, including infrastructure, grid buildout, 5G rollout and electric vehicles. One major risk to this positive outlook for copper and the other metals is the possible resurgence of trade issues between the US and China.

NORDIC SKIER
GEORGE TOWN

Unaudited interim condensed consolidated financial statements

For the period ended 31 March 2020

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A. Interim condensed consolidated statement of income

For the six-month period ended 31 March

	Note	**2020 Including IFRS 16 USD'M**	2020 IFRS 16 impact USD'M	2020 Excluding IFRS 16 USD'M	2019 Excluding IFRS 16 USD'M
Revenue		**82,960.3**	-	82,960.3	86,296.5
Cost of sales		**(79,834.8)**	481.2	(80,316.0)	(84,824.9)
Gross profit		**3,125.5**	**481.2**	**2,644.3**	**1,471.6**
Other income/(expenses)	8	**(397.6)**	(9.6)	(388.0)	(67.9)
General and administrative expenses		**(1,452.9)**	(450.3)	(1,002.6)	(510.0)
Results from operating activities		**1,275.0**	**21.3**	**1,253.7**	**893.7**
Finance income		**224.0**	4.2	219.8	405.2
Finance expense		**(656.1)**	(59.9)	(596.2)	(721.4)
Net financing costs		**(432.1)**	**(55.7)**	**(376.4)**	**(316.2)**
Share of profit/(loss) of equity-accounted investees	13	**(135.4)**	-	(135.4)	(64.1)
Profit before tax		**707.5**	**(34.4)**	**741.9**	**513.4**
Income tax expense	9	**(165.6)**	3.7	(169.3)	(87.7)
Profit for the period		**541.9**	**(30.7)**	**572.6**	**425.7**
Profit attributable to					
Owners of the Company		**542.1**	(30.7)	572.8	417.4
Non-controlling interests		**(0.2)**	-	(0.2)	8.3
Profit for the period		**541.9**	**(30.7)**	**572.6**	**425.7**

See accompanying notes.

B. Interim condensed consolidated statement of other comprehensive income

For the six-month period ended 31 March

	Note	**2020 Including IFRS 16 USD'M**	2020 IFRS 16 impact USD'M	2020 Excluding IFRS 16 USD'M	2019 Excluding IFRS 16 USD'M
Profit for the period		**541.9**	**(30.7)**	**572.6**	**425.7**
Other comprehensive income					
Items that are or may be reclassified to profit or loss:					
Gain/(loss) on cash flow hedges	26	**(198.8)**	-	(198.8)	(19.9)
Tax on other comprehensive income		**31.5**	-	31.5	0.4
Exchange gain/(loss) on translation of foreign operations		**(35.5)**	3.1	(38.6)	(3.3)
Share of comprehensive income/(loss) from associates		**(207.7)**	-	(207.7)	26.7
Items that will not be reclassified to profit or loss:					
Net change in fair value through other comprehensive income, net of tax	16	**(15.1)**	-	(15.1)	(0.3)
Other comprehensive income for the period, net of tax		**(425.6)**	**3.1**	**(428.7)**	**3.6**
Total comprehensive income for the period		**116.3**	**(27.6)**	**143.9**	**429.3**
Total comprehensive income attributable to:					
Owners of the Company		**116.5**	(27.6)	144.1	421.1
Non-controlling interests		**(0.2)**	-	(0.2)	8.2
Total comprehensive income for the period		**116.3**	**(27.6)**	**143.9**	**429.3**

See accompanying notes.

C. Interim condensed consolidated statement of financial position

	Note	31 March 2020 Including IFRS 16	31 March 2020 IFRS 16 impact	31 March 2020 Excluding IFRS 16	30 September 2019 Excluding IFRS 16
				USD'M	USD'M
Assets					
Property, plant and equipment	10	**3,873.4**	-	3,873.4	3,948.2
Intangible assets	11	**191.2**	-	191.2	189.7
Right of use assets	12	**2,545.2**	2,545.2	-	-
Lease receivables	12	**143.0**	143.0	-	-
Equity-accounted investees	13	**2,803.0**	-	2,803.0	3,416.5
Prepayments	14	**768.3**	-	768.3	678.8
Loans receivable	15	**277.0**	-	277.0	521.4
Other investments	16	**886.4**	-	886.4	1,003.7
Derivatives	26	**580.7**	-	580.7	393.2
Deferred tax assets		**207.8**	3.7	204.1	277.2
Other non-current assets	17	**251.6**	-	251.6	348.4
Total non-current assets		**12,527.6**	**2,691.9**	**9,835.7**	**10,777.1**
Inventories		**11,550.0**	-	11,550.0	13,435.0
Trade and other receivables	18	**16,998.3**	-	16,998.3	18,516.5
Lease receivables	12	**38.3**	38.3	-	-
Derivatives	26	**1,637.4**	-	1,637.4	962.8
Prepayments	14	**4,038.9**	-	4,038.9	3,454.4
Income tax receivable		**52.6**	-	52.6	43.3
Other current assets	20	**469.9**	-	469.9	318.7
Deposits	21	**383.5**	-	383.5	374.2
Cash and cash equivalents	21	**6,717.2**	-	6,717.2	6,267.2
Total current assets		**41,886.1**	**38.3**	**41,847.8**	**43,372.1**
Non-current assets classified as held for sale		**2.4**	-	2.4	2.2
Total assets		**54,416.1**	**2,730.2**	**51,685.9**	**54,151.4**
Equity					
Share capital	22	**1,503.7**	-	1,503.7	1,503.7
Capital securities	22	**1,078.5**	-	1,078.5	1,073.8
Reserves	22	**(1,359.6)**	3.1	(1,362.7)	(900.3)
Retained earnings	22	**5,423.6**	(30.7)	5,454.3	4,799.8
Equity attributable to the owners of the Company		**6,646.2**	**(27.6)**	**6,673.8**	**6,477.0**
Non-controlling interests		**331.2**	-	331.2	327.7
Total group equity		**6,977.4**	**(27.6)**	**7,005.0**	**6,804.7**
Liabilities					
Loans and borrowings	23	**8,718.5**	-	8,718.5	8,492.1
Derivatives	26	**350.4**	-	350.4	373.6
Long term lease liabilities	12	**1,723.5**	1,723.5	-	-
Provisions		**332.7**	-	332.7	343.9
Other non-current liabilities		**399.4**	-	399.4	372.4
Deferred tax liabilities		**277.3**	-	277.3	386.2
Total non-current liabilities		**11,801.8**	**1,723.5**	**10,078.3**	**9,968.2**
Current tax liabilities		**229.4**	-	229.4	155.8
Loans and borrowings	23	**22,124.1**	-	22,124.1	22,455.5
Short term lease liabilities	12	**1,034.3**	1,034.3	-	-
Trade and other payables	24	**10,847.9**	-	10,847.9	13,935.2
Other current liabilities		**295.2**	-	295.2	86.0
Derivatives	26	**1,106.0**	-	1,106.0	746.0
Total current liabilities		**35,636.9**	**1,034.3**	**34,602.6**	**37,378.5**
Total group equity and liabilities		**54,416.1**	**2,730.2**	**51,685.9**	**54,151.4**

See accompanying notes.

D. Interim condensed consolidated statement of changes in equity

For the six-month period ended 31 March

		Equity attributable to the owners of the Company									
USD'000	Note	Share capital	Currency translation reserve	Revaluation reserve	Cash flow hedge reserve	Capital securities	Retained earnings	Profit for the period	Total	Non-controlling interest	Total Group equity
Balance at 1 October 2019		1,503,722	(770,724)	(29,018)	(100,566)	1,073,792	3,928,066	871,731	6,477,003	327,685	6,804,688
Profit for the period		-	-	-	-	-	-	542,121	542,121	(215)	541,906
Other comprehensive income		-	(201,380)	(15,055)	(209,162)	-	-	-	(425,597)	-	(425,597)
Total comprehensive income for the period		**-**	**(201,380)**	**(15,055)**	**(209,162)**	**-**	**-**	**542,121**	**116,524**	**(215)**	**116,309**
Profit appropriation		-	-	-	-	-	871,731	(871,731)	-	-	-
Share-based payments		-	-	-	-	-	91,713	-	91,713	-	91,713
Capital securities (currency translation)	22	-	-	-	-	2,950	(2,950)	-	-	-	-
Capital securities dividend	22	-	-	-	-	-	(38,399)	-	(38,399)	-	(38,399)
Share of other changes in equity of associates		-	-	-	-	-	(619)	-	(619)	-	(619)
Capital contribution from the minority shareholders		-	-	-	-	-	-	-	-	3,745	3,745
Other		-	-	-	-	1,742	(1,742)	-	-	-	-
Balance at 31 March 2020		**1,503,722**	**(972,104)**	**(44,073)**	**(309,728)**	**1,078,484**	**4,847,800**	**542,121**	**6,646,222**	**331,215**	**6,977,437**

See accompanying notes.

		Equity attributable to the owners of the Company									
USD'000	Note	Share capital	Currency translation reserve	Revaluation reserve	Cash flow hedge reserve	Capital securities	Retained earnings	Profit for the period	Total	Non-controlling interest	Total Group equity
Balance at 1 October 2018		1,503,722	(694,795)	(22,432)	(48,080)	953,556	3,380,171	849,217	5,921,359	328,699	6,250,058
Profit for the period		-	-	-	-	-	-	417,440	417,440	8,235	425,675
Other comprehensive income		-	(6,805)	(278)	10,707	-	-	-	3,624	(7)	3,617
Total comprehensive income for the period		**-**	**(6,805)**	**(278)**	**10,707**	**-**	**-**	**417,440**	**421,064**	**8,228**	**429,292**
Profit appropriation		-	-	-	-	-	849,217	(849,217)	-	-	-
Dividend	22	-	-	-	-	-	-	-	-	(5,400)	(5,400)
Recycling revaluation reserve to retained earnings FVOCI instruments	16	-	-	304	-	-	(304)	-	-	-	-
Share based payments		-	-	-	-	-	70,545	-	70,545	-	70,545
Capital securities issued	22	-	-	-	-	-	-	-	-	-	-
Repayment of capital securities	22	-	-	-	-	(147,995)	-	-	(147,995)	-	(147,995)
Capital securities (currency translation)	22	-	-	-	-	1,689	(1,689)	-	-	-	-
Capital securities dividend	22	-	-	-	-	-	(31,663)	-	(31,663)	-	(31,663)
Share of other changes in equity of associates		-	-	-	-	-	(9,617)	-	(9,617)	-	(9,617)
Other		-	-	-	-	-	(15)	-	(15)	2,718	2,703
Balance at 31 March 2019		**1,503,722**	**(701,600)**	**(22,406)**	**(37,373)**	**807,250**	**4,256,645**	**417,440**	**6,223,678**	**334,245**	**6,557,923**

See accompanying notes.

E. Interim condensed consolidated statement of cash flows

For the six-month period ended 31 March

	Note	2020 Including IFRS 16 USD'M	2020 IFRS 16 impact USD'M	2020 Excluding IFRS 16 USD'M	2019 Excluding IFRS 16 USD'M
Cash flows from operating activities					
Profit before tax		**707.5**	(34.4)	741.9	513.4
Adjustments for:					
Depreciation	10	**620.2**	463.8	156.4	52.8
Amortisation of intangible assets	11	**24.9**	-	24.9	24.9
Provisions		**0.1**	-	0.1	(3.7)
Gain/(loss) on fair value through profit and loss instruments	16	**24.7**	-	24.7	(6.0)
Impairment losses on financial fixed assets	16	**8.3**	-	8.3	(1.7)
Impairment losses on non-financial fixed assets		**6.5**	-	6.5	19.7
Impairment losses on equity-accounted investees	13	**298.4**	-	298.4	34.5
Net finance costs		**432.1**	55.8	376.3	316.2
Share of (profit)/loss of equity-accounted investees	13	**135.4**	-	135.4	64.1
(Gain)/loss on sale of non-financial fixed assets		**(4.6)**	9.6	(14.2)	(2.7)
(Gain)/loss on sale of equity accounted investees	13	**(1.3)**	-	(1.3)	(1.5)
(Gain)/loss on sale of other investments	8	**-**	-	-	(1.5)
(Gain)/loss on divestments of subsidiaries		**0.7**	-	0.7	-
Revaluation gain		**-**	-	-	(0.3)
Equity-settled share-based payment transactions		**91.7**	-	91.7	70.5
Operating cashflow before working capital changes		**2,344.6**	**494.8**	**1,849.8**	**1,078.7**
Changes in:					
Inventories		**1,885.0**	-	1,885.0	(165.7)
Trade and other receivables and derivatives		**443.9**	-	443.9	(1,633.0)
Prepayments		**(411.8)**	-	(411.8)	(1,405.0)
Trade and other payables and derivatives		**(2,686.0)**	-	(2,686.0)	1,426.0
Cash generated from/(used in) operating activities		**1,575.7**	**494.8**	**1,080.9**	**(699.0)**
Interest paid		**(660.1)**	(59.9)	(600.2)	(731.9)
Interest received		**216.2**	4.1	212.1	403.3
Dividends (paid)/received		**0.9**	-	0.9	-
Tax (paid)/received		**(96.6)**	-	(96.6)	(107.0)
Net cash from/(used in) operating activities		**1,036.1**	**439.0**	**597.1**	**(1,134.6)**
Cash flows from investing activities					
Acquisition of property, plant and equipment	10	**(194.0)**	-	(194.0)	(80.3)
Proceeds from sale of property, plant and equipment	10	**41.4**	-	41.4	3.0
Acquisition of intangible assets	11	**(26.2)**	-	(26.2)	(19.0)
Acquisition of equity accounted investees	13	**(32.7)**	-	(32.7)	(66.5)
Disposal of equity accounted investees		**20.2**	-	20.2	-
Proceeds from loans receivable and advances	14/15	**(37.9)**	-	(37.9)	(4.4)
Repayment of loans receivable and advances	14/15	**1.8**	-	1.8	-
Acquisition of other investments	16	**(65.8)**	-	(65.8)	(85.7)
Disposal of other investments	16	**121.8**	-	121.8	8.4
Acquisition of subsidiaries, net of cash acquired		**-**	-	-	3.2
Disposal of subsidiaries, net of cash disposed of		**-**	-	-	236.3
Net cash from/(used in) investing activities		**(171.4)**	**-**	**(171.4)**	**(5.0)**
Cash flows from financing activities					
Proceeds from the issue of capital securities	22	**-**	-	-	-
Payment of capital securities dividend	22	**(34.8)**	-	(34.8)	(33.1)
Repayment of capital securities		**-**	-	-	(148.0)
Dividend non-controlling interest	22	**-**	-	-	(1.4)
Proceeds from capital contributions to subsidiaries by non-controlling interests		**3.7**	-	3.7	2.7
Net increase/(decrease) in long-term loans and borrowings	23	**596.4**	-	596.4	(946.1)
Payment of lease liabilities		**(439.0)**	(439.0)	-	(5.9)
Net increase/(decrease) in short-term bank financing	23	**(541.0)**	-	(541.0)	1,481.9
Net cash from/(used in) financing activities		**(414.7)**	**(439.0)**	**24.3**	**350.1**
Net increase/(decrease) in cash and cash equivalents		**450.0**	**-**	**450.0**	**(789.5)**
Cash and cash equivalents at 1 October		**6,267.2**	-	6,267.2	5,355.8
Cash and cash equivalents at 31 March	**21**	**6,717.2**	**-**	**6,717.2**	**4,566.3**

See accompanying notes.

