TRAFIGURA

2019 INTERIM REPORT

FOR THE PERIOD ENDED 31 MARCH 2019
TRAFIGURA GROUP PTE. LTD.

ADVANCING TRADE

Financial and business highlights[1]

Group revenue

$86.3bn

2019	86.3
2018	86.9[2]

Gross profit

$1,471.6m

2019	1,471.6
2018	979.0[2]

Total assets

$56.1bn

2019	56.1
2018	53.8[3]

Oil and Petroleum Products revenue as a percentage of Group revenue

67%

2019	67
2018	69[2]

Profit for the period

$425.7m

2019	425.7
2018	221.8[2]

Total non-current assets

$8.3bn

2019	8.3
2018	8.8[3]

Metals and Minerals revenue as a percentage of Group revenue

33%

2019	33
2018	31[2]

EBITDA[4]

$1,112m

2019	1,112
2018	658[2]

Total group equity

$6.6bn

2019	6.6
2018	6.2[3]

1 Six-month period ended 31 March 2019
2. Six-month period ended 31 March 2018
3. As at September 2018
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.

Cover image:

The newly constructed Suezmax vessel, the Marlin Sardinia, sailing through the Bosphorous Strait, Turkey

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

Profits rise as oil trading shows strong recovery

Christophe Salmon, Group Chief Financial Officer

"In commodity markets that remained fiercely competitive, Trafigura prioritised profitable business over further volume growth and maintained a very robust financial position with ample access to liquidity."

Performance Indicators[1]

		2019	2018
Group revenue	$86.3bn	86.3	86.9[2]
Total assets	$56.1bn	56.1	53.8[3]
Gross profit	$1,471.6m	1,471.6	979.0[2]
Total non-current assets	$8.3bn	8.3	8.8[3]
Gross profit margin	1.70%	1.70	1.13[2]
Total group equity	$6.6bn	6.6	6.2[3]
Profit for the period	$425.7m	425.7	221.8[2]
EBITDA	$1,112m	1,112	658[2]

[1]Six-month period ended 31 March 2019.

[2]Six-month period ended 31 March 2018.

[3]As at 30 September 2018.

Trafigura Group registered a sharp increase in profit for the first half of its 2019 financial year, with margins on oil trading showing an especially strong recovery.

In the six months ended 31 March 2019, Group revenues were flat compared to the same period a year ago, reflecting trading volumes that remained largely stable and average commodity price levels broadly in line with last year. Profit for the period, however, rose by 92 percent to USD426 million from USD222 million, principally due to a strong performance in Oil and Petroleum Products trading. In commodity markets that remained fiercely competitive, the company prioritised profitable business over further volume growth and maintained a very robust financial position with ample access to liquidity.

As in the first half of FY 2018, the global oil market remained in a state of backwardation during the period, meaning that spot prices were higher than forward prices. By having repositioned our oil trading book a year ago in response to the change of the term structure, we were able to benefit from increased price volatility resulting from geopolitical events during this period. Our performance was also enhanced by our market-leading position in strategic commodity flows, notably the increase in exports of crude oil and liquefied natural gas from the US.

Gross profit was USD1,472 million, a 50 percent increase on the level of USD979 million registered in the first half of 2018. Gross profit margin was 1.70 percent, up from 1.13 percent a year ago. EBITDA was close to a record at USD1,112 million, compared to USD658 million.

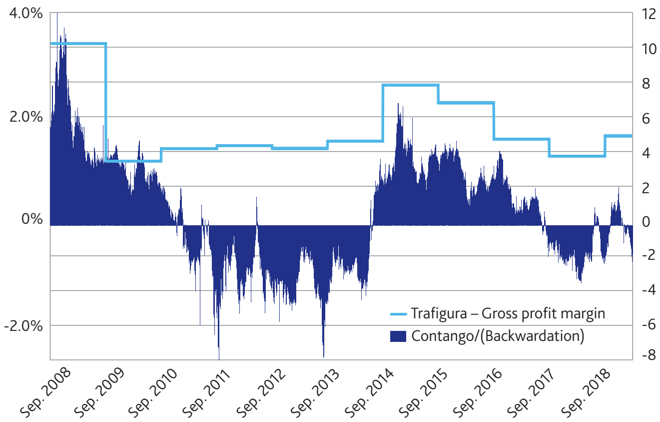
Gross profit in Oil and Petroleum Products trading was USD1,035 million, nearly three and a half times higher than in H1 2018. Whilst all of the division's books performed well during the period, the crude oil, gasoline, LNG and wet freight desks were the stand-out contributors. Gross profit in Metals and Minerals trading fell by about a third to USD437 million compared to this time last year, reflecting a slow start for the non-ferrous concentrates and refined metal books.

As a whole, these results once again demonstrate the benefits of our diversified business model, focused on two commodity clusters whose market cycles are largely uncorrelated. In the first half of 2018, for example, strong profit performance in Metals and Minerals offset weaker trading in Oil and Petroleum Products.

In the first half of 2019, the recovered performance of the Oil and Petroleum Products segment more than compensated for the weaker performance in Metals and Minerals. This led to stronger profit generation across the board in H1 2019, reflecting the critical mass and market share we have attained in all the commodities we trade and the efficient and scalable infrastructure we have developed to support our trading activity.

After four years of rapid volume growth, Trafigura is in a phase of consolidation across its trading books. Total volume traded in Oil and Petroleum Products reduced by seven percent from the same period a year ago to an average 5.5 million barrels per day, while Metals and Minerals total volumes increased marginally by three percent.

Trafigura's historical gross profit margin during periods of contango and backwardation in the oil market.



Source: Company information and public market data. Contango/(Backwardation) graph is calculated by subtracting CO1 (Generic 1st 'CO' Brent Future) from CO6 (Generic 6th 'CO' Brent Future). Gross profit margin calculated as Gross Profit as percent of revenues excluding Puma Energy.