F. Notes to the interim condensed consolidated financial statements

1. Corporate information

The principal business activities of Trafigura Group Pte. Ltd. (the 'Company') and together with its subsidiaries (the 'Group') are trading in crude and petroleum products, non-ferrous concentrates, refined metals and bulk commodities such as coal and iron ore. The Group also invests in assets, including through investments in associates, which have strong synergies with its core trading activities. These include storage terminals, service stations, metal warehouses, industrial facilities and mines.

The Company is incorporated in Singapore and its principal business office is at 10 Collyer Quay, Ocean Financial Centre, #29-00, Singapore, 049315.

The Company's immediate holding company is Trafigura Beheer B.V., a company incorporated in the Netherlands. Trafigura Beheer B.V. is ultimately controlled by Farringford Foundation, which is established under the laws of Panama.

The interim condensed consolidated financial statements for the six month period ended 31 March 2020 were authorised for issue by the Board of Directors on 11 June 2020.

2. Statement of compliance

The interim condensed consolidated financial statements for the six-month period ended 31 March 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB).

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 30 September 2019. The interim condensed consolidated financial statements have not been audited.

The interim condensed consolidated financial statements have been prepared under the historical cost convention except for inventories, derivatives and certain other financial instruments that have been measured at fair value. The interim condensed consolidated financial statements have been prepared on a going concern basis.

2.1 Functional and presentation currency

The Group's presentation currency is the US dollar (USD) and all values are rounded to the nearest tenth of a million (USD'M 0.1) except when otherwise indicated. The US dollar is the functional currency of most of the Group's principal operating subsidiaries. Most of the markets in which the Group is involved are USD denominated.

3. Basis of preparation

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are prepared using the same accounting policies as applied in the Group's annual consolidated financial statements for the year ended 30 September 2019, except for the adoption of a number of new and revised accounting pronouncements.

3.1 Going concern

Looking ahead, following the outbreak of the COVID-19 pandemic, the Group sees increased uncertainties and further market volatility. It is still difficult to say how effective governmental measures will be in preventing the further spread of the virus. In the event of a prolonged pandemic there may be an effect on the financial performance of the company. The Group has taken measures to ensure that its employees and partners continue to be safe while interacting together. Measures have been taken to minimise the impact of the pandemic and to continue operations in the Group's businesses.

Business continues to function well and largely uninterrupted. Parts of it are already returning to some kind of normality. The Group continues to provide access to vital materials for modern life. The Group is showing that this can be done responsibly and efficiently in challenging circumstances.

The Group has sufficient cash and headroom in its credit facilities. Given the evolving nature of COVID-19, uncertainties will remain and the Group is unable to reasonably estimate the future impact. However, the financial situation of the Group is currently healthy and it does not believe that the impact of the COVID-19 pandemic will have a material adverse effect on our financial condition or liquidity. Therefore, based on the Group's current cash balance and expected yearly cash outflow, the Group expects that it will be able to meet its financial obligations and therefore continues to adopt a going concern assumption as the basis for preparing its interim condensed consolidated financial statements.

3.2 Use of estimates and judgements

The preparation of the Group's interim condensed consolidated financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the interim condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, and are used to judge the carrying amount of assets and liabilities that are not readily apparent from other sources. Actual outcomes could differ from those estimates. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur. For the areas the Group identified as being critical to understanding its financial position we refer to the 2019 annual report.

For Leases (IFRS 16) management has made various assumptions in determining the discount rate used to discount assets and liabilities arising from leases to present value. The lease payments are discounted using the lessee's incremental borrowing rate. The incremental borrowing rate is determined using recent third-party financing received adjusted for both changes in financing conditions since third party financing was received and for terms of this specific lease.

Furthermore, in determining the lease term, management makes various estimates and assumptions in considering all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

4. Adoption of new and revised standards

4.1 IFRS 16 – Leases

The Group has initially adopted IFRS 16 from 1 October 2019. IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment (on-balance sheet) in the financial statements of both lessees and lessors. The Group applied the modified retrospective approach and therefore the cumulative effect of initially applying IFRS 16 is recognised at the date of initial application, with no restatement of comparative information. The impact of applying IFRS 16 and the transitional approach are discussed in section 4.1.3 below.

4.1.1 Leases before 1 October 2019

Until 30 September 2019, the Group classified its leases as operating or finance leases based upon whether the lease arrangement transferred substantially all the risks and rewards of ownership.

(i) When the Group is the lessee:

As a lessee, for finance leases, an asset and liability were recognised at an amount equal to the lower of the fair value of the leased asset or the present value of the minimum lease payments during the lease term. Such assets were amortised on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset taking into account the residual value, with depreciation included in depreciation expense. Leases that did not qualify as finance leases were classified as operating leases, and the related payments (net of incentives received from the lessor) were expensed on a straight-line basis over the lease term.

(ii) When the Group is the lessor:

The Group operates as a (intermediate) lessor in time-charter arrangements. For operating leases, the Group recognised chartering income on a straight-line basis over the lease term. For finance leases, the underlying asset was derecognised and the Group recognised a finance lease receivable at the amount of its net investment.

4.1.2 Leases from 1 October 2019

(i) When the Group is the lessee:

As a lessee, from 1 October 2019 onwards, with the adoption of IFRS 16, at inception of a contract the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use (explicitly or implicitly) of an identified asset;
- The Group has the right to obtain substantially all of the economic benefits throughout the period of use; and
- The Group has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 October 2019. If a contract is, or contains a lease, the Group accounts for each separate lease component separately from non-lease components. As a lessee, the Group allocates the consideration in the contract based on the relative stand-alone price of components.

For all leases, the Group recognises a right-of-use (ROU) asset and a corresponding liability at the date at which the leased asset is available for use. Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the Group uses its incremental borrowing rate as the discount rate. The incremental borrowing rate is determined using recent third-party financing received adjusted for both changes in financing conditions since third party financing was received and for terms of this specific lease.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Lease payments included in the measurement of the lease liability include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, any initial direct costs, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest method, and the ROU asset is depreciated on a straight-line basis, from the commencement

F. Notes to the interim condensed consolidated financial statements

date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

The lease liability is remeasured with a corresponding adjustment to the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

(ii) When the Group is the (intermediate) lessor:

The accounting policy applicable to the Group as a lessor in the comparative period were the same under IFRS 16 except for subleases, when the Group acts as an intermediate lessor.

Subleases

When the Group acts as an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. The classification of the sub-lease is assessed with reference to the ROU asset of the head lease, and not the underlying asset. If a head lease is a short-term lease, and the exemption below has been applied, the sub–lease is classified as an operating lease. If the sub-lease is classified as a finance lease, the Group derecognises the ROU asset and instead recognises a finance lease receivable at the amount of its net investment, which is the present value of all remaining lease payments. Any difference between the ROU asset and the finance lease receivable is recognised in profit or loss, when the finance lease receivable is recognised. Lease liability relating to the head lease is retained in the statement of financial position, which represents the lease payments owed to the head lessor.

For any arrangements that contain lease and non-lease components, as an intermediate lessor, the Group allocates the consideration in the contract based on a relative stand-alone selling basis.

Subsequent to initial recognition, the Group, as intermediate lessor, accrues interest income on the net investment. The receipts under the lease are allocated between the receivable and the finance income to produce a constant rate of return on the net investment.

Lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Transition

The Group elected not to apply the practical expedient to grandfather the assessment of which transactions are considered to be leases and therefore assessed whether existing contracts were/or contained a lease in accordance with IFRS 16, at the date of initial application (1 October 2019).

On initial application of IFRS 16, the Group has elected to apply the following practical expedients permitted by the standard:

- Reliance on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- To account for leases with a remaining lease term of less than 12 months as at 1 October 2019 as short-term leases;
- To account for contracts for which the underlying asset has a low value (on acquisition) as low-value leases;
- To exclude initial direct costs for the measurement of the ROU assets at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases with a lease term of 12 months or less (which do not include a purchase option) and leases of low value assets (i.e. acquisition costs of USD10,000 when new). Instead, expenses related to both short-term leases and low-value leases are recognised as incurred.

For leases previously classified as operating leases on 1 October 2019, the Group has applied the following transition provisions:

i) On a lease-by-lease basis, the Group chose to measure its ROU assets at an amount equal to lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application (i.e. 1 October 2019).

ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 October 2019 using the incremental borrowing rate for a portfolio of leases with reasonably similar characteristics.

4.1.3 Impact of change in accounting policy

On transition

On 1 October 2019, the date of initial application of IFRS 16, the Group recognised a ROU assets and lease liabilities of USD2.8 billion. Further, due to the chartering relet-arrangements the Group recognised lease receivables of USD181 million, with a corresponding reduction of the ROU assets. The Group discounted lease payments using its incremental borrowing rate at 1 October 2019. The weighted average incremental borrowing rate applied is 4.6%.

An explanation of the differences between the operating lease commitments previously disclosed in the Group's financial statements as at 30 September 2019 and the lease liabilities recognised in the statement of financial position as at 1 October 2019 are as follows:

	1 October 2019 USD'M
Operating lease commitments as at 30 September 2019	**4,372.8**
Adjustments	25.2
Contracts assessed as service arrangements	(1,167.4)
Contracts assessed as short-term	(223.4)
Undiscounted lease commitments as at 30 September 2019	**3,007.1**
Effect of discounting, using the incremental borrowing rate at 1 October 2019	(290.4)
Adjustments related to reasonably certain renewal options	43.1
Adjustments related to variable payments based on an index	5.0
Lease liabilities as at 1 October 2019	**2,764.9**
Of which are:	
Current	**843.7**
Non-current	**1,921.2**

For the interim period

As a result of initially applying IFRS 16, the Group recognised USD2.5 billion of ROU assets and USD2.8 billion of lease liabilities as at 31 March 2020. The table below presents the carrying amounts per category.

	31 March 2020	1 October 2019
	USD'M	USD'M
Cost		
Freight	**1,522.1**	1,563.5
Storage rentals	**139.3**	158.3
Office rent	**97.9**	106.6
Other	**786.0**	936.6
Total right-of-use assets	**2,545.2**	**2,764.9**

For balances related to lease liabilities, refer to Note 12.

In accordance with IFRS 16, the Group recognised depreciation and interest costs, instead of operating lease expenses. During the six-months ended 31 March 2020, the Group recognised USD463.8 million of depreciation charges and USD59.9 million of interest costs from these leases. The interest cost element is recognised in finance expenses, while the depreciation charges are recognised in general and administrative expenses.

4.2 IFRIC 23 – Uncertainty over income tax treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. Due to its global reach, including operating in high-risk jurisdictions, the Group is subject to enhanced complexity and uncertainty, which may lead to uncertain tax treatments and the corresponding recognition and measurement of current and deferred taxes. The judgements and estimates made to separately recognise and measure the effect of each uncertain tax treatment are re-assessed whenever circumstances change or when there is new information that affects those judgments. The Group has re-assessed its global tax exposure and the key estimates taken in determining the positions recorded to adopt IFRIC 23. As of 1 October 2019, the global tax exposure has been determined by referencing to the uncertainty that the tax authority may not accept the Group's proposed treatment of tax positions. The adoption of the interpretation had no material impact on the Group.

Several other amendments to existing standards apply for the first time in 2019, but do not have an impact on the interim condensed financial statements of the Group.

5. Operating segments

The following tables present revenue and profit information about the Group's reportable segments for the six-month period ended 31 March 2020 and 2019 respectively:

2020	Oil and Petroleum	Metals and Minerals	Corporate and Other	Total
	USD'M	USD'M	USD'M	USD'M
Revenue from external customers	52,248.4	30,711.9	-	82,960.3
Gross profit	**2,127.8**	**997.8**	**-**	**3,125.5**
Profit for the period				**541.9**
Total segment assets				**54,416.1**
Total segment liabilities				**47,438.7**

2019	Oil and Petroleum	Metals and Minerals	Corporate and Other	Total
	USD'M	USD'M	USD'M	USD'M
Revenue from external customers	57,985.8	28,310.7	-	86,296.5
Gross profit	**1,035.0**	**436.6**	**-**	**1,471.6**
Profit for the period				**425.7**
Total segment assets				**54,151.4**
Total segment liabilities				**47,346.7**

The basis of segmentation of the Company has not changed compared to the annual consolidated financial statements.

6. Acquisitions of subsidiaries and non-controlling interests

Half year 2020

There were no significant acquisitions of subsidiaries and non-controlling interest during the six-month period ended 31 March 2020.

Financial year 2019

Nyrstar acquisition

On 31 July 2019, the Group acquired 98 percent of the voting shares of NN2 NewCo Limited ('NN2', together with its subsidiaries, 'Nyrstar'), a non-listed company incorporated in the United Kingdom. NN2 is the holding company of the operating business of Nyrstar, a global multimetals business.

The Group acquired the operating assets of Nyrstar as part of the restructuring of Nyrstar with its creditors with a view to avoiding Nyrstar's insolvency and to protect its original investment, which was made on the grounds that its global industrial multi-metal business is complementary to the existing trading activities of the Group.

F. Notes to the interim condensed consolidated financial statements

7. Deconsolidation of subsidiaries

Half year 2020

There were no significant deconsolidations of subsidiaries and non-controlling interest during the six-month period ended 31 March 2020.

Financial year 2019

Sale of WFV27 to Frontline Ltd

On 23 August 2019, Trafigura Maritime Logistics Pte. Ltd. ('TML'), a wholly owned subsidiary of the Group, entered into a Sale and Purchase Agreement ('SPA') to sell shares in its wholly owned subsidiary White Flag Ventures XXVII Pte. Ltd. ('WFV27') to Frontline Ltd. ('Frontline'). During 2019, and prior to 23 August 2019, WFV27 had taken delivery of ten Suezmax tankers under lease agreements in the form of long-term bareboat charter agreements ('BBC'), which were signed during calendar year 2017. All vessels are fitted with exhaust gas cleaning systems. WFV27 subsequently sub-chartered the vessels to TML under long-term time charter ('TC') agreements. The primary purpose of WFV27 is to act as charterer and disponent owner under the BBC, and to ensure all services are rendered to enable chartering the vessels out on a TC basis to the principal ('TML'). WFV27 does not perform any other relevant activities.

In the SPA, it was agreed that Frontline acquires all the shares in WFV27 with the legal transfer taking place subsequently at 16 March 2020. The consideration received by TML in exchange for these shares amounts to 16,035,856 ordinary shares in Frontline, listed on the New York Stock Exchange and the Oslo Stock Exchange.

The USD97.3 million gain resulting from this divestment has been recorded in other income and expense.

Sale of entities to Scorpio Tankers Inc.

On 24 September 2019, Trafigura Maritime Logistics Pte. Ltd. (TML), a wholly owned subsidiary of the Group, entered into a Sale and Purchase Agreement ('SPA') to sell shares in its directly owned subsidiaries White Flag Ventures XXV Pte. Ltd., White Flag Ventures XXVI Pte. Ltd. and White Flag Ventures XXIX Pte. Ltd., which have leasehold interests (as lessee under long-term bareboat charter agreements) in 15 Medium Range (MR) product tankers and four Long Range coated Aframax (LR2) product tankers, to Scorpio Tankers Inc. ('Scorpio'). Closing of the transaction occurred on 26 September 2019.

The consideration received by TML in exchange for these shares in the above listed White Flag entities amount to 4,572,873 ordinary Scorpio shares, listed on the New York Stock Exchange. The fair value of these shares as per signing of the SPA amounted to USD128.4 million. Additionally, the Group purchased 1,206,896 shares of Scorpio for a total consideration of USD35.0 million resulting in a 9.9 percent stake in Scorpio.

8. Other income and expense

	2020 USD'M	2019 USD'M
Release/(additions) to provisions	**(0.1)**	3.7
Gain/(loss) on disposal of tangible and intangible fixed assets	**4.6**	2.7
Gain/(loss) on disposal of equity-accounted investees	**1.3**	1.5
Gain on divestment of subsidiaries	**(0.7)**	(0.2)
Revaluation gain on remeasurement on retained interest	**-**	0.3
Gain/(loss) on fair value through profit and loss instrument	**(24.6)**	6.0
Impairments of financial assets	**(8.3)**	1.8
Impairments of non-financial assets	**(6.5)**	(19.7)
Impairments of equity-accounted investees	**(298.4)**	(34.5)
Dividend income	**6.5**	-
Gain/(loss) on foreign exchange	**(69.0)**	(26.8)
Other	**(2.4)**	(2.8)
Total	**(397.6)**	(67.9)

The loss on the fair value through profit and loss instruments includes the positive result on the sale of Scorpio Tankers Inc. and Frontline Ltd. shares of USD34.9 million and the negative revaluation of the remaining number of these shares at 31 March 2020 of USD51.7 million. Dividend income of USD6.5 million relates to dividends received on these shares.

During the six month period ended 31 March 2020, the results of the equity accounted investee Tendril Ventures (which indirectly holds a 49% equity interest in Nayara Energy Limited) have been negatively impacted by adverse market developments. The negative impact on global energy demand and increased global crude supplies caused refinery margins to tighten which in turn resulted in a downward adjustment in expected operating performance compared to previous expectations. The impairment test resulted in the conclusion that the carrying amount of the investment exceeded the recoverable amount by USD287.0 million, which has consequently been recognised as an impairment.

In 2019, the impairment on non-financial assets included an impairment of USD17.3 million on a prepayment related to Nyrstar NV. This was part of the financial restructuring and recapitalisation of Nyrstar NV. This financial restructuring and recapitalisation also led to the impairment of the carrying value of USD34.5 million of the Group's equity accounted stake in Nyrstar NV.

9. Income tax

The major components of the income tax expense in the interim condensed consolidated statement of income for the six-month period ended 31 March 2020 and 2019 respectively are:

	2020 USD'M	2019 USD'M
Current income tax expense	**193.1**	71.8
Adjustments in relation to current income tax of previous period	**0.8**	0.9
Withholding tax in the current period	**2.3**	(1.1)
Deferred tax expense/(income)	**(30.6)**	16.1
Total	**165.6**	87.7

10. Property, plant and equipment

USD'M	Land and buildings	Machinery and equipment	Barges and vessels	Mine property and development	Other fixed assets	Total
Cost						
Balance at 1 October 2019	1,178.2	2,257.3	629.7	115.7	836.2	5,017.1
Additions	9.3	12.1	50.7	1.8	121.7	195.6
Business combination remeasurements	0.3	2.9	-	0.3	0.3	3.8
Reclassifications	21.0	42.8	(3.7)	16.5	(97.9)	(21.3)
Effect of movements in exchange rates, including hyperinflation adjustment	(1.4)	(75.0)	-	(4.7)	(14.0)	(95.1)
Disposals	(5.8)	(0.3)	(62.3)	-	(20.0)	(88.4)
Balance at 31 March 2020	**1,201.6**	**2,239.8**	**614.4**	**129.6**	**826.3**	**5,011.7**
Depreciation and impairment losses						
Balance at 1 October 2019	301.9	334.7	173.0	1.8	257.5	1,068.9
Depreciation for the period	23.9	76.0	18.7	3.4	13.9	135.9
Impairment losses	0.9	2.4	-	-	(0.3)	3.0
Reclassifications	-	(0.2)	(3.4)	-	(0.1)	(3.7)
Effect of movements in exchange rates, including hyperinflation adjustment	(3.5)	(7.8)	-	-	1.4	(9.9)
Disposals	(3.6)	(0.3)	(50.8)	-	(1.2)	(55.9)
Balance at 31 March 2020	**319.6**	**404.8**	**137.5**	**5.2**	**271.2**	**1,138.3**
Net book value at 31 March 2020	**882.0**	**1,835.0**	**476.9**	**124.4**	**555.1**	**3,873.4**

Additions in the six-month period ended 31 March 2020 amounted to USD195.6 million, mainly relating to investments in the Nyrstar industrial facilities of USD95.9 million and vessels of USD50.7 million and various individually smaller projects. Disposals amounted to USD32.5 million mainly related to the sale of two vessels which were subsequently leased back.

Included in the Other fixed assets category are assets under construction, which relates to assets not yet in use. Total balance as at 31 March 2020 amounted to USD420.5 million (30 September 2019: USD340.6 million). Once the assets under construction come into operation they are reclassified to the appropriate asset category and from that point they are depreciated.

Depreciation expenses are included in general and administrative expenses. Impairment charges are included in other income and expense.

11. Intangible fixed assets

USD'M	Goodwill	Licences	Other intangible assets	Total
Cost				
Balance at 1 October 2019	47.9	27.7	450.2	525.8
Additions	-	-	26.2	26.2
Effect of movements in exchange rates, including hyperinflation adjustment	-	(2.8)	1.2	(1.6)
Balance at 31 March 2020	**47.9**	**24.9**	**477.6**	**550.4**
Amortisation and impairment losses				
Balance at 1 October 2019	-	20.4	315.7	336.1
Amortization for the period	-	0.1	24.8	24.9
Effect of movements in exchange rates, including hyperinflation adjustment	-	(2.8)	0.9	(1.9)
Reclassifications	-	-	0.1	0.1
Balance at 31 March 2020	**-**	**17.7**	**341.5**	**359.2**
Net book value at 31 March 2020	**47.9**	**7.2**	**136.1**	**191.2**

Additions in the six-month period ended 31 March 2020 amounted to USD26.2 million, mainly relating to investments in IT development.

F. Notes to the interim condensed consolidated financial statements

12. Leases

Lessee accounting

The following table sets out a maturity analysis of the lease liability at 31 March 2020, indicating the undiscounted lease amounts to be paid:

	2020 USD'M
Less than one year	1,121.9
Later than one year and less than five years	1,664.3
Later than five years	274.2
Total undiscounted lease payable as at 31 March 2020	**3,060.4**
Future finance costs	(302.5)
Lease liabilities included in the statement of financial position	**2,757.8**
Of which are:	
Current	**1,034.3**
Non-current	**1,723.5**

During the period ended 31 March 2020, the Group recognised USD59.9 million of finance costs.

Lessor accounting

The following table sets out a maturity analysis of lease receivable at 31 March 2020, showing the undiscounted lease payments to be received:

	2020 USD'M
Less than one year	43.7
Later than one year and less than five years	154.4
Later than five years	-
Total undiscounted lease receivables as at 31 March 2020	**198.1**
Unearned finance income	(16.8)
Lease receivables included in the statement of financial position	**181.3**
Of which:	
Current	**38.3**
Non-current	**143.0**

During the period ended 31 March 2020, the Group recognised USD4.2 million of finance income on the net investment in the lease.

13. Equity-accounted investees

	2020 USD'M	2019 USD'M
Opening balance	**3,416.5**	3,361.2
Acquisition through business combination	-	0.2
Effect of movements in exchange rates	**(172.3)**	(37.7)
Additions	**54.9**	85.6
Fair value of retained interest in deconsolidated subsidiaries	-	0.2
Disposals	**(18.9)**	(0.7)
Impairments	**(298.4)**	(34.6)
Share of net profit	**(135.4)**	47.7
Dividends received	**(0.9)**	(18.6)
Other	**(42.5)**	13.2
Closing balance	**2,803.0**	3,416.5

Half year 2020

The effect of movements in exchange rates of USD172.3 million includes a negative foreign currency translation impact from Puma Energy Holdings Pte. Ltd. ('Puma Energy') of USD142.3 million and a negative foreign currency translation impact of USD22.9 million from Tendril Ventures Pte. Ltd. ('Tendril Ventures'), which indirectly holds shares in Nayara Energy Limited. This foreign exchange movement is included in the other comprehensive income line share of comprehensive income/(loss) from associates.

During the first half year of 2020, the additions to equity accounted investees amounted to USD54.9 million. In October 2019 and December 2019, the Group participated for its share in an equity contribution in Tendril Ventures resulting in an additional investment of USD20.1 million. Other main additions relate to new investments of USD22.7 million in a US offshore terminal and USD9.7 million in a solar farm in Africa.

The share of net income from investments amounts to a loss of USD135.4 million. This is predominantly the result of losses in Puma Energy and Porto Sudeste do Brasil of USD166.4 million, partly offset by profits from MATSA, Empresa Minera del Caribe, Tendril Ventures and Impala Terminals Group Sarl (previously Simba) of USD31.0 million. The carrying value of the equity investment in Puma Energy amounted to USD1,452.4 million as at 31 March 2020.

During the six month period ended 31 March 2020, the results of the equity accounted investee Tendril Ventures (which indirectly holds a 49% equity interest in Nayara Energy Limited) have been negatively impacted by adverse market developments in the economic environment in which they operate. The revised forecasts prepared by management based on the new economic reality resulted in a downward adjustment in expected operating performance compared to previous expectations, which were considered to be an indicator for impairment. The impairment test resulted in the conclusion that the carrying amount of the investment exceeded the recoverable amount by USD287.0 million, which has consequently been recognised as an impairment and reported in the statement of income under Impairments of equity-accounted investees in Other income and expense. The carrying value of the investment in Tendril Ventures as at 31 March 2020 is USD100.0 million.

Financial year 2019

The additions to equity-accounted investees amounted to USD85.6 million, consisting mainly of additional investments in Tendril Ventures Pte. Ltd. ('Tendril Ventures'), which indirectly holds shares in Nayara Energy Limited, of USD41.5 million, and an additional capital contribution in Porto Sudeste do Brasil ('Porto Sudeste') of USD8.5 million.

The effect of movements in exchange rates of USD37.7 million includes a negative foreign currency translation impact from Puma of USD128.6 million, partly offset by a positive foreign currency translation impact of USD99.8 million from Tendril Ventures. This foreign exchange movement is included in the other comprehensive income line exchange gain/(loss) on translation of foreign operations.

The Group performs a periodic assessment of whether there is an indication of an asset impairment or whether a previously recorded impairment may no longer be required. The Group reviewed the carrying value of the investment in Puma Energy Holdings Pte. Ltd. ('Puma Energy'). Puma Energy's net result in 2019 was negatively impacted by pressure on prices in some of Puma Energy's key markets impacting unit margins, and by an impairment recorded in relation to its Australian fuel business. In addition, the appreciation of the US Dollar against local currencies in several countries in which Puma Energy operates has resulted in foreign currency translation losses recorded in Puma Energy's other comprehensive income. During 2019, the carrying amount of the equity investment in Puma Energy decreased by USD207.7 million to USD1,745.3 million as at 30 September 2019, having previously decreased by USD160.5 million

in FY2018. The investment in Puma Energy is regarded as a single cash generating unit and therefore the investment as a whole is reviewed for impairment. The recoverable amount of Puma Energy was calculated based on value-in-use, using a discounted cash flow model taking into account future estimated cash flows from Puma Energy's operating businesses and using country specific discount rates. The value-in-use methodology inherently includes elements of judgement and estimations in relation to projected sales volumes and unit margins. Management concluded that as at 30 September 2019, no adjustment was required to the USD1,745.3 million carrying amount of the investment in Puma Energy. As disclosed in note 6, the Group fully impaired the carrying amount of the continuing equity investment in Nyrstar N.V. This impairment amounted to USD34.3 million.