Business highlights

A key event of the period was Nyrstar NV, the leading European smelting group in which Trafigura is the largest shareholder, negotiating to restructure its debts. The expected outcome of this process will be that Trafigura will eventually hold a 98 percent stake in the operating companies of the Nyrstar Group. The restructuring agreement that was signed after the end of the reporting period reduces Nyrstar's liabilities substantially and will lead to Trafigura consolidating the assets and remaining liabilities of the company within its balance sheet before the end of this financial year.

In our H1 results, the "other income/expense" line includes an impairment on non-financial assets of USD17 million on a prepayment related to Nyrstar and a final impairment of USD35 million on the carrying value of our equity accounted stake in Nyrstar.

Other key events included the appointment of Emma FitzGerald as the new CEO of our mid- and downstream investment Puma Energy. Emma's wealth of relevant experience and expertise gained from energy and utility industries put her in an ideal position to build on the strong foundations that Puma Energy has established over the last 15 years. Andrew Kemp will join as its CFO in June 2019. His deep experience of emerging markets will bring valuable insights to Puma Energy as their company implements its strategy to deliver sustainable growth.

nyrstar

Nyrstar is a global multi-metals business, with a market-leading position in zinc and lead, and growing positions in other base and precious metals. The company employs over 4,000 people and operates six smelters, one fumer and four mining operations located in Australia, Belgium, Canada, France, the Netherlands, Norway and the United States.

Trafigura has had commercial arrangements with Nyrstar since its inception in 2007 and longer term-structured arrangements since acquiring a substantial shareholding in the company in 2015. Nyrstar's assets have considerable potential upside; however, the company has been held back in recent times by an inappropriate capital structure.

In April 2019, Nyrstar entered into a Lock-Up Agreement with a majority of its financial creditors for the purpose of recapitalising the group. It has received the requisite support from the financial creditor groups and will now proceed to implement the scheme of arrangement which is expected to complete by financial year-end. The restructuring arrangement will result in Trafigura indirectly obtaining approximately 98 percent of the shares of the Nyrstar Operating Group.

Trafigura has a positive long term outlook for zinc. Following the restructuring of Nyrstar's structural debt and comprehensive recapitalisation of its balance sheet, we expect to see an improvement in Nyrstar's profitability which will provide a stable long term platform for its market leading operations worldwide.

In conjunction with entering into the Lock-Up Agreement, Trafigura is currently providing USD250 million of secured bridge financing during the interim period to ensure that operations continue on an uninterrupted basis until the completion of the formal restructuring. This bridge financing is in addition to the continued availability of the USD650 million Trade Finance Facility provided by Trafigura in December 2018.

As part of the agreement with bondholders and in exchange for the discharge of Nyrstar's obligations under the Nyrstar bonds and convertible notes, Trafigura will issue pro-rata to Nyrstar bondholders and convertible noteholders EUR262.5 million of Perpetual Resettable Step-up Subordinated Securities by Trafigura Group Pte. Ltd.; EUR80.6 million (USD equivalent) of Guaranteed Senior Notes by Trafigura Funding S.A. under the EUR3 billion Euro Medium Term Note Programme; and Trafigura Group Pte. Ltd. will guarantee a EUR225 million (USD equivalent) seven-year Zero Coupon Commodity Price Linked instrument.

As part of the agreement with Nyrstar's bank lenders, Trafigura Group Pte. Ltd. will also guarantee all of the reinstated Bank Facilities: the Structured Commodity Trade Finance facility (SCTF), the Unsecured Facilities composed of prepayments and bilateral facilities and the new Revolving Facility provided by lenders under the SCTF and the Unsecured Facilities.

Income, expenditure and balance-sheet

Revenue for the period was USD86,297 million, compared to USD86,935 million in the first half of FY 2018, as volumes and average commodity prices remained stable year-on-year. Revenue in Oil and Petroleum Products trading was USD57,986 million, or 67 percent of the total, while revenue in Metals and Minerals trading was USD28,311 million, or 33 percent. Results from operating activities were USD894 million compared to USD575 million a year ago. General and administrative expenses were USD510 million compared to USD447 million. Net financing costs increased to USD316 million from USD247 million, reflecting increased use of credit facilities and a 68 percent increase of the 1-week USD Libor, our reference base rate for most of Trafigura’s facilities.

The increase in USD Libor is carefully monitored by Trafigura's Finance team. However, such an increase does not automatically affect Trafigura’s profitability. In practice, before a trade is entered into, a forecasted trading profit and loss is established which captures all costs (cost of transport, storage, insurance, control, sampling, inspection and certification, cost of financing including Libor, taxes, etc.); this means that Trafigura can adjust the level of gross profit to the level of expected costs, subject to each market’s competitive situation. Since Libor affects similarly all market participants, Trafigura’s competitive position is generally not affected.

The income statement also includes a loss of USD64 million, which represents Trafigura’s share of losses of equity-accounted investees. These include losses by Puma Energy, the Brazilian iron ore export terminal Porto Sudeste and Indian refining and distribution company Nayara Energy, partly offset by profits from our share in the MATSA mining company in Spain, the Empresa Mineral del Caribe mining venture in Cuba and the deconsolidated Impala Terminals infrastructure assets now managed in a joint venture with IFM Investors.

As at 31 March 2019, total assets stood at USD56,106 million, compared to USD53,801 million on 30 September 2018. Fixed and non-current assets were USD8,268 million compared to USD8,836 million; the decrease is related to a drop of other non-current assets, see note 24h. Acquisitions in the period, included in the “property, plant and equipment” line, amounted to USD84 million, reflecting investments in a number of individually smaller projects. Non-current liabilities were steady at USD8,971 million.