The Group's share of results in its equity-accounted investees for the year amounted to a gain of USD47.7 million. This result includes the positive share in the income of TM Mining Ventures, S.L. ('MATSA'), Porto Sudeste, Guangxi Jinchuan Non-ferrous Metals Co. Ltd. ('Guangxi Jinchuan'), Empresa Minera del Caribe S.A. ('Emincar') and Impala Terminals Holding S.à r.l. ('Simba') of USD143.9 million and losses in Puma and Tendril Ventures of USD97.9 million. The Group's share of results of Porto Sudeste was a profit of USD71 million, which arose mainly from a reduction in value of Porto Sudeste's listed debt securities (which resulted in a gain in Porto Sudeste's statement of income) as a result of considering a longer ramp-up period for the port's throughput volume (refer to note 16) which is mainly the result of tight iron ore supply conditions in Brazil. The USD71 million was more than offset by a loss of USD120.8 million from the decrease in value of the listed port securities, which the Group holds as a further investment in Porto Sudeste.

Other predominately includes the positive movements on cash flow hedges of equity-accounted investees. In 2019, the Group received dividends of USD18.6 million from its investments in equity-accounted investees (2018: USD50.4 million). The full amount relates to dividends from MATSA.

14. Prepayments

Under the prepayments category the Group accounts for the prepayments of commodity deliveries. As of 31 March 2020, prepayments amounted to USD4.8 billion (30 September 2019: USD4.1 billion), of which USD4.0 billion is current (30 September 2019: USD3.1 billion), and USD0.8 billion is non-current (30 September 2019: USD0.6 billion). Out of the total current prepayments balance, an amount of USD0.9 billion (30 September 2019: USD0.7 billion) relates to prepayments which are made for specifically identified cargos. The contractually outstanding prepayments amount decreases in size with each cargo that is delivered, until maturity. Once the contractually agreed total cargo has been fully delivered, the prepayment agreement falls away leaving no remaining contractual obligations on Trafigura or the supplier. The Company monitors the commodity prices in relation to the prepayment contracts and manages the credit risk together with its financial assets as described in note 26. The prepayments are split in non-current prepayments (due > 1 year) and current prepayments (due < 1 year). A portion of the long-term prepayments, as well as short-term prepayments, is on a limited recourse basis. Interest on the prepayments is added to the prepayment balance.

15. Loans and other receivables

	2020 USD'M	2019 USD'M
Loans to associates and related parties	**49.5**	287.1
Other non-current loans receivable	**227.5**	234.3
Total	**277.0**	521.4

Loans to associates and related parties includes a loan receivable from a Galena investment fund of USD38.5m which relates to their investment in a Canadian mine.

Other non-current loans receivables include various loans which are granted to counterparties which the Group trades with. This line includes the long-term part of a debt agreement with the Angolan Ministry of Finance of USD159.8 million (30 September 2019: USD183.4 million), which relates to compensation for iron ore investments made by the Group following the liquidation of a consolidated Angolan subsidiary in 2016. During the year, USD23.6 million was reclassified to short term loans based on a payment plan established with the Angolan Ministry of Finance. with repayment in full by end of 2024.

Based upon the individual analysis of these loans, the recorded expected losses on these loans amount to USD6.7 million (30 September 2019: USD7.1 million).

16. Other investments

Investments included in the balance sheets per 31 March 2020 and 30 September 2019 can be broken down as follows:

	2020 USD'M	2019 USD'M
Listed equity securities - Fair value through OCI	**4.7**	28.8
Listed equity securities - Fair value through profit or loss	**203.0**	342.1
Listed debt securities - Fair value through profit or loss	**345.5**	345.5
Unlisted equity investments - Fair value through profit or loss	**81.1**	53.9
Unlisted equity investments - Fair value through OCI	**252.1**	233.4
Total	**886.4**	1,003.7

The Group's long-term investments consist of listed equity securities, listed debt securities and unlisted equity securities. The listed equity securities have no fixed maturity or coupon rate. The fair values of listed equity investments are based on quoted market prices while the fair value of the unlisted equity securities is determined based on a Level 3 valuation as prepared by management.

The USD163.2 million decrease in listed equity securities is primarily resulting from (i) partly disposing shares in Frontline Ltd and Scorpio Shipping Inc (USD121.2 million), and (ii) revaluating the remaining shares to fair value. The increase in the unlisted equity investments (USD45.9 million) mainly relates to investments in Galena Private Equity Fund of USD31.1 million and Double Hull Tankers Investment of USD27.1 million.

F. Notes to the interim condensed consolidated financial statements

17. Other non-current assets

	2020 USD'M	2019 USD'M
Non-financial hedged items	**107.9**	216.5
Restricted cash	**113.1**	99.0
Others	**30.6**	32.9
Total	**251.6**	348.4

As at 31 March 2020, the other non-current assets amounted to USD251.6 million (30 September 2019 : USD348.4 million). For further information on the non-financial hedged items, refer to note 26h. The restricted cash balance mainly represents amounts placed on deposit to cover certain reclamation costs for Nyrstar mining operations.

18. Trade and other receivables

	2020 USD'M	2019 USD'M
Trade debtors	**6,964.0**	7,946.9
Provision for bad and doubtful debts	**(53.2)**	(50.6)
Accrued turnover	**4,582.7**	6,702.2
Broker balances	**2,011.7**	1,147.5
Other debtors	**489.5**	390.3
Loans to third parties	**454.8**	523.6
Loans to related parties	**17.2**	1.1
Other taxes	**442.4**	406.3
Related parties	**2,089.2**	1,449.2
Total	**16,998.3**	18,516.5

All financial instruments included in trade and other receivables are held to collect the contractual cash flows except for those subject to certain dedicated financing facilities, which would be held for collection of contractual cash flows and for selling the financial asset. Furthermore, the cash flows that the Group receives on these instruments are solely payments of principal and interest.

The Group entered into a number of dedicated financing facilities, which finance a portion of its receivables. Part of these facilities meet the criteria of derecognition of the receivables according to IFRS.

As per 31 March 2020 an amount of USD2,768.0 million (30 September 2019 USD2,083.1 million) of trade debtors has been discounted. Of this amount, USD2,667.9 million (30 September 2019 USD1,733.0 million) has been derecognised, as the Group has transferred substantially all the risks and rewards of ownership of the financial asset with non-recourse. The remaining part of discounted receivables which does not meet the criteria for derecognition amounting to USD100.1 million (30 September 2019: USD350.1 million), continues to be recognised as trade debtors. For the received amount of cash of these items the company has recognised a liability under current loans and borrowings.

Of USD6,964.0 million trade debtors (30 September 2019: USD7,946.9 million), USD2,680.6 million had been sold on a non-recourse basis under the securitisation programme (30 September 2019: USD3,588.3 million). Of the USD2,089.2 million receivables on related parties (30 September 2019: USD1,449.2 million), USD644.0 million had been sold on a non-recourse basis under the securitisation programme (30 September 2019: USD940.3 million). Refer to note 19.

As at 31 March 2020, 10.4 percent (30 September 2019: 6.4%) of receivables were between 1-60 days overdue, and 8.8 percent (30 September 2019: 8.9%) were greater than 60 days overdue. Trafigura applied the simplified method in assessing expected credit losses. The accounts receivables have been divided in aging buckets and based on a historical analysis on defaults and recovery rates, a percentage for expected credit losses has been determined. Trafigura manages to limit credit losses by renegotiating contracts in the case of a default. From the above analysis, an expected credit loss as at 31 March 2020 amounted to USD3.4 million (30 September 2019 USD3.9 million) has been taken into account. The loss allowance provision at 31 March 2020 amounts to USD53.2 million (30 September 2019: USD50.6 million). The provision mostly relates to demurrage claims and commercial disputes with our clients. Accrued turnover represents receivable balances for sales which have not yet been invoiced. They have similar risks and characteristics as trade debtors. Trade debtors and accrued turnover have similar cashflow characteristics and are therefore considered to be a homogeneous group of financial assets.

19. Securitisation Programmes

The Group operates various securitisation programmes: Trafigura Securitisation Finance plc. (TSF) enables the Group to sell eligible receivables and Trafigura Commodities Funding Pte. Ltd. (TCF) enables Trafigura to sell and repurchase eligible inventories. Those securitisation vehicles are consolidated and consequently the securitised receivables and inventories are included within the consolidated trade debtor and inventory balances.

Over time the external funding of TSF has increased significantly in size while incorporating a longer term committed funding element, principally through the issuance of Medium Term Notes (MTN) and Variable Funding Notes (VFN) purchased by bank sponsored conduits.

The available external funding of the securitisation programmes consists of:

Receivable securitisation

	Interest rate	Maturity	2020 USD'M	2019 USD'M
TSF AAA MTN	Libor + 0.85%	2020 - June	**235.0**	235.0
TSF AAA MTN	2.47%	2020 - June	**230.0**	230.0
TSF BBB MTN	Libor + 1.70%	2020 - June	**35.0**	35.0
TSF AAA MTN	Libor + 0.73%	2021 - September	**185.0**	185.0
TSF AAA MTN	3.73%	2021 - September	**280.0**	280.0
TSF BBB MTN	4.33%	2021 - September	**35.0**	35.0
TSF AAA VFN	See note	Various throughout the year	**2,743.1**	3,097.2
TSF BBB VFN	See note	Various throughout the year	**206.3**	232.9
TSF senior subordinated debt	Libor + 4.25%	2023 - March	**90.6**	103.5
Total			**4,040.0**	4,433.6

As at 31 March 2020, the maximum available amount of external funding was USD4,040.0 million (30 September 2019: USD4,433.6 million) for the receivable securitisation programme.

Inventory securitisation

	Interest rate	Maturity	2020 USD'M	2019 USD'M
TCF VFN	See note	2019 - November	**-**	410.0
TCF MLF	See note	2019 - November	**-**	40.0
TCF VFN	See note	2020 - November	**410.0**	-
TCF MLF	See note	2020 - November	**40.0**	-
Total			**450.0**	450.0

As at 31 March 2020, the maximum available amount of external funding was USD450.0 million (30 September 2019: USD450.0 million) for the inventory securitisation programme.

a. Interest rate

The rate of interest applied to the AAA VFN is principally determined by the demand for commercial paper issued by ten bank-sponsored conduits. The Group benchmarks the rate provided against 1-week Libor. In the case of the rate of interest applicable to the BBB VFN, the rate of interest is principally determined by the liquidity of the interbank market.

The rate of interest applied to the VFN and MLF under the inventories securitisation is defined in the facility documentation.

b. Maturity

The maturity of the AAA and BBB VFNs have been staggered to diversify the maturity profile of the notes. This aims to mitigate the 'liquidity wall' risk associated with a single maturity date for a significant funding amount.

20. Other current assets

	2020 USD'M	2019 USD'M
Non-financial hedged items	**208.3**	120.1
Prepaid expenses	**261.6**	197.0
Other	**-**	1.6
Total	**469.9**	318.7

The non-financial hedged items balance fully relates to the current part of the non-financial hedged items, refer to note 26h for further information. Prepaid expenses relate to prepayments other than those made for physical commodities.

21. Cash and cash equivalents

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods 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. The fair value of cash and cash equivalents approximates the carrying value. An amount of USD125.8 million (30 September 2019: USD40.9 million) of cash at bank is restricted including restrictions that require the funds to be used for a specified purpose and restrictions that limit the purpose for which the funds can be used, unless fixed asset construction invoices are presented to the banks.

	2020 USD'M	2019 USD'M
Cash at bank and in hand	**5,512.7**	5,476.3
Short-term deposits	**1,204.5**	790.9
Cash and cash equivalents	**6,717.2**	6,267.2

As at 31 March 2020, the Group had USD8.9 billion (30 September 2019: USD9.2 billion) of committed unsecured syndicated loans of which USD1.5 billion (30 September 2019: USD2.3 billion) remained unutilised. The Group had USD4.0 billion (30 September 2019: USD3.2 billion) of immediately (same day) available cash in liquidity funds. Therefore, the Group had immediate access to available liquidity balances from liquidity funds and corporate facilities in excess of USD5.5 billion (30 September 2019: USD5.5 billion).

Short-term deposits made for periods longer than three months are separately shown in the statement of financial position and earn interest at the respective short-term deposit rates.

22. Capital and reserves

a. Share capital

As at 31 March 2020, the Company has 25,000,000 ordinary shares outstanding and a capital of USD1,504 million. During the six-month period ended 31 March 2020 no changes took place in the outstanding share capital.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

b. Capital securities

As part of the financing of the Company and its subsidiaries, the Company has two capital securities instruments with a total carrying value of USD1,078.5 million as at 31 March 2020. These two capital securities have a par value of USD800 million and EUR262.5 million respectively.

These two capital securities are perpetual in respect of which there is no fixed redemption date. The distribution on the capital securities is payable semi-annually in arrears every six months from the date of issue. The Company may elect to defer (in whole but not in part) any distribution in respect of these capital securities by providing no more than 30 or less than five business days' notice, unless a compulsory interest payment event has occurred, including amongst others the occurrence of a dividend payment in respect of subordinated obligations of the Company. Any interest deferred shall constitute arrears of interest and shall bear interest.

In the event of a winding-up, the rights and claims of the holders in respect of the capital securities shall rank ahead of claims in respect of the Company's shareholders, but shall be subordinated in right of payment to the claims of all present and future senior obligations, except for obligations of the Company that are expressed to rank pari passu with, or junior to, its obligations under the capital securities.

As at 30 September 2019, the Company had two instruments with a par value of USD800 million and EUR262.5 million. Total carrying value amounted to USD1,073.8 million.

The USD800 million capital security was originally issued on 21 March 2017 for USD600 million, and the issuance was re-opened for an additional amount of USD200 million on 21 November 2017. The USD800 million capital security is listed on the Singapore Stock Exchange. The distribution on the capital security is 6.875 percent per annum until the distribution payment date in March 2022. The capital security may be redeemed at the Company's option in whole, but not in part, in the period starting 90 calendar days before, and ending of, the distribution payment date in March 2022 or any distribution date thereafter upon giving not less than 30 nor more than 60 days' notice to the holders. The early redemption amount payable by the Company shall be the principal amount of the capital security, together with any interest accrued to the date fixed for redemption, all arrears of interest and all additional interest amounts.

F. Notes to the interim condensed consolidated financial statements

The EUR262.5 million capital security was issued on 31 July 2019 and is listed on the Singapore Stock Exchange. The distribution on the capital security is 7.5 percent per annum until the distribution payment date in July 2024. The capital security may be redeemed at the Company's option in whole, but not in part, in the period starting 90 calendar days before, and ending of, the distribution payment date in July 2024 or any distribution date thereafter upon giving not less than 30 nor more than 60 days' notice to the holders. The early redemption amount payable by the Company shall be the principal amount of the capital security, together with any interest accrued to the date fixed for redemption, all arrears of interest and all additional interest amounts.

c. Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation. The currency translation reserve as per 31 March 2020 includes a negative reserve of USD785.1 million related to the equity investment in Puma Energy Holdings Pte. Ltd.

d. Revaluation reserve

The revaluation reserve comprises the fair value measurements movements of the equity investments which are accounted for at fair value through other comprehensive income. On realisation of these gains or losses, for example the sale of an equity instrument, the cumulative amounts of this reserve are transferred to retained earnings. Included in the revaluation reserve is a loss of USD44.1 million (30 September 2019: USD29.0 million loss) related to the mark-to-market valuation of equity investments.

e. Cash flow hedge reserve

The Group has elected not to apply the cost of hedging option. A change in the fair value of derivatives designated as a cash flow hedge is initially recognised as a cash flow hedge reserve in OCI. The deferred amount is then released to the statement of income in the same period during which the hedged transaction affects the statement of income.

Included in the cash flow hedge reserve is a loss of USD309.7 million (30 September 2019: USD100.6 million loss) related to the effective portion of the changes in fair value of cash flow hedges, net of tax. These cash flow hedges relate to hedging of interest and currency exposure on corporate loans and hedging of price exposure on future purchases and sales of commodities. The losses on hedging derivatives currently shown in the cash flow hedge reserve will be offset by decreased purchase/finance costs and increased sales values in the period the hedged transactions are recognised. Over time, the overall net impact of the hedged items and hedging instruments together to the statement of income and OCI will be minimal.

The cash flow hedge reserves as at 31 March 2020, includes a negative reserve of USD55.2 million relating to the Group's share in the cash flow hedge reserves of equity-accounted investees (30 September 2019: USD13.4 million negative).

23. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risk, refer to note 26.

Carrying value of loans and borrowings	2020 USD'M	2019 USD'M
Non-current		
Committed unsecured syndicated loans	**5,122.6**	5,167.1
Private placements	**991.0**	785.7
Listed bonds	**802.5**	835.4
Securitisation programmes	**590.6**	500.0
Other loans	**452.8**	467.6
Finance leases	**-**	5.3
Non-current bank borrowings	**759.0**	731.0
Total non-current	**8,718.5**	8,492.1
Current		
Committed unsecured syndicated loans	**2,004.3**	1,496.1
Private placements	**225.7**	275.8
Listed bonds	**602.3**	599.8
Securitisation programmes	**3,113.2**	4,206.3
Other loans	**237.6**	293.1
Finance leases	**-**	14.5
Current bank borrowings	**15,941.0**	15,569.9
Total current	**22,124.1**	22,455.5
Total	**30,842.6**	30,947.6

	Principal	Interest rate	Maturity	Floating/fixed rate debt	Note	< 1 year USD'M	1-5 years USD'M	> 5 years USD'M	Total USD'M
Committed unsecured syndicated loans									
CNH	4,052.8	Hibor + 1.00%	2020 - October	Floating		569.3	-	-	**569.3**
USD	760.0	Libor + 0.65%	2020 - October	Floating		500.0	-	-	**500.0**
USD	435.0	Libor + 1.10%	2020 - October	Floating		435.0	-	-	**435.0**
USD	1,895.0	Libor + 0.55%	2021 - March	Floating		500.0	-	-	**500.0**
USD	875.0	Libor + 0.80%	2022 - March	Floating		-	872.0	-	**872.0**
USD	520.0	Libor + 1.10%	2021 - October	Floating		-	520.0	-	**520.0**
USD	300.0	Libor + 1.10%	2022 - October	Floating		-	300.0	-	**300.0**
JPY	67,800.0	Libor + 0.90%	2023 - March	Floating		-	629.1	-	**629.1**
USD	2,725.0	Libor + 0.80%	2023 - March	Floating		-	2,718.0	-	**2,718.0**
JPY	9,000.0	Libor + 1.00%	2025 - March	Floating		-	83.5	-	**83.5**
						2,004.3	5,122.6	-	7,126.9
Private placements									
EUR	200.0	5.50%	2020 - July	Fixed		219.4	-	-	**219.4**
USD	98.0	7.11%	2021 - April	Fixed		-	98.0	-	**98.0**
CNY	500.0	6.50%	2021 - April	Fixed		-	70.6	-	**70.6**
CNY	500.0	6.50%	2021 - May	Fixed		-	70.2	-	**70.2**
CNY	700.0	6.20%	2021 - September	Fixed		-	98.6	-	**98.6**
CNY	540.0	5.49%	2022 - May	Fixed		-	76.2	-	**76.2**
USD	57.5	5.53%	2023 - March	Fixed		-	57.5	-	**57.5**
USD	53.0	5.55%	2023 - May	Fixed		-	53.0	-	**53.0**
USD	35.0	4.01%	2025 - March	Fixed		-	35.0	-	**35.0**
USD	67.0	5.72%	2025 - May	Fixed		-	-	67.0	**67.0**
USD	83.0	4.17%	2027 - March	Fixed		-	-	83.0	**83.0**
USD	20.0	5.86%	2028 - May	Fixed		-	-	20.0	**20.0**
USD	85.0	4.60%	2030 - March	Fixed		-	-	85.0	**85.0**
USD	200.0	6.33%	2036 - July	Fixed		6.3	29.5	147.4	**183.2**
						225.7	588.6	402.4	1,216.7
Listed bonds									
EUR	550.0	5.00%	2020 - April	Fixed		602.3	-	-	**602.3**
USD	442.4	5.25%	2023 - March	Fixed		-	439.2	-	**439.2**
CHF	165.0	2.25%	2023 - May	Fixed		-	170.8	-	**170.8**
CHF	55.0	3.25%	2024 - September	Fixed		-	57.3	-	**57.3**
USD	215.6	-	2026 - July	Fixed		-	-	135.2	**135.2**
						602.3	667.3	135.2	1,404.8
Securitisation programmes									
USD	235.0	Libor +0.85%	2020 - June	Floating		235.0	-	-	**235.0**
USD	230.0	2.47%	2020 - June	Fixed		230.0	-	-	**230.0**
USD	35.0	Libor + 1.70%	2020 - June	Floating		35.0	-	-	**35.0**
USD	410.0	Libor + 1.0%	2020 - November	Floating		88.8	-	-	**88.8**
USD	40.0	Libor + 0.5%	2020 - November	Floating		5.0	-	-	**5.0**
USD	280.0	3.73%	2021 - September	Fixed		-	280.0	-	**280.0**
USD	185.0	Libor +0.73%	2021 - September	Floating		-	185.0	-	**185.0**
USD	35.0	4.33%	2021 - September	Fixed		-	35.0	-	**35.0**
USD	90.6	Libor + 4.25%	2023 - March	Floating		-	90.6	-	**90.6**
USD	2,949.4	Various	Various	Floating		2,519.4	-	-	**2,519.4**
						3,113.2	590.6	-	3,703.8
Other Loans						237.6	390.3	62.5	**690.4**
Total						**6,183.1**	**7,359.5**	**600.1**	**14,142.6**

During the six-month period ended 31 March 2020, a number of important transactions for the Group were completed.

In October 2019 the Group closed a new syndicated Revolving Credit Facility and Term Loan Facilities at USD1.5 billion-equivalent composed of a 365-day USD revolving credit facility (USD760 million), a year CNH term loan facility (USD445 million) and a three-year USD term loan facility (USD300 million). Funding will be used to refinance previous loan tranches and support general corporate needs.

In March 2020, the Group refinanced its 365-day European multi-currency Revolving Credit Facility totalling USD1.9 billion. The 365-day ERCF will be used to refinance the maturing USD2.05 billion 365-day facility dated 14 March 2019, as well as for general corporate purposes.

Also in March 2020, the Group raised JPY76.8 billion (circa USD720 million equivalent at spot rate) via a JPY denominated term loan (the "Samurai loan") in the Japanese domestic syndicated bank loan market In addition to the three-year tranche, which Trafigura has refinanced every two years since 2012, Trafigura introduced an inaugural five-year tranche. This transaction refinances the 2018 Samurai loan and will be used for general corporate purposes.

F. Notes to the interim condensed consolidated financial statements

Finally, Trafigura Funding SA, a dedicated funding vehicle of the Group, issued on 25 March USD203 million of notes in the US Private Placement market with tenors of 5, 7 and 10 years. Proceeds will be used to refinance USD51.5m of maturing USPP notes and to support the refinancing of Trafigura's EUR550 million bond coming due in April 2020.

The Group was in compliance with all its corporate and financial covenants as at 31 March 2020.

24. Trade and other payables

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 26.

	2020 USD'M	2019 USD'M
Trade creditors	**2,710.7**	3,114.2
Accrued costs of sales and expenses	**8,062.4**	10,775.8
Related parties	**74.8**	45.2
Total	**10,847.9**	13,935.2

25. Commitments and contingencies

The Company and its subsidiaries are party to a number of legal claims and proceedings arising out of their business operations. The Company believes that the ultimate resolution of these claims and proceedings will not, in the aggregate, have a material adverse effect on The Company's financial position, consolidated income or cash flows. Such legal claims and proceedings, however, are subject to inherent uncertainties and the outcome of individual matters is unpredictable. It is possible that the Company could be required to make expenditures, in excess of established provisions, in amounts that cannot reasonably be estimated.

The total contingent liabilities related to trade finance instruments, such as letters of credit and guarantees, as at 31 March 2020 amount to USD5,187.1 million (2019: USD8,632.9 million).

The Company had outstanding commitments at the end of 31 March 2020, and 30 September 2019 as follows:

	2020 USD'M	2019 USD'M
Assets under construction	**74.4**	79.1
Total	**74.4**	79.1

26. Financial instruments

a. Financial risk management

The Group is exposed to a number of different financial risks arising from normal business exposures as well as its use of financial instruments including: market risks relating to commodity prices, foreign currency exchange rates, interest rates and equity prices; credit risk; and liquidity risk.

Prudently managing these risks is an integral element of the Group's business and has been institutionalised since the Group's foundation. Risk management guidelines are established at senior management level. The various risks the Group is exposed to are managed through a combination of internal procedures, such as strict control mechanisms and policies, as well as external third parties such as the derivative, insurance and bank markets. As a rule, the Group actively manages and lays off where possible a large majority of the risks inherent to its activity. The Group's conservative risk management process is designed to:

- Provide a full and accurate awareness of risks throughout the Group;
- Professionally evaluate and monitor these risks through a range of risk metrics;
- Limit risks via a dynamic limit setting framework;
- Manage risks using a wide range of hedging instruments and strategies; and
- Ensure a constant dialogue between trading desks, risk managers and senior management.

The three main, reinforcing, components of the Group's risk management process are the Chief Risk Officer (CRO), the Market Risk Management Committee and the trading teams.

The CRO is independent of the revenue-producing units and reports to the Chief Operating Officer and the Management Committee. The CRO has primary responsibility for assessing and monitoring the Group's market risks. The CRO's team liaises directly with the trading teams to analyse new opportunities and ensure that risk assessments adapt to changing market conditions. The CRO's team also ensures the Group's risk management capabilities incorporate ongoing advances in technology and risk management modelling capabilities.

The Market Risk Management Committee, which is comprised of members of the Management Committee and the CRO, is responsible for applying the Group's risk management capabilities towards improving the overall performance of the Group. In the reporting period, the Market Risk Management Committee met at least weekly to discuss and set risk and concentration limits, review changing market conditions, and analyse new market risks and opportunities.

The Group's trading teams provide deep expertise in hedging and risk management in the specific markets each team operates in. While the trading teams have front line responsibility for managing the risks arising from their activities, the Group's process ensures a strong culture of escalation and accountability, with well-defined limits, automatic notifications of limit overages and regular dialogue with the CRO and Market Risk Management Committee.

b. Market risk

Market risk is the risk of loss in the value of the Group's positions due to changes in market prices. The Group holds positions primarily to

ensure the Group's ability to meet physical supply commitments to the Group's customers, to hedge exposures arising from these commitments, and to support the Group's investment activities. The Group's positions change due to changing customer requirements and investment opportunities. The value of the Group's positions is accounted for at fair value and therefore fluctuates on a daily basis due to changes in market prices. Categories of market risk the Group is exposed to include:

- Commodity price risk results from exposures to changes in spot prices, forward prices and volatilities of commodities, such as crude oil, petroleum products, natural gas, base metals, coal and iron ore.
- Currency rate risk results from exposures to changes in spot prices, forward prices and volatilities of currency rates.
- Interest rate risk results from exposures to changes in the level, slope and curvature of yield curves, the volatilities of interest rates, and credit spreads.
- Equity price risk results from exposures to changes in prices and volatilities of individual equities and equity indices.

The Group hedges a large majority of price risks arising from its activities. When there is a difference in the characteristics of available hedging instruments and the corresponding commodity price exposures, the Group remains exposed to a residual price risk referred to as basis risk. Dynamically managing the basis risk that arises from the Group's activities requires specialist skills and is a core focus of the Group's trading and risk management teams.

Value at Risk

Value at Risk (VaR) is a statistical estimate of the potential loss in value of the Group's positions and unsold in-transit material due to adverse market movements. The Group calculates VaR over a one-day time horizon with a 95 percent confidence level. The Group uses an integrated VaR model which captures risks including commodity prices, interest rates, equity prices and currency rates. The Group's integrated VaR model facilitates comparison of VaR across portfolios comprised of a range of different risk exposures.

As of 31 March 2020, the Group's one day market risk VaR was USD56.4 million (2019: USD24.1 million). Average market risk VaR (1 day 95%) during the period was USD18.1 million compared to USD11.6 million in the previous full financial year. The Group's Management Committee has set a target of maintaining VaR (one-day 95%) below 1 percent of Group equity.

The Group is aware of the inherent limitations to VaR and therefore uses a variety of risk measures and risk management techniques to create a robust risk management process. Limitations of VaR include:

- VaR does not estimate potential losses over longer time horizons where the aggregate moves may be extreme.
- VaR does not take account of the liquidity of different risk positions and therefore does not estimate the losses that might arise if the Group liquidated large positions over a short period of time.
- VaR is based on statistical analysis of historical market data. If this historical data is not reflective of futures market prices movements, VaR may not provide accurate predictions of future possible losses.