Current assets rose by six percent during the period to USD47,772 million. Inventories were little changed at USD14,899 million, but prepayments rose, reflecting increasing demand for structured trade finance arrangements in which Trafigura advances credit to a counterparty and is repaid in commodity offtake over time. Current prepayments (with maturities of one year or less) rose to USD4,295 million by 31 March 2019 from USD3,064 million six months earlier, while non-current (longer-term) prepayments rose to USD753 million from USD596 million. Trafigura lays off a substantial portion of such credit risks through insurance and bank syndication arrangements. The increase in prepayments was driven mostly by new short-term transactions closed with Nayara and Nyrstar; these new transactions will be repaid, or converted to intercompany lending in the case of Nyrstar, in the coming months.

In terms of operational leverage, loans and borrowings barely changed from six months earlier. 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, debt related to the Group’s securitisation programme and the non-recourse portion of loans from third parties. As at 31 March 2019, our adjusted debt-to-equity ratio stood at 1.16x, close to our medium-range target of 1x.

Cheniere Energy's Sabine Pass LNG terminal in Louisiana, US which is providing LNG to Trafigura under a 15-year agreement.

Liquidity and financing

In terms of financing and liquidity, Trafigura maintained in the first half of 2019 total credit lines of USD59 billion from a record total of around 135 banks around the world to support our trading activity, retaining a significant buffer of unused credit in case of unforeseen events. In all respects, our credit and market risk parameters remained unchanged.

As per our financing policy, 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 gives us the necessary flexibility to cope with periods of enhanced price volatility by increasing or decreasing usage of trade finance facilities as required. 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 2019, the Group completed a number of important transactions, both in established markets and in promising new ones.

In October 2018, Trafigura refinanced its Asian Revolving Credit Facility (RCF) and Term Loan Facilities (TLF) at USD1,945 million-equivalent with the support of 28 banks. The transaction comprised three tranches: two US Dollar denominated tranches (a 365-day RCF and a three-year TLF) and a one-year CNH denominated Term Loan Facility.

In March 2019, Trafigura refinanced the 365-day tranche of its European RCF at USD2,050 million, achieving tighter pricing with the support of a larger and more diverse bank group. In addition, similar to 2017, Trafigura decided to exercise the first extension option available on its USD3,550 million three-year tranche, extending the facility by 365 days, hence resetting the facility maturity to three years.

Having completed a significant amount of capital markets financing in full year 2018, taking advantage of an attractive market backdrop, Trafigura had effectively pre-financed two upcoming maturities, the EUR607 million Eurobond, which matured in November 2018, and a SGD200 million Perpetual Bond, which the Company redeemed in February 2019, on its first call date.

In addition, Trafigura took the opportunity to build on successful efforts made the previous year to expand into new financing markets. In October 2018, Trafigura raised RMB700 million through the third tranche of its Panda Bond programme. This issuance was followed by a fourth tranche, which came after the end of the reporting period in May 2019, which raised an additional RMB540 million. Both tranches were placed in the Interbank Market under a Private Placement format for a three-year maturity. The final coupon of the fourth tranche was significantly tighter than that of the first tranche issued in April 2018, confirming the strong appetite of the Chinese market for Trafigura's long-term debt. The total amount raised under the company's Panda Bond programme is circa USD337 million. The proceeds of these two tranches were hedged via cross-currency swaps.

Cash flow

After adjusting profit before tax for non-cash items, the operating cash flow before working capital changes for the half-year rose to USD1,079 million from USD681 million in H1 2018. 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. Cash flow from working capital changes was negative due to an increase in prepayments. This section also includes a cash inflow of USD1.3 billion due to recovery of margin calls paid under the hedging instruments relating to tolling, transportation and offtake agreements; the liquidity effect of these hedging instruments was also partially managed by entering into a structured OTC swap, with zero margining levels and an assignment of certain contract rights with a large financial institution. Investing activities show a net outflow of USD5 million (H1 2018: net outflow of USD62 million), including a cash inflow of USD247.9 million in December 2018 on the receivable of the sale of 50 percent of Simba Holding S.à.r.l., the ultimate parent company of some of the Impala Terminals entities, that took place on 27 September 2018. Cash from financing activities amounted to a net inflow of USD350 million (H1 2018: net inflow of USD2,097 million). The overall balance of cash and cash equivalents stood at USD4,566 million as of 31 March 2019.

Unaudited interim condensed consolidated financial statements

For the period ended 31 March 2019

Contents

A. Interim condensed statement of income

For the six-month period ended 31 March

	Note	2019 USD'M	2018 USD'M
Revenue	4	**86,296.5**	86,934.9
Cost of sales		**(84,824.9)**	(85,955.9)
Gross profit	4	**1,471.6**	979.0
Other income/(expenses)	7	**(67.9)**	43.6
General and administrative expenses		**(510.0)**	(447.4)
Results from operating activities		**893.7**	575.2
Finance income		**405.2**	315.2
Finance expense		**(721.4)**	(562.2)
Net financing costs		**(316.2)**	(247.0)
Share of profit/(loss) of equity-accounted investees	11	**(64.1)**	(26.0)
Profit before tax		**513.4**	302.2
Income tax expense	8	**(87.7)**	(80.4)
Profit for the period		**425.7**	221.8
Profit attributable to:			
Owners of the Company		**417.4**	207.4
Non-controlling interests		**8.3**	14.4
Profit for the period		**425.7**	221.8

See accompanying notes

B. Interim condensed statement of other comprehensive income

For the six-month period ended 31 March

	Note	2019 USD'M	2018 USD'M
Profit for the period		**425.7**	221.8
Other comprehensive income			
Items that are or may be reclassified to profit or loss:			
Gain/(loss) on cash flow hedges	20	**(19.9)**	(18.4)
Tax on other comprehensive income	20	**0.4**	1.9
Exchange gain/(loss) on translation of foreign operations		**(3.3)**	3.6
Share of comprehensive income/(loss) from associates		**26.7**	(33.6)
Items that will not be reclassified to profit or loss:			
Net change in fair value through other comprehensive income		**(0.3)**	5.5
Other comprehensive income for the period net of tax		**3.6**	(41.0)
Total comprehensive income for the period		**429.3**	180.8
Total comprehensive income attributable to:			
Owners of the Company		**421.1**	166.4
Non-controlling interests		**8.2**	14.4
Total comprehensive income for the period		**429.3**	180.8