The Group's VaR calculation covers its trading businesses in the crude oil, refined oil products, petrochemical, natural gas, metals, concentrates, coal, iron ore, and freight markets and assesses the open-priced positions which are those subject to price risk, including inventories of these commodities. The Group's VaR model is based on historical simulations, with full valuation of more than 5,000 market risk factors.

VaR is calculated based on simultaneously shocking these risk factors. More recent historical price data is more heavily weighted in these simulations, which enables the VaR model to adapt to more recent market conditions and improves the accuracy of the Group's estimates of potential losses.

The Group's VaR model utilises advanced statistical techniques that incorporate the non-normal price dynamics that are an important feature of commodity markets. The Group's VaR model is continuously and automatically calibrated and back-tested to ensure that its out-of- sample performance adheres to well defined targets. In addition, the Group's VaR model is regularly updated to ensure it reflects the current observed dynamics of the markets the Group is active in.

The Group has made a significant, ongoing investment in risk management systems, including a reporting system which automatically distributes customised risk reports throughout the Group on a daily basis. These reports provide up-to-date information on each team's risk using industry standard measures such as 95 percent and 99 percent Value at Risk and performance indicators such as Sharpe ratios.

All trading books have well defined VaR risk limits. Management and the trading teams are automatically notified whenever a book nears its risk limit, as well as whenever a VaR limit breach occurs. In addition, The Group's deals desk management team is automatically notified whenever statistically anomalous changes occur in the profit and loss of any deal.

For senior management, the daily reports provide a comprehensive view of the Group's risk, classified according to various risk factors. These reports emphasise the risk diversification created by the Group's varied activities and highlight any excessive risk concentrations.

c. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument or physical contract fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, and investment in debt and equity securities.

The Group has a formalised credit process with credit officers in the key locations around the world. Strict credit limits are set up for each counterparty on the basis of detailed financial and business analysis. 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 statement of financial position. The Group makes extensive use of the banking and insurance markets to cover any counterparty or country risks that are in excess of its credit limits.

The risk management monitoring and decision-making functions are centralised and make extensive use of the Group's integrated bespoke IT system. The Group conducts transactions with the following major types of counterparties:

- Physical commodity counterparties spread across the vertical chains for both oil and bulk, e.g. producers, refiners/smelters and end-users. Sales to investment grade and non-investment grade counterparties are made on open terms up to internally approved credit limits. Exposures above such limits are subject to payment guarantees.

F. Notes to the interim condensed consolidated financial statements

- Payment guarantee counterparties, i.e. prime financial institutions from which the Group obtains payment guarantees.
- Hedge counterparties comprising a number of prime financial institutions and physical participants in the relevant markets. There is no significant concentration of risk with any single counterparty or group of counterparties. Collateral is obtained from counterparties when the Group's exposure to them exceeds approved credit limits. It is the Group's policy to have ISDA Master Agreements or ISDA-based Long-Form Confirmation Agreements in place with all hedging counterparties.

The Group trades in all major geographic regions. Where appropriate, guarantees, insurance and letters of credit are used to reduce payment or performance risk. The Group has gross credit exposure in locations across the world with a concentration in emerging markets. Most of this exposure is transferred to third parties while the Group retains between 10 percent to 20 percent on average of the individual exposures.

The Group's maximum exposure to credit risk, without considering netting agreements or without taking into account of any collateral held or other credit enhancements, is equal to the carrying value of its financial assets as indicated in the statement of financial position plus the guarantees to third parties and associates.

The Group has amounts and guarantees outstanding related to countries that are impacted by sanctions currently imposed by the United States and European Union. The Group analysed the sanctions and exposures and concluded that these do not materially impact the Group's positions.

(i) Concentration of credit risk

Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect the Group's counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The carrying amount of financial assets represents the maximum credit exposure. The Group determines concentrations of credit risk by monitoring the country profile of its third party trade receivables on an on-going basis.

The Group has a diverse customer base, with no customer representing more than 4.2 percent of its revenues over the six month period ended 31 March 2020 (2019: 4.5%).

Refer to note 18 for the aging of trade and other receivables at the reporting date that were not impaired.

(ii) Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default. The credit quality of trade and other receivables is assessed based on a strict credit policy. The Group has monitored customer credit risk, by grouping trade and other receivables based on their characteristics.

Based on the Group's monitoring of customer credit risk, the Group believes that, except as indicated above, no impairment allowance is necessary in respect of trade receivables not past due.

(iii) Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in note 18 (Trade and other receivables).

(iv) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries and trading partners in the normal course of business. As part of the Group's ordinary physical commodity trading activities, Trafigura Group Pte. Ltd. may act as guarantor by way of issuing guarantees accepting responsibility for subsidiaries' contractual obligations.

d. Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations when due, or that it is unable, on an on-going basis, to borrow funds in the market on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash and cash equivalents and ready sources of committed funding available to meet anticipated and unanticipated funding needs. Sound financial management with a focus on liquidity has been instrumental to the Group's success. The Group has demonstrated the ability to raise the appropriate types of financing to match the needs of the business and to tap various investor bases (e.g. syndicated loan markets, trade finance markets, bond markets, private placement markets, securitisation etc.), maturities and geographies.

The Group manages its treasury and liquidity risks maintaining a strong liquidity position through the following:

- Targeting immediately-available cash on hand of minimum USD500 million under normal conditions (higher in the case of extreme volatility);
- Maintaining transactional lines which allow the Group to mark-to-market financings to the value of the underlying physical assets. Mark-to-market financing is performed weekly (or intra-weekly in the case of extreme volatility) and provides an additional source of liquidity which is not available to competitors which are financed purely from revolving credit facilities;
- Committed unsecured credit facilities;
- Maintaining headroom under transactional trade finance lines and committed revolving credit facilities; and
- Reasonable distribution of profit (in order to generate retained earnings) and subordination of repurchased equity.

The maturity analysis of the Group's financial liabilities based on the contractual terms is as follows:

	Total USD'M	0-1 years USD'M	1-5 years USD'M	> 5 years USD'M
31 March 2020				
Financial liabilities				
Current and non-current loans and borrowings	**30,842.6**	22,124.1	8,118.4	600.1
Trade and other payables	**10,847.9**	10,847.9	-	-
Derivative financial liabilities	**1,456.3**	1,106.0	314.3	36.0
Total financial liabilities	**43,146.8**	**34,078.0**	**8,432.7**	**636.1**

	Total USD'M	0-1 years USD'M	1-5 years USD'M	> 5 years USD'M
30 September 2019				
Financial liabilities				
Current and non-current loans and borrowings	**30,947.7**	22,455.5	8,094.5	397.6
Trade and other payables	**13,935.2**	13,935.2	-	-
Derivative financial liabilities	**1,119.7**	746.0	346.6	27.0
Total financial liabilities	**46,002.6**	**37,136.8**	**8,441.2**	**424.6**

e. Interest rate risk

The Group is not exposed to significant interest rate risk since the maturity of its short-term funding ranges from a few weeks to a few months and each commercial transaction considers current interest rate levels. Interest rate risk of the Group is mainly applicable on the long-term funding of the Group, although a majority of debt, whether long-term or short-term, is at floating rate.

From time to time the Group enters into interest rate derivative transactions to lock-in current interest rate levels, for instance, interest rate swaps provide a method of reducing the Group's exposure to floating interest rates arising from its corporate funding programmes. To realise the desired matching of derivative results with the hedged interest rate payments, cash flow hedge accounting is applied and the derivatives are designated as hedging instruments. The derivatives are carried on balance and their effectiveness is tested on a quarterly basis.

f. Currency risk

The Group has few exposures to foreign currency risk on its trading activities and those that do exist are 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.

The Group uses cross-currency swaps to hedge currency risk on the principal and related payments of foreign currency denominated loans and bonds for which cash flow hedge accounting is applied. The hedge relationship is expected to be highly effective due to the matching of critical terms between the underlying hedged item and the associated hedge instrument.

The periods when the cash flows are expected to occur are similar to the periods when the cash flows on the foreign currency denominated loans and bonds occur as indicated in note 23 and 26d. Ineffectiveness may arise (i) if the underlying interest reference rate is divergent to the underlying reference rate in the Group's debt agreements; (ii) to the extent that the hedging instrument is already in the money or out of the money at the point of designation (compared to the hypothetical derivative that must be created on market); (iii) when the timing of the hedging instrument goes beyond the hedged item and it is not considered highly probable that the hedged item will be refinanced beyond its current maturity date; or (iv) if the hedging instrument is for an amount greater than the hedged item.

g. Cash flow hedge accounting

In some instances the Group has elected to apply cash flow hedge accounting to certain highly probable cash flows. These cash flows relate to the following hedged items: forecasted purchases and sales of LNG, sales of mining production, purchases of electricity which is needed for the refinery process, operating expenditure, interest payments and other forecasted purchases and sales.

The designated hedge derivatives are accounted for at fair value, with the fair value movements being deferred through other comprehensive income where they are deemed to be entered in an effective hedge relationship with cash flows that are yet to be reflected in the statement of income. Any fair value movements that are not considered to be an effective hedge are recognised directly through the statement of income.

Ineffectiveness will occur due to time spread between the hedged item and the hedging instrument as well as due to the basis risk. The effectiveness of the economic relationship between the hedging instruments and the hedged item has been assessed at the inception of the hedge accounting designation and is reassessed at least on an annual basis. The hedge ratio is determined by the ratio which provides a strong relationship between movements in the fair value of the hedged item and hedging instruments at the inception of the hedge accounting relationship.

The overview of the cash flow hedges is as follows:

	Maturity	Equivalent	2020 Notionals	2019 Notionals	2020 Fair values	2019 Fair values
Cross-currency/ interest swaps hedging interest payments	0-4 years	USD	**2,490.1**	2,453.8	**(52.3)**	(80.4)
Gas and fx futures/ swaps hedging future purchases and sales of LNG	0-4 years	various	**635.7**	937.9	**(79.4)**	(94.6)
Fx swaps hedging future non-USD opex payments	0-2 years	USD	**1,853.7**	1,245.7	**(70.3)**	(31.2)
LME futures hedging future sales and mining production	0-2 years	DMT	**85,300.0**	15,225.0	**81.0**	(1.2)
Electricity swaps hedging future purchase of electricity	0-10 years	AUD	**574.9**	594.0	**(75.5)**	(11.4)
Oil related instruments hedging future purchases and sales	< 1 year	USD	**720.3**	-	**(185.1)**	-
Total					**(381.6)**	**(218.9)**

	ineffectiveness recognised through statement of income	hedge result deferred through other comprehensive income
Cross-currency/interest swaps hedging interest payments	3.2	(12.3)
Gas and fx futures/swaps hedging future purchases and sales of LNG	(0.0)	15.3
Fx swaps hedging non-USD payments	0.2	(75.1)
LME futures hedging future sales and mining production	0.2	104.7
Electricity swaps hedging future purchase of electricity.	(13.2)	(54.1)
Oil related instruments hedging future purchases and sales	(8.6)	(176.5)

Other comprehensive movements in the consolidated statement of changes in equity schedule include USD41.8 million negative movement of cash flow hedge reserves from equity-accounted investees (HY 2019: USD30.2 million positive).

F. Notes to the interim condensed consolidated financial statements

h. Fair value hedge accounting

In some instances, the Group elects to apply fair value hedge accounting to certain physical forward contracts described in the table below (the hedged items) and the corresponding paper hedge positions (the hedging instruments). Under the strict rules of hedge accounting, the Group is required to match each paper hedge position with the corresponding physical contract position. The intention is that a movement in fair value of a physical contract is accounted against the corresponding (and opposite) movement in fair value of the related paper hedges: both movements (increase and decrease) are recorded in the statement of income (specifically to the line cost of sales), leading to a neutral result. It is important to note that the fair value of the physical contracts does not include any trading margin, premium or any form of potential profit of the physical contracts.

The Group has elected to apply fair value hedge accounting to non-financial hedged items or certain risk components of non-financial hedged items. These non-financial hedged items relate to firm commitments with respect to tolling agreements, a transportation agreement, and offtake agreements amongst others described below.

	Tolling agreements	Transportation agreements	Offtake agreements
Nature of forward contract (=hedged item)	Convert crude to refined products	Transport crude from Permian Basin to Gulf Coast	Offtake LNG in the US
Main counterparty of forward contract	Corpus Christi Buckeye splitter	Plains All American	Cheniere, Freeport
Maturity of forward contract	Ranging from 2020 to 2023	Ranging from 2019 to 2024	Ranging from 2019 to 2033
Trading strategy	Process crude into refined products	Transport crude from Permian Basin to Gulf Coast	Purchase LNG in the US, transport, transform back into natural gas, and sell natural gas in Europe
Nature of paper hedge (=hedging instrument)	Hedging spread exposure (crude vs refined products) with futures and swaps	Hedging spread exposure (Permian Basin crude vs Gulf Coast crude) with futures and swaps	Hedging spread exposure (LNG in the US vs natural gas in Europe) with futures and swaps

Hedged items

The Group's tolling agreements represent non-financial hedged items, which the Group has entered into for fractionation services to convert crude feedstock into various crude refined products. The derivative hedging instruments (hedges consisting of futures and swaps) are entered into to hedge the spread exposures, referred to as the hedged risk, between the purchase of crude feedstock and the sale of crude refined products.

The Group's transportation agreement represents a non-financial hedged item, which the Group has entered into for the transportation of crude oil from the Permian Basin of Texas to the Gulf Coast. The derivative hedging instruments (hedges consisting of futures and swaps) are entered into to hedge the spread exposures, referred to as the hedged risk, between the purchase of inland crude oil barrels and the sale of those barrels on the Gulf coast.

The Group's offtake agreements represent a non-financial hedged item, which the Group has entered into for the purchase of liquefied natural gas (LNG) from the United States with a number of counterparties. The derivative hedging instruments (hedges consisting of futures and swaps) are entered into to hedge the spread exposures, referred to as the hedged risk, between purchasing LNG from the US and selling LNG to its expected destination markets.

The Group's storage and bareboat charter agreements represent non-financial hedged items, which the Group has entered into for the purpose of storing and transporting oil. The derivative hedging instruments are entered to hedge the time spread and freight exposure on the different contracts.

Hedging instruments

When applicable, the Group designates derivative hedging instruments as fair value hedges in relationship to the associated hedged items:

- The maturity profile of the hedging instrument used for hedging the designated risk components associated with the tolling agreements varies from one month to four years.
- The maturity profile of the hedging instruments used for hedging the designated risk components associated with the transportation agreement varies from one month to five years.
- The maturity profile of the hedging instruments used for the hedging of the offtake agreement varies from one month to five years.
- The maturity profile of the hedging instruments used for hedging the other hedged items varies from one month to three years.

The designated hedge derivatives are accounted for at fair value through profit and loss. The identified hedged items are accounted for at fair value and recognised in cost of sales within the statement of income, the fair value is reflected in the statement of financial position as either a recognised asset or liability. The fair value is determined using benchmarks best representing the designated hedged item. Specifically in the case of LNG, the fair value of the hedged item also considers unobservable inputs.

Economic relationship

IFRS 9 requires the existence of an economic relationship between the hedged item and the hedging instrument. At designation and at the start of each reporting period critical terms of both hedged items and hedge instruments in a hedge relationship are reviewed to ascertain the expectation that the value of the hedging instrument and the value of the hedged item would move into opposite directions as a result of the common underlying and therefore meeting the risk management objective of the hedge relationship.

Hedge effectiveness assessment

At each reporting date or on significant changes in circumstances a quantitative hedge effectiveness assessment is performed. The fair values of both hedged items and hedging instruments are measured and the net difference of the changes is the hedge ineffectiveness amount. The hedge ineffectiveness amount is analysed by its various sources (for example: basis differences, location differences, timing differences, quantity or notional amount differences, currency basis and forward points, credit risk or other risks) where applicable. Specific factors that may impact ineffectiveness are the mismatch in the designated hedge period and the maturity period of the hedging instrument and a differential of the various benchmarks for the pricing of the hedging instruments and the hedged items. In the case of LNG, the hedged item designated includes foreign currency exposure, however, the foreign currency hedges have not been designated into the hedge relationship, giving rise to additional, unintentional ineffectiveness. The fair value of the foreign exchange hedges, that have not been designated, can be seen in the table below. The ineffectiveness year-to-date amounted to a loss of USD23.1 million (2019: loss of USD51.9 million).

The fair value adjustment on the non-financial hedged items are presented in the balance sheet under the following categories:

	31 March 2020		30 September 2019	
	USD'M	USD'M	USD'M	USD'M
	Other non-current assets (note 17)	Other current assets (note 20)	Other non-current assets (note 17)	Other current assets (note 20)
Non-financial hedged items - Tolling agreements	**107.9**	**53.6**	145.6	102.0
Non-financial hedged items - Transportation agreement	**-**	**108.4**	-	-
Non-financial hedged items - LNG contracts	**-**	**4.1**	68.5	-
Non-financial hedged items - Storage and bareboat charter agreements	**0.1**	**42.3**	2.4	18.1
Closing balance of the hedged item	**108.0**	**208.4**	216.5	120.1

	31 March 2020		30 September 2019	
	USD'M	USD'M	USD'M	USD'M
	Other non-current liabilities	Other current liabilities	Other non-current liabilities	Other current liabilities
Non-financial hedged items - Tolling agreements	**-**	**-**	-	-
Non-financial hedged items - Transportation agreement	**77.0**	**-**	148.8	37.6
Non-financial hedged items - LNG contracts	**302.4**	**168.0**	22.8	26.5
Non-financial hedged items - Storage and bareboat charter agreements	**-**	**-**	-	-
Closing balance of the hedged item	**379.4**	**168.0**	171.6	64.1

The following table summarises the movements in the non-financial hedged items and the related derivatives recognised in the statement of income.

Fair value hedge accounting	31 March 2020 USD'M	30 September 2019 USD'M
Opening balances of the derivatives marked as hedges	**(170.1)**	(1,897.9)
Fair value movement included in the hedge relationship	**256.9**	1,281.4
Hedges for which hedge relationship matured	**(62.5)**	330.3
Hedges not designated in hedge relationship	**(0.2)**	116.2
Closing balance of the derivatives marked as hedges	**24.1**	(170.1)
Opening balance of the hedged item	**100.9**	1,749.5
Fair value movement included in the hedge relationship	**(279.8)**	(1,333.3)
Release of fair value adjustment due to matured hedge relationship	**(52.1)**	(315.3)
Closing balance of the hedged item	**(231.0)**	100.9
Lifetime to date net gain/(loss)	**(206.9)**	(69.1)
Year to date net gain/(loss)	**(137.8)**	79.3

i. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Company's immediate parent, Trafigura Beheer B.V., is exclusively owned by its employees. This shareholding arrangement leads to an alignment of the long-term interests of the Group and its management team. By virtue of having its own capital at risk, senior management is incentivised to take a long-term view of the Group's overall performance and to protect its capital.

The Group's capital management aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the lenders to immediately call loans and borrowings. There have been no breaches in the financial covenants of any loans and borrowing in the current period.

The Group monitors its capital adequacy using an adjusted debt to equity ratio, which is adjusted total debt divided by the Group's equity. For this purpose, the adjusted debt metric represents the Group's total non-current and current debt less cash, deposits, readily marketable inventories (including purchased and pre-paid inventories which are being released), debt related to the Group's receivables securitisation programme and the non-recourse portion of loans from third-parties.

The Company's long term average target adjusted debt to equity ratio is 1.0x. The Company's adjusted net debt to equity ratio at the end of the reporting period was as follows:

	31 March 2020 USD'M	30 September 2019 USD'M
Non-current loans and borrowings	**8,718.5**	8,492.1
Current loans and borrowings	**22,124.1**	22,455.5
Total debt	**30,842.6**	30,947.6
Adjustments		
Cash and cash equivalents	**6,717.2**	6,267.2
Deposits	**383.5**	374.2
Inventories (including purchased and pre-paid inventories)	**12,496.3**	14,137.2
Receivables securitisation debt	**3,610.7**	4,422.1
Non-recourse debt	**381.2**	437.2
Adjusted total debt	**7,253.7**	**5,309.7**
Group equity	**6,977.4**	**6,804.7**
Adjusted debt to Group equity ratio at the end of the period	**1.04**	**0.78**

F. Notes to the interim condensed consolidated financial statements

j. Fair value

(i) Fair values versus carrying amounts

The fair values of inventories, financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

31 March 2020	Carrying value USD'M	Fair value USD'M
Assets		
Listed equity securities - Fair value through OCI	4.7	4.7
Listed equity securities - Fair value through profit or loss	203.0	203.0
Listed debt securities - Fair value through profit or loss	345.5	345.5
Unlisted equity investments - Fair value through profit or loss	81.1	81.1
Unlisted equity investments - Fair value through OCI	252.1	252.1
Loans receivable (*)	277.0	277.0
Inventories	11,550.0	11,550.0
Trade and other receivables (*)	16,998.3	16,998.3
Non-financial hedged items	316.2	316.2
Derivatives	2,218.1	2,218.1
Deposits (*)	383.5	383.5
Cash and cash equivalents (*)	6,717.2	6,717.2
Total financial assets and inventories	**39,346.8**	**39,346.8**
Liabilities		
Loans and borrowings		
Floating rate borrowings (*)	27,676.1	27,676.1
Fixed rate borrowings	3,166.5	3,076.7
Trade and other payables (*)	10,847.9	10,847.9
Non-financial hedged items	547.4	547.4
Derivatives	1,456.3	1,456.3
Total financial liabilities	**43,694.2**	**43,604.4**

30 September 2019	Carrying value USD'M	Fair value USD'M
Assets		
Listed equity securities - Fair value through OCI	28.8	28.8
Listed equity securities - Fair value through profit or loss	342.1	342.1
Listed debt securities - Fair value through profit or loss	345.5	345.5
Unlisted equity investments - Fair value through profit or loss	53.9	53.9
Unlisted equity investments - Fair value through OCI	233.4	233.4
Loans receivable (*)	521.4	552.8
Inventories	13,435.0	13,435.0
Trade and other receivables (*)	18,516.5	18,527.5
Non-financial hedged items	336.6	336.6
Derivatives	1,356.0	1,356.0
Deposits (*)	374.2	374.2
Cash and cash equivalents (*)	6,267.2	6,267.2
Total financial assets and inventories	**41,810.6**	**41,853.0**
Liabilities		
Loans and borrowings		
Floating rate borrowings (*)	27,886.1	27,886.1
Fixed rate borrowings	3,041.7	3,110.9
Finance lease and purchase contract (*)	19.8	19.8
Trade and other payables (*)	13,935.2	13,935.2
Non-financial hedged items	235.7	235.7
Derivatives	1,119.6	1,119.6
Total financial liabilities	**46,238.1**	**46,307.3**

Significant increases in fair value of derivatives are predominantly caused by physical forward contracts. The gains booked on these contracts are offset by similar losses on associated cash settled hedge derivatives, meaning no net profit has been taken on these forward physical contracts.

Offsetting of financial assets and liabilities

In accordance with IAS 32 the Group reports financial assets and liabilities on a net basis in the consolidated statement of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements as at 31 March 2020 and 30 September 2019 were as follows:

	Amounts eligible for set off under netting agreements				
2020	Gross amount USD'M	Amounts offset USD'M	Net amount USD'M	Amounts not subject to netting agreements USD'M	Net amounts presented in the statement of financial position USD'M
Related parties	2,163.1	(73.9)	2,089.2	-	2,089.2
Derivative assets	4,371.3	(3,608.8)	762.4	1,455.7	2,218.1
Related parties	(148.7)	73.9	(74.8)	-	(74.8)
Derivative liabilities	(4,127.4)	3,608.8	(518.6)	(937.8)	(1,456.3)

	Amounts eligible for set off under netting agreements				
2019	Gross amount USD'M	Amounts offset USD'M	Net amount USD'M	Amounts not subject to netting agreements USD'M	Net amounts presented in the statement of financial position USD'M
Related parties	1,526.7	(77.5)	1,449.2	-	1,449.2
Derivative assets	1,836.7	(1,156.7)	680.0	676.0	1,356.0
Related parties	(122.7)	77.5	(45.2)	-	(45.2)
Derivative liabilities	(1,617.8)	1,156.7	(461.1)	(658.5)	(1,119.6)

For the financial assets and liabilities subject to enforceable master netting or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities may be settled on a gross basis, however, each party to the master netting or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

(*) Management has determined that these carrying amounts reasonably approximate their fair values because these are mostly short-term in nature and are re-priced regularly.

(ii) Fair value hierarchy

The table below analyses financial instruments and other assets and liabilities carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Regarding financial instruments: Level 1 classifications primarily include futures with a maturity of less than one year. Level 2 classifications primarily include swaps and physical forward transactions which derive their fair value primarily from exchange quotes and readily observable broker quotes. Level 3 classifications primarily include physical forward transactions which derive their fair value predominately from calculations that use broker quotes and applicable market based estimates surrounding location, quality and credit differentials. In circumstances where Trafigura cannot verify fair value with observable market inputs (Level 3 fair values), it is possible that a different valuation model could produce a materially different estimate of fair value.

It is Trafigura's policy to hedge significant market risk, therefore sensitivity to fair value movements is limited. Trafigura manages its market risk using the Value at Risk (VaR) as disclosed in note 26b.

Other financial assets and inventories	Level 1 USD'M	Level 2 USD'M	Level 3 USD'M	Total USD'M
31 March 2020				
Listed equity securities - Fair value through OCI	4.7	-	-	**4.7**
Listed equity securities - Fair value through profit or loss	203.0	-	-	**203.0**
Listed debt securities - Fair value through profit or loss	-	-	345.5	**345.5**
Unlisted equity investments - Fair value through profit or loss	-	-	81.1	**81.1**
Unlisted equity investments - Fair value through OCI	-	-	252.1	**252.1**
Futures	48.5	-	-	**48.5**
OTC derivatives	-	172.5	3.9	**176.4**
Physical forwards	-	41.7	1,207.0	**1,248.7**
Cross-currency swaps	-	6.5	-	**6.5**
Interest rate swaps	-	45.1	-	**45.1**
Non-financial hedged items	-	294.1	22.2	**316.3**
Other financial derivatives	-	692.9	-	**692.9**
Inventories	-	11,550.0	-	**11,550.0**
Total	**256.3**	**12,802.8**	**1,911.8**	**14,970.9**

Other financial liabilities	Level 1 USD'M	Level 2 USD'M	Level 3 USD'M	Total USD'M
31 March 2020				
Futures	4.4	-	-	**4.4**
OTC derivatives	-	261.5	80.8	**342.3**
Physical forwards	-	-	649.1	**649.1**
Cross-currency swaps	-	49.6	-	**49.6**
Interest rate swaps	-	38.0	-	**38.0**
Non-financial hedged items	-	77.0	470.3	**547.4**
Other financial derivatives	-	373.0	-	**373.0**
Fixed rate borrowings	-	3,166.5	-	**3,166.5**
Total	**4.4**	**3,965.7**	**1,200.2**	**5,170.2**

Other financial assets and inventories	Level 1 USD'M	Level 2 USD'M	Level 3 USD'M	Total USD'M
30 September 2019				
Listed equity securities - Fair value through OCI	28.8	-	-	**28.8**
Listed equity securities - Fair value through profit or loss	342.1	-	-	**342.1**
Listed debt securities - Fair value through profit or loss	-	-	345.5	**345.5**
Unlisted equity investments - Fair value through profit or loss	-	-	53.9	**53.9**
Unlisted equity investments - Fair value through OCI	-	-	233.4	**233.4**
Futures	11.3	-	-	**11.3**
OTC derivatives	-	154.4	41.6	**196.0**
Physical forwards	-	18.3	435.9	**454.2**
Cross-currency swaps	-	5.7	-	**5.7**
Interest rate swaps	-	62.5	-	**62.5**
Non-financial hedged items	-	268.1	68.5	**336.6**
Other financial derivatives	-	626.3	-	**626.3**
Inventories	-	13,435.0	-	**13,435.0**
Total	**382.2**	**14,570.3**	**1,178.9**	**16,131.3**

Other financial liabilities	Level 1 USD'M	Level 2 USD'M	Level 3 USD'M	Total USD'M
30 September 2019				
Futures	1.5	-	-	**1.5**
OTC derivatives	-	235.7	49.7	**285.4**
Physical forwards	-	11.5	378.1	**389.6**
Cross-currency swaps	-	80.0	-	**80.0**
Interest rate swaps	-	7.9	-	**7.9**
Non-financial hedged items		186.4	49.3	**235.7**
Other financial derivatives	-	355.1	-	**355.1**
Fixed rate borrowings	-	3,041.7	-	**3,041.7**
Total	**1.5**	**3,918.3**	**477.1**	**4,396.9**

F. Notes to the interim condensed consolidated financial statements

The overview of the fair value hierarchy and applied valuation methods can be specified as follows:

Listed equity securities - Fair value through OCI			2020 USD'M	2019 USD'M
	–Level 1	Assets	4.7	28.8
		Liabilities	-	-
Valuation techniques and key inputs:	Quoted prices in an active market.			
Significant unobservable inputs:	None.			