See accompanying notes

C. Interim condensed consolidated statement of financial position

	Note	31 March 2019 USD'M	30 September 2018 USD'M
Assets			
Property, plant and equipment	9	**1,985.9**	1,900.1
Intangible assets	10	**166.9**	173.4
Equity-accounted investees	11	**3,333.2**	3,361.2
Prepayments	12	**752.7**	595.9
Loans receivable	13	**432.9**	485.5
Other investments	14	**798.1**	715.9
Derivatives	24	**279.2**	338.6
Deferred tax assets	8	**172.8**	171.2
Other non-current assets	15	**346.1**	1,094.6
Total non-current assets		**8,267.8**	8,836.4
Inventories		**14,898.6**	14,732.9
Trade and other receivables	16	**22,381.9**	19,951.7
Derivatives	24	**685.0**	569.0
Prepayments	12	**4,294.9**	3,063.7
Income tax receivable	8	**58.0**	40.0
Other current assets	18	**518.1**	849.5
Deposits	19	**369.5**	334.4
Cash and cash equivalents	19	**4,566.3**	5,355.8
Total current assets		**47,772.3**	44,897.0
Non current assets classified as held for sale		**66.2**	67.6
Total assets		**56,106.3**	53,801.0
Equity			
Share capital	20	**1,503.7**	1,503.7
Capital securities	20	**807.3**	953.6
Reserves	20	**(761.4)**	(765.3)
Retained earnings	20	**4,674.1**	4,229.4
Equity attributable to the owners of the Company		**6,223.7**	5,921.4
Non-controlling interests		**334.2**	328.7
Total group equity		**6,557.9**	6,250.1
Liabilities			
Loans and borrowings	21	**8,451.5**	8,462.1
Derivatives	24	**221.2**	275.9
Provisions		**51.6**	63.8
Other non-current liabilities		**56.5**	–
Deferred tax liabilities	8	**190.3**	173.3
Total non-current liabilities		**8,971.1**	8,975.1
Current tax liabilities	8	**158.2**	176.3
Loans and borrowings	21	**24,275.2**	23,741.6
Trade and other payables	22	**15,355.0**	13,809.2
Other current liabilities		**42.2**	–
Derivatives	24	**746.7**	848.7
Total current liabilities		**40,577.3**	38,575.8
Total group equity and liabilities		**56,106.3**	53,801.0

See accompanying notes

D. Interim condensed consolidated statement of changes in equity

For the six-month period ended 31 March

USD'000	Note	Equity attributable to the owners of the Company: Share capital	Currency translation reserve	Revaluation reserve	Cash flow hedge reserve	Capital Securities	Retained earnings	Profit for the year	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		–	–	–	–	–	–	–	–	(5,400)	(5,400)
Transfer revaluation reserve to retained earnings FVOCI instruments		–	–	304	–	–	(304)	–	–	–	–
Share based payments	25	–	–	–	–	–	70,545	–	70,545	–	70,545
Capital securities issued	20	–	–	–	–	–	–	–	–	–	–
Repayment of capital securities		–	–	–	–	(147,995)	–	–	(147,995)	–	(147,995)
Capital securities (currency translation)		–	–	–	–	1,689	(1,689)	–	–	–	–
Capital securities dividend		–	–	–	–	–	(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

USD'000	Note	Equity attributable to the owners of the Company: Share capital	Currency translation reserve	Revaluation reserve	Cash flow hedge reserve	Capital Securities	Retained earnings	Profit for the year	Total	Non-controlling interest	Total Group equity
Balance at 1 October 2017		1,503,722	(525,723)	(32,626)	(47,743)	1,247,318	3,052,784	847,710	6,045,442	339,367	6,384,809
Profit for the period		–	–	–	–	–	–	207,413	207,413	14,358	221,771
Other comprehensive income		–	(36,587)	5,458	(9,839)	–	–	–	(40,968)	7	(40,961)
Total comprehensive income for the period		–	(36,587)	5,458	(9,839)	–	–	207,413	166,445	14,365	180,810
Profit appropriation		–	–	–	–	–	847,710	(847,710)	–	–	–
Dividend		–	–	–	–	–	–	–	–	(25,000)	(25,000)
Acquisition of non-controlling interest in subsidiary		–	–	–	–	–	–	–	–	2,694	2,694
Share based payments	25	–	–	–	–	–	47,592	–	47,592	–	47,592
Capital securities issued	20	–	–	–	–	207,250	(1,423)	–	205,827	–	205,827
Capital securities (currency translation)		–	–	–	–	5,178	(5,178)	–	–	–	–
Capital securities dividend		–	–	–	–	–	(50,369)	–	(50,369)	–	(50,369)
Share of other changes in equity of associates		–	–	–	–	–	1,787	–	1,787	–	1,787
Balance at 31 March 2018		**1,503,722**	**(562,310)**	**(27,168)**	**(57,582)**	**1,459,746**	**3,892,903**	**207,413**	**6,416,724**	**331,426**	**6,748,150**