Listed equity securities – Fair value through profit or loss			2020 USD'M	2019 USD'M
	– Level 1	Assets	203.0	342.1
		Liabilities	-	-
Valuation techniques and key inputs:	Quoted prices in an active market.			
Significant unobservable inputs:	None.			

Futures			2020 USD'M	2019 USD'M
	– Level 1	Assets	48.5	11.3
		Liabilities	4.4	1.5
Valuation techniques and key inputs:	Quoted prices in an active market.			
Significant unobservable inputs:	None.			

OTC derivatives			2020 USD'M	2019 USD'M
	– Level 2	Assets	172.5	154.4
		Liabilities	261.5	235.7
Valuation techniques and key inputs:	Reference prices. Inputs include observable quoted prices sourced from traded reference prices or recent traded price indices in an active market for identical assets or liabilities.			
Significant unobservable inputs:	None.			

Physical forwards			2020 USD'M	2019 USD'M
	– Level 2	Assets	41.7	18.3
		Liabilities	-	11.5
Valuation techniques and key inputs:	Reference prices. Inputs include observable quoted prices sourced from traded reference prices or recent traded price indices in an active market for identical assets or liabilities.			
Significant unobservable inputs:	None.			

Cross-currency swaps			2020 USD'M	2019 USD'M
	– Level 2	Assets	6.5	5.7
		Liabilities	49.6	80.0
Valuation techniques and key inputs:	Discounted cash flow model. Inputs include observable quoted prices sourced from exchanges or recent traded price indices in an active market for identical assets or liabilities. Price are adjusted by a discount rate which captures the time value of money and counterparty credit considerations.			
Significant unobservable inputs:	None.			

Interest rate swaps			2020 USD'M	2019 USD'M
	– Level 2	Assets	45.1	62.5
		Liabilities	38.0	7.9
Valuation techniques and key inputs:	Discounted cash flow model. Inputs include observable quoted prices sourced from exchanges or recent traded price indices in an active market for identical assets or liabilities. Price are adjusted by a discount rate which captures the time value of money and counterparty credit considerations.			
Significant unobservable inputs:	None.			

Non-financial hedged items			2020 USD'M	2019 USD'M
	– Level 2	Assets	294.1	268.1
		Liabilities	77.0	186.4
Valuation techniques and key inputs:	Reference prices. Inputs include observable quoted prices sourced from traded reference prices or recent traded price indices in an active market for identical assets or liabilities.			
Significant unobservable inputs:	None.			

Other financial derivatives			2020 USD'M	2019 USD'M
	- Level 2	Assets	692.9	626.3
		Liabilities	373.0	355.1
Valuation techniques and key inputs:	Discounted cash flow model. Inputs include observable quoted prices sourced from exchanges or traded reference indices in an active market for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations.			
Significant unobservable inputs:	None.			

Inventories			2020 USD'M	2019 USD'M
	– Level 2	Assets	11,550.0	13,435.0
		Liabilities	-	-
Valuation techniques and key inputs:	Reference prices. Quoted prices in an active market, adjusted with a premium/ discount for quality and/or location.			
Significant unobservable inputs:	None.			

Fixed rate borrowings			2020 USD'M	2019 USD'M
	– Level 2	Assets	-	-
		Liabilities	3,166.5	3,041.7
Valuation techniques and key inputs:	Discounted cash flow model. Cash flows discounted at current borrowing rates for similar instruments.			
Significant unobservable inputs:	None.			

Listed debt securities – Fair value through profit or loss			2020 USD'M	2019 USD'M
	– Level 3	Assets	345.5	345.5
		Liabilities	-	-
Valuation techniques and key inputs:	Discounted cash flow model. The resultant asset is a discounted cash flow of the underlying throughput.			
Significant unobservable inputs:	– Forecast throughput – Discount rates using weighted average cost of capital – Market illiquidity – Operating cost and capital expenditures			

Unlisted equity investments – Fair value through profit or loss			2020 USD'M	2019 USD'M
	– Level 3	Assets	**81.1**	53.9
		Liabilities	**-**	-
Valuation techniques and key inputs:	Quoted prices obtained from the asset managers of the funds.			
Significant unobservable inputs:	– Market illiquidity			

Unlisted equity investments – Fair value through OCI			2020 USD'M	2019 USD'M
	– Level 3	Assets	**252.1**	233.4
		Liabilities	**-**	-
Valuation techniques and key inputs:	Quoted prices obtained from the asset managers of the funds.			
Significant unobservable inputs:	– Market illiquidity			

OTC derivatives			2020 USD'M	2019 USD'M
	– Level 3	Assets	**3.9**	41.6
		Liabilities	**80.8**	49.7
Valuation techniques and key inputs:	Discounted valuation of cashflows generated based on unobservable inputs.			
Significant unobservable inputs:	Total load consumption forecast, scaling factor.			

Physical forwards			2020 USD'M	2019 USD'M
	– Level 3	Assets	**1,207.0**	435.9
		Liabilities	**649.1**	378.1
Valuation techniques and key inputs:	Internal valuation model Key input is the definition of the observable risk position which forms the basis for the valuation of these physical forwards.			
Significant unobservable inputs:	The definition of the observable risk position.			

Non-financial hedged items			2020 USD'M	2019 USD'M
	– Level 3	Assets	**22.2**	68.5
		Liabilities	**470.3**	49.3
Valuation techniques and key inputs:	Internal valuation model. Key input is the market liquefaction fee curve that is defined using observable quoted prices sourced from traded reference prices or recent traded price indices in an active market for identical assets or liabilities.			
Significant unobservable inputs:	Market liquefaction fee curve Liquefaction ratio			

The movements in the Level 3 hierarchy can be summarised as follows:

USD'M	Physical forwards/ Derivatives	Equity/ Debt securities	Firm commitments	Total
1 October 2019	49.7	632.8	19.2	**701.7**
Total gain/(loss) recognised in statement of income	449.0	(8.6)	(529.3)	**(89.0)**
Total gain/(loss) recognised in OCI	(56.8)	(12.5)	-	**(69.3)**
Invested	-	67.7	-	**67.7**
Disposals	-	(0.7)	-	**(0.7)**
Total realised	39.1	-	61.9	**101.0**
31 March 2020	**481.0**	**678.7**	**(448.2)**	**711.5**
1 October 2018	65.9	661.1	646.5	**1,373.5**
Total gain/(loss) recognised in statement of income	15.8	(130.0)	(679.6)	**(793.8)**
Total gain/(loss) recognised in OCI	-	(2.4)	-	**(2.4)**
Invested	-	112.0	-	**112.0**
Disposals	-	(7.9)	-	**(7.9)**
Total realised	(32.0)	-	52.3	**20.3**
30 September 2019	**49.7**	**632.8**	**19.2**	**701.7**

There have been no transfers between fair value hierarchy Levels in the six-month period ended 31 March 2020. Materially all Level 3 physical forwards are settled in the next year. See note 16 for equity/debt securities.

F. Notes to the interim condensed consolidated financial statements

27. Equity participation plan

The immediate parent of the Company, Trafigura Beheer B.V., has an equity participation plan (EPP) which is open to employees of the Group. Shares issued to employees are preference shares of Trafigura Beheer B.V. which give rights to economic benefits with limited voting rights. The founders and controlling shareholders of the Group, represented by the Board of Directors of Trafigura Control Holdings Pte. Ltd., a parent company of Trafigura Beheer B.V., in consultation with the Board of Directors of the Company, decide on the share awards to be issued to employees. Annual remuneration (which includes the equity participation awards) is subject to review by the remuneration committee of the Group.

The value of the shares is based on the net asset value of an ordinary share as set out in the Articles of Association of Trafigura Beheer B.V., which management believe is a fair approximation of the fair value. Shares awarded under the EPP may vest immediately or over a period of several years.

Employees do not have the right to freely sell shares that have vested unless Trafigura Control Holdings Pte. Ltd. has granted approval and has refrained from its right to nominate a prospective purchaser and make a purchase offer. Upon termination of employment, employees must transfer all of their shares at the direction of Trafigura Control Holdings Pte. Ltd. or hold the shares subject to further directions of Trafigura Control Holdings Pte. Ltd.

Neither Trafigura Beheer B.V. nor the Group have a legal or constructive obligation to settle the shares held by employees in cash. If employment is ceased prior to the end of the vesting period the shares will be forfeited unless otherwise determined by Trafigura Control Holdings Pte. Ltd.

The Group's EPP is classified as an equity-settled plan in the Group's financial statements; the fair value of the shares granted, determined at the grant date, is recorded in the statement of income rateably over the vesting period of the shares.

Compensation in respect of share based payments recognised in staff costs for the six-month period ended 31 March 2020 amounted to USD91.7 million (HY 2019: USD70.5 million).

Unrecognised staff costs in respect of rateably vesting shares expected to be recognised from 2020 to 2025 amount to USD199.5 million at 31 March 2020 (31 March 2019: USD193.1 million).

28. Related parties transactions

In the normal course of business, the Company enters into various transactions with related parties including fixed price commitments to sell and to purchase commodities, forward sale and purchase contracts, agency agreements and management service agreements. Outstanding balances at period end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related-party receivables or payables.

All transactions between the Company and its subsidiaries are eliminated on consolidation along with any unrealised profits and losses between its subsidiaries, associates and joint ventures.

	2020	2019
Related-party receivables/(payables)	USD'M	USD'M
Trafigura Beheer B.V.	**(8.6)**	(8.3)
Puma Energy Holdings Pte. Ltd.	**1,492.5**	1,369.0
Farringford N.V.	**197.0**	78.4
Beheer Malta Ltd.	**(9.0)**	(9.2)
Ecore B.V.	**1.2**	1.1
Empresa Minera del Caribe S.A. ("Emincar")	**251.8**	258.1
JINCHUAN Group Co. Ltd.	**125.7**	187.3
Minas de Aguas Teñidas, S.A.U ("MATSA")	**(10.2)**	(28.4)
Impala Terminals Group S.à r.l. (previously known as Simba Holding S.à r.l.)	**(7.1)**	3.4
Nayara Energy Limited	**414.4**	276.5
Trafigura Control Holdings Pte. Ltd.	**420.9**	-
Others	**(105.9)**	121.3
Total	**2,762.6**	2,249.4

	2020	2019
	USD'M	USD'M
Sales	**4,578.1**	4,936.0
Purchases	**1,525.8**	1,929.2
Interest income	**7.3**	35.8
Interest expense	**(0.1)**	-
Cost recharges	**13.9**	20.3
Cost recharges	**38.5**	57.7

Below table summarises the nature of relationship and nature of transactions entered with the related party:

Party	Nature of relationship	Nature of transaction
Beheer Malta Ltd.	Parent company	Buy back of prefence shares
Ecore B.V.	Cousin group	Cost recharges, trading and hedging
Empresa Minera del Caribe S.A. ("Emincar")	Equity-accounted investee	Financing and trading agreement
Farringford N.V.	Parent company	Loans and cost recharges
Impala Terminals Group S.à r.l. (previously known as Simba Holding S.à r.l.)	Equity-accounted investee	Multimodal logistic services
JINCHUAN Group Co. Ltd.	Equity-accounted investee	Trading agreement
Minas de Aguas Teñidas, S.A.U ("MATSA")	Equity-accounted investee	Financing and trading agreement
Nayara Energy Limited	Equity-accounted investee	Financing and trading agreement
Nyrstar N.V.	Equity-accounted investee	Financing agreement
Porto Sudeste do Brasil S.A.	Equity-accounted investee	Loans and cost recharges
Puma Energy Holdings Pte. Ltd.	Equity-accounted investee	Financing and trading agreement
Trafigura Beheer B.V.	Parent company	Loans and cost recharges
Trafigura Control Holding SARL	Parent company	Buy back of prefence shares
Trafigura Control Holdings Pte. Ltd.	Parent company	Buy back of prefence shares

A list of consolidated subsidiaries and associates is included in note 36.

29. Subsequent events

Puma Energy Holdings Pte. Ltd. ('Puma Energy') agreed to a shareholding restructuring transaction with Trafigura and Cochan Holdings. Cochan Holdings reduced its stake in Puma Energy from 15 percent to less than five percent, by selling shares in Puma Energy to Trafigura. Hereafter, Puma Energy bought back and cancelled these shares. Puma Energy funded the re-purchase with a subordinated shareholder loan from Trafigura with an initial tenor of seven years. The parties completed the transaction in June 2020. As a result of this transaction, Trafigura's shareholding in Puma Energy increased to 55.5%.

Based on agreement between the shareholders, the power to direct the relevant activities of Puma Energy lies solely with its Board of Directors, and shareholders' rights are only protective in nature. Trafigura appoints three out of eight directors, and decisions by Puma Energy's Board of Directors are taken by simple majority. Trafigura therefore does not have the majority of decision-making power in the Board of Directors. The transaction did not alter the existing shareholder agreement. Therefore, the increase in Trafigura's shareholding did not result in Trafigura gaining control over Puma Energy. Consequently, the equity investment in Puma Energy will continue to be accounted for under the equity method.

Subsequent to the financial year-end, the Covid-19 worldwide outbreak is increasing uncertainties and in the event of a prolonged pandemic there may be an effect on the financial performance of the Group. The Group has taken measures to ensure its employees and partners continue to be safe while interacting together. Measures have been taken to minimise the impact of the pandemic and to continue operations in its businesses. Further disclosure in respect of the impact of COVID-19 has been included in Note 3.1 - Going concern of the Notes.

Notes

Notes

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Trafigura Group Pte. Ltd. and the companies in which it directly or indirectly owns investments in are separate and distinct entities.
In this publication, the collective expressions 'Trafigura', 'Trafigura Group', 'the Company' and 'the Group' may be used for convenience where reference is made in general to those companies. Likewise, the words 'we', 'us', 'our' and 'ourselves' are used in some places to refer to the companies of the Trafigura Group in general. These expressions are also used where no useful purpose is served by identifying any particular company or companies.

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