See accompanying notes

E. Interim condensed consolidated statement of cash flows

For the six-month period ended 31 March

	Note	2019 USD'M	2018 USD'M
Cash flows from operating activities			
Profit before tax		**513.4**	302.2
Adjustments for:			
Depreciation	9	**52.8**	67.3
Amortisation of intangible assets	10	**24.9**	28.5
Provisions		**(3.7)**	(10.4)
Gain/(loss) on fair value through profit and loss instruments	14	**(6.0)**	(25.5)
Impairments/(reversal) of impairments of financial assets	14	**(1.7)**	(0.4)
Impairment losses on non-financial fixed assets	7	**19.7**	–
Impairment losses on equity-accounted investees	11	**34.5**	0.2
Net finance costs		**316.2**	247.0
Share of (profit)/loss of equity-accounted investees	11	**64.1**	26.0
(Gain)/loss on sale of non-financial fixed assets	7	**(2.7)**	0.4
(Gain)/loss on sale of equity accounted investees	7	**(1.5)**	(0.3)
(Gain)/loss on sale of other investments	7	**(1.5)**	(0.1)
(Gain)/loss on divestments of subsidiaries	7	**–**	(2.9)
Revaluation gain on remeasurement of retained interest		**(0.3)**	–
Equity-settled share-based payment transactions	25	**70.5**	49.1
Operating cashflow before working capital changes		**1,078.7**	681.1
Changes in:			
Inventories		**(165.7)**	(700.8)
Trade and other receivables and derivatives		**(1,633.0)**	(3,421.6)
Prepayments		**(1,405.0)**	(512.0)
Trade and other payables and derivatives		**1,426.0**	1,829.5
Cash generated from/(used in) operating activities		**(699.0)**	(2,123.8)
Interest paid		**(731.9)**	(567.8)
Interest received		**403.3**	306.7
Dividends (paid)/received		**–**	20.7
Tax (paid)/received		**(107.0)**	(73.9)
Net cash from/(used in) operating activities		**(1,134.6)**	(2,438.1)
Cash flows from investing activities:			
Acquisition of property, plant and equipment	9	**(80.3)**	(90.9)
Proceeds from sale of property, plant and equipment	9	**3.0**	25.8
Acquisition of intangible assets	10	**(19.0)**	(16.7)
Acquisition of equity accounted investees	11	**(66.5)**	(73.5)
Disposal of equity accounted investees		**–**	9.6
Loans receivables and advances provided	12/13	**(4.4)**	(46.1)
Repayment of loans receivable and advances	12/13	**–**	140.6
Acquisition of other investments	14	**(85.7)**	(70.1)
Disposal of other investments	14	**8.4**	40.6
Acquisition of subsidiaries, net of cash acquired		**3.2**	–
Disposal of subsidiaries, net of cash disposed of	6	**236.3**	18.5
Net cash from/(used in) investing activities		**(5.0)**	(62.2)
Cash flows from financing activities:			
Proceeds from the issue of capital securities		**–**	205.8
Payment of capital securities dividend		**(33.1)**	(24.8)
Repayment of capital securities	20	(148.0)	–
Dividend non-controlling interest		(1.4)	–
Proceeds from capital contributions to subsidiaries by non-controlling interests		**2.7**	2.7
Net proceeds from long-term loans and borrowings	21	**(946.1)**	734.7
Payment of finance lease liabilities	21	**(5.9)**	(5.2)
Increase of short-term bank financing	21	**1,481.9**	1,183.8
Net cash from/(used in) financing activities		**350.1**	2,097.0
Net increase/(decrease) in cash and cash equivalents		**(789.5)**	(403.3)
Cash and cash equivalents at 1 October	19	**5,355.8**	4,988.7
Cash and cash equivalents at 31 March (note 19)		**4,566.3**	4,585.4

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 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 immediate and ultimate holding companies of the Company are Trafigura Beheer B.V. and Farringford N.V., respectively. Trafigura Beheer B.V. is incorporated in The Netherlands and Farringford N.V. is incorporated in Curaçao.

The interim condensed consolidated financial statements for the six months period ended 31 March 2019 were authorised for issue by the Board of Directors on 11 June 2019.

2. Statement of compliance

The interim condensed consolidated financial statements for the six-month period ended 31 March 2019 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 2018. 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.

a. 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 consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 September 2018.

4. Operating segments

The following tables present revenue and profit information about the Group's reportable segments for the six-month period ended 31 March 2019 and 2018 respectively:

2019	Oil and Petroleum USD'M	Metals and Minerals USD'M	All other segments USD'M	Total 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	**–**	**–**	**–**	**56,106.3**
Total segment liabilities	**–**	**–**	**–**	**49,548.4**

2018	Oil and Petroleum USD'M	Metals and Minerals USD'M	All other segments USD'M	Total USD'M
Revenue from external customers	60,312.9	26,622.0	–	86,934.9
Gross profit	**298.9**	**680.1**	**–**	**979.0**
Profit for the period	**–**	**–**	**–**	**221.8**
Total segment assets	**–**	**–**	**–**	**52,760.6**
Total segment liabilities	**–**	**–**	**–**	**46,012.4**

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

5. Acquisitions of subsidiaries and non-controlling interests

Half year 2019

There were no significant acquisitions of subsidiaries and non-controlling interest during the six-month period ended 31 March 2019.

Financial year 2018

On 9 May 2018, the Group completed the acquisition of the majority of the downstream business of Pampa Energia S.A. The acquired business included various legal entities, in which the Group acquired 100 percent of the shares, as well as certain assets. The business acquired predominantly included a refinery and service stations.

The results of the acquired business are consolidated as from acquisition date, contributing an amount of over USD200 million to the consolidated revenue for the year.

6. Deconsolidation of subsidiaries

Half year 2019

There were no significant deconsolidations of subsidiaries and non-controlling interest during the six-month period ended 31 March 2019.

Financial year 2018

During the financial year 2018, the Group incorporated Simba Holding S.à.r.l. ('Simba') in Luxembourg. Following an internal restructuring, Simba became the ultimate parent company of some of the Impala entities (all the entities that were transferred to Simba were consolidated for 100 percent in the 2017 financial statements).

On 27 September 2018, following the investment from an external investor into Simba, the Group's shareholding was reduced to 50 percent. In exchange for the decrease in its shareholding, the Group received a total consideration of USD247.9 million, which has been recorded as a receivable from related parties as of 30 September 2018. These funds have been received in December 2018.

On 27 September 2018, the new governance structure of Simba became effective. The Group has no longer the power, directly or indirectly, to govern the financial and operational policies of Simba. As a consequence, the Group entities which are now included in the group headed by Simba have been deconsolidated from the Group's consolidated financial statements as per 30 September 2018. The Group's remaining stake in Simba has been remeasured at fair value and recorded as a joint venture as from 30 September 2018.

7. Other income and expense

	2019 USD'M	2018 USD'M
Release/(additions) to provisions	**3.7**	(0.2)
Gain/(loss) on disposal of tangible and intangible fixed assets	**2.7**	(0.4)
Gain/(loss) from disposal of other investments	**–**	0.1
Gain/(loss) on sale of equity-accounted investees	**1.5**	0.3
Gain on divestment of subsidiaries	**(0.2)**	2.9
Revaluation gain on remeasurement on retained interest	**0.3**	–
Gain/(loss) on fair value through profit and loss instrument	**6.0**	25.5
Impairments of financial assets	**1.8**	0.4
Impairments/reversal of impairement of non-financial assets	**(19.7)**	–
Impairments of equity-accounted investees	**(34.5)**	(0.2)
Dividend income	**–**	0.5
Gain/(loss) on foreign exchange	**(26.8)**	5.5
Other	**(2.8)**	9.2
Total	**(67.9)**	43.6

The impairment on non-financial assets includes an impairment of USD17.3 million on a prepayment related to Nyrstar NV. This is 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 our equity accounted stake in Nyrstar NV. (see also note 27).

In 2018 other income and expenses were impacted by the gain on fair value instruments through profit and loss and includes a fair value movement of the debt securities related to the investment in Porto Sudeste de Brasil SA of USD25.9 million. Category 'Other' includes a gain of USD11.9 million related to the revaluation of an option on debt securities related to the investment in Porto Sudeste de Brasil SA.

8. 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 2019 and 2018 respectively are:

	2019 USD'M	2018 USD'M
Current income tax expense	**71.8**	81.6
Adjustments in relation to current income tax of previous period	**0.9**	(3.4)
Deferred tax expense/(income)	**16.1**	(1.6)
Withholding tax in the current period	**(1.1)**	3.8
Total	**87.7**	80.4

F. Notes to the interim condensed consolidated financial statements

9. Property, plant and equipment

USD'M	Land and buildings	Machinery and equipment	Barges and vessels	Other fixed assets	Total
Cost					
Balance at 1 October 2018	883.8	712.3	611.3	611.6	2,819.0
Additions	4.4	5.4	11.9	62.0	83.7
Reclassifications	21.9	1.2	36.5	(24.1)	35.5
Effect of movements in exchange rates, including hyperinflation adjustment	23.9	1.4	–	1.5	26.8
Disposals	(3.9)	(0.5)	–	(12.4)	(16.8)
Balance at 31 March 2019	**930.1**	**719.8**	**659.7**	**638.6**	**2,948.2**
Depreciation and impairment losses					
Balance at 1 October 2018	256.5	279.3	141.9	241.2	918.9
Depreciation for the period	15.2	12.6	16.2	8.8	52.8
Impairment losses	1.1	0.4	–	–	1.5
Reclassifications	1.4	(0.7)	(0.7)	–	–
Effect of movements in exchange rates, including hyperinflation adjustment	2.7	0.3	–	0.2	3.2
Disposals	(2.4)	(0.4)	–	(11.3)	(14.1)
Balance at 31 March 2019	**274.5**	**291.5**	**157.4**	**238.9**	**962.3**
Net book value at 31 March 2019	**655.6**	**428.3**	**502.3**	**399.7**	**1,985.9**

Acquisitions in the first half year of 2019 amounted to USD83.7 million, relating to investments in various individually smaller projects. Disposals amounted to USD2.7 million.

Included in the Other fixed assets category is assets under construction, which relates to assets not yet in use. Total balance at 31 March 2019 amounted to USD308.0 million (30 September 2018: USD265.9 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.

10. Intangible fixed assets

USD'M	Goodwill	Licences	Other intangible assets	Total
Cost				
Balance at 1 October 2018	8.1	32.0	407.3	447.4
Additions	–	–	18.9	18.9
Effect of movements in exchange rates, including hyperinflation adjustment	–	(1.3)	0.8	(0.5)
Disposals	–	(1.2)	(3.1)	(4.3)
Balance at 31 March 2019	**8.1**	**29.5**	**423.9**	**461.5**
Amortisation and impairment losses				
Balance at 1 October 2018	2.2	2.0	269.8	274.0
Amortization for the period	–	0.1	24.8	24.9
Disposals	–	(1.2)	(3.1)	(4.3)
Balance at 31 March 2019	**2.2**	**0.9**	**291.5**	**294.6**
Net book value at 31 March 2019	**5.9**	**28.6**	**132.4**	**166.9**

11. Equity accounted investees

	31 March 2019	30 September 2018
	USD'M	USD'M
Opening Balance	**3,361.2**	3,487.9
Effect of movements in exchange rates	**(3.9)**	(98.6)
Additions	**71.6**	101.2
Fair value of retained interest in deconsolidated subsidiaries	**–**	261.1
Disposals	**0.4**	(272.3)
Impairments	**(34.5)**	(72.7)
Share of net income/(loss)	**(64.1)**	17.4
Dividends received	**(18.6)**	(50.4)
Other	**21.1**	(12.4)
Closing Balance	**3,333.2**	3,361.2

Half year 2019

During the first half year of 2019, the additions to equity accounted investees amounted to USD71.6 million. In October 2018 and January 2019, the Group participated for its share in an equity contribution in Tendril Ventures Pte. resulting in an additional investment of USD30.2 million. Other main additions relate to a new investment in a natural gas and power company focusing on the Italian market of USD11.4 million and various smaller investments in existing equity accounted investees. The share of net income from investments amounts to a loss of USD64.1 million. This is predominantly the result of losses in Puma, Porto Sudeste and Tendril Ventures (Nayara Energy Ltd.) of USD104.3 million, partly offset by profits from MATSA, Empresa Minera del Caribe and Simba of USD35.1 million.

In relation to the restructuring of Nyrstar N.V, the group impaired the carrying value of the equity investment in Nyrstar of USD 34.5 million.

Other predominately includes the positive movements on cash flow hedges of equity accounted investees.

Financial year 2018

The additions to equity accounted investees amounted to USD101.2 million. In November 2017, the Group participated for its share in an equity placement of Nyrstar resulting in an additional investment of USD28.8 million. Other main additions relate to further investments in Porto Sudeste of USD17.8 million, an iron ore mine in Brazil of USD14.2 million, and investments in Tendril Ventures Pte Ltd of USD13.9 million.

The fair value of retained interests in deconsolidated subsidiaries of USD261.1 million predominantly relates to the recognition of the fair value of the retained interest in Simba Holding S.a r.l. as disclosed in note 6.

The Group sold its 20 percent interest in Buckeye Texas Partners LLC to Buckeye Texas Partners Holdings LLC in April 2018. The book value of the investment at the moment of the sale amounted to USD263.9 million, which is included in the Disposals line.

The Group's share of results in its equity-accounted investees for the year amounted to a gain of USD17.4 million. This result includes the positive share in the income of MATSA and Puma Energy of USD84.4 million and losses in Porto Sudeste and Tendril Ventures of USD107.9 million.

The Group performs a periodic assessment of whether there is an indication of asset impairment or whether a previously recorded impairment may no longer be required. The Group decided that due to Nyrstar's exposure to adverse market conditions, most notably a decline in zinc prices compounded with historically low zinc treatment charges, coupled with concerns about financial liabilities maturing in 2019, an impairment of USD72 million was required to reduce Trafigura's equity investment in Nyrstar to USD35 million.

12. Prepayments

Under the prepayments category we account for the prepayments of commodity deliveries. Out of the total current prepayments balance of USD4.3 billion (30 September 2018: USD3.1 billion), an amount of USD0.7 billion (30 September 2018: USD0.9 billion) relates to prepayments which are made for specifically identified cargoes. 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 24. 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.

F. Notes to the interim condensed consolidated financial statements

13. Loans and other receivables

	31 March 2019 USD'M	30 September 2018 USD'M
Loans to associates and related parties	**304.5**	305.9
Other non-current loans receivable	**128.4**	179.6
Total	**432.9**	485.5

Loans to associates and related parties include a loan receivable from Empresa Minera del Caribe S.A. of USD289.6 million (30 September 2018: USD297.5 million). This loan relates to funding for the construction of a mine and related assets in Cuba, with repayments starting from April 2018.

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 USD70.8 million (30 September 2018: USD120.3 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, USD49.5 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 2020. Due to ongoing liquidity constraints within Angola for foreign currencies, the loan is in arrears. The Group continues to expect all amounts will be collected within the timeframe defined in the agreed payment plan.

The other non-current loans receivable also include a loan with a balance of USD38.6 million provided to PT Titan Infra Energy ('Titan'), the buyer of our 46.5 percent share in PT Servo Meda Sejahtera which was sold on 31 July 2017. This amount resulted from a debt refinancing by Titan during 2018, through which the prior year vendor loan receivable granted by the Group of USD70.1 million was repaid in full. As part of the refinancing the Group participated as lender within a consortium that provided a facility to Titan, resulting in the USD38.6 million loan receivable per 31 March 2019 (30 September 2018: USD39.9 million).

Based upon the individual analysis of these loans, the recorded expected losses on these loans amount to USD4.7 million (2018: USD4.6 million).

14. Other investments

Investments included in the balance sheets per 31 March 2019 and 30 September 2018 can be broken down as follows:

	31 March 2019 USD'M	30 September 2018 USD'M
Listed equity securities – Fair value through OCI	**26.3**	10.2
Listed equity securities – Fair value through profit and loss	**27.6**	44.6
Listed debt securities – Fair value through profit or loss	**490.1**	466.3
Unlisted equity investments – Fair value through profit and loss	**62.7**	31.6
Unlisted equity investments – Fair value through OCI	**191.4**	163.2
Total	**798.1**	715.9

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 decrease of USD16 million in listed equity securities is mainly due to revaluation of Nostrum Oil & Gas shares of USD16 million. The listed debt securities increased by USD23.8 million due to the upward valuation of the debt instrument related to Porto Sudeste of USD23.8 million (2018: USD18.7 million). The increase in the unlisted equity investments of USD59.4 million mainly relates to investments in Galena Multi Strategy Fund, Galena Private Equity Fund and Tamarind Resources for a total of USD82.2 million.

15. Other non-current assets

As at 31 March 2019, the other non-current assets amounted to USD346.1 million (2018: USD1,094.6 million). The majority of this balance, amounting to USD327.8 million (2018: USD1,073.9 million), relates to the non-current part of the non-financial hedged items which are disclosed in note 24h.

16. Trade and other receivables

	31 March 2019 USD'M	30 September 2018 USD'M
Trade debtors	**9,067.5**	8,722.8
Provision for bad and doubtful debts	**(43.9)**	(56.1)
Accrued turnover	**9,030.1**	7,472.3
Broker balances	**945.5**	789.9
Other debtors	**352.1**	388.8
Loans to third parties	**565.3**	447.3
Loans to related parties	**33.9**	6.3
Other taxes	**628.7**	570.8
Related parties	**1,802.7**	1,609.6
Total	**22,381.9**	19,951.7

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.

Trafigura 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 2019 an amount of USD1,986.5 million (30 September 2018 USD3,263.3 million) of trade debtors has been discounted. Of this amount, USD1,683.9 million (30 September 2018 USD2,903.3 million) has been derecognised, as Trafigura 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 USD302.5 million (30 September 2018: USD360.0 million), remains in the balance of trade debtors. For the received amount of cash of these items the company has recognised a liability under current loans and borrowings.

Of the USD9,067.5 million trade debtors, USD3,620.3 million had been sold on a non-recourse basis under the securitisation programme (30 September 2018: USD3,693.8 million). Of the USD1,802.7 million receivables on related parties, USD762.3 million had been sold on a non-recourse basis under the securitisation programme (30 September 2018: USD719.6 million). Refer to note 17.

As at 31 March 2019, 14.0 percent (2018: 10.6%) of receivables were between 1-60 days overdue, and 7.0 percent (2018: 9.2%) 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 2019 amounted to USD3.0 million (30 September 2018 USD4.9 million) has been taken into account. The loss allowance provision at 31 March 2019 amounts to USD43.9 million (2018: USD56.1 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.

17. 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 programme consists of:

Receivables securitisation

	Interest rate	Maturity	31 March 2019 USD'M	30 September 2018 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	**2,818.2**	2,973.1
TSF BBB VFN	See note	Various throughout the year	**211.9**	223.6
TSF senior subordinated debt	Libor + 4.25%	2020 – March	**111.0**	108.3
Total			**4,141.1**	4,305.0

As at 31 March 2019, the maximum available amount of external funding was USD4,141.1 million (2018: USD4,305.0 million) for the receivable securitisation programme. The utilised external funding of the programme as at 31 March 2019 was USD4,134.8 million (2018: USD4,294.0 million).

a. Interest rate

The rate of interest applied to the AAA Variable Funding Notes is defined in the securitisation facility documentation and is principally determined by the demand for commercial paper issued by eight 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 Variable Funding Notes, 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 Variable Funding Notes has 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.

F. Notes to the interim condensed consolidated financial statements

Inventory securitisation

	Interest rate	Maturity	31 March 2019 USD'M	30 September 2018 USD'M
TCF VFN	See note	2018 – November	–	470.0
TCF MLF	See note	2018 – November	–	45.0
TCF VFN	See note	2019 – November	**410.0**	–
TCF MLF	See note	2019 – November	**40.0**	–
Total			**450.0**	515.0

As at 31 March 2019, the maximum available amount of external funding was USD450.0 million (2018: USD515.0 million) for the inventory securitisation programme. The utilised external funding of the programme as at 31 March 2019 was USD158.5 million (2018: USD239.1 million).

18. Other current assets

	31 March 2019 USD'M	30 September 2018 USD'M
Non-financial hedged items	**354.3**	675.6
Prepaid expenses	**163.8**	173.9
Total	**518.1**	849.5

The non-financial hedged items balance of USD354.3 million (2018: USD675.6 million) fully relates to the current part of the non-financial hedged items, refer to note 24h for further information. Prepaid expenses relate to prepayments other than those made for physical commodities.

19. 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 USD213.1 million (2018: USD81.0 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.

	2019 USD'M	2018 USD'M
Cash at bank and in hand	**3,859.0**	4,924.5
Short-term deposits	**707.3**	431.3
Total	**4,566.3**	5,355.8

As at 31 March 2019, the Group had USD9.2 billion (2018: USD9.5 billion) of committed unsecured syndicated loans of which USD1.7 billion (2018: USD2.7 billion) remained unutilised. The Group had USD1.9 billion (2018: USD3.0 billion) of immediately (same day) available cash in liquidity funds. The Group had immediate access to available liquidity balances from liquidity funds and corporate facilities in excess of USD3.6 billion (2018: USD5.7 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.

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

20. Capital and reserves

a. Share capital

As at 31 March 2019 the company has 25,000,000 ordinary shares outstanding and a capital of USD1,504 million. During the six-month period ended 31 March 2019 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 a capital security instrument as at 31 March 2019 with a carrying value of USD807.3 million.

This capital security is perpetual in respect of which there is no fixed redemption date. The distribution on the capital security 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 this capital security by providing no more than 30 nor less than five business days' notice, unless a compulsory interest payment event has occurred, including 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 security 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 security.

This capital security has a par value of USD800 million. The carrying value as per 30 September 2018 amounted to USD953.6 million and comprised two instruments with a par value of SGD200 million, USD800 million respectively. The capital security of SGD200 million has been repaid in February 2019.

The USD600 million capital security was originally issued on 14 March 2017, with an additional tap of USD200 million in November 2017 increasing the carrying value to USD800 million as per 31 March 2019. The distribution on the capital security is 6.875 percent per annum until 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 on, 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.

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.

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 USD22.4 million (30 September 2018: USD22.4 million loss) related to the mark-to-market valuation of equity investments.

e. Cash flow hedge reserve

Included in the cash flow hedge reserve is a loss of USD37.4 million (30 September 2018: USD48.1 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 sales of zinc production from Mining Group companies.

21. 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 24.

Carrying value of loans and borrowings	31 March 2019 USD'M	30 September 2018 USD'M
Carrying value of loans and borrowings		
Committed unsecured syndicated loans	**5,155.2**	4,893.9
Private placements	**956.2**	826.6
Listed bonds	**1,161.4**	1,207.0
Securitisation Programmes	**1,000.0**	1,000.0
Other loans	**168.2**	520.9
Finance leases	**10.5**	13.7
Total non-current	**8,451.5**	8,462.1
Current		
Committed unsecured syndicated loans	**2,140.2**	1,743.8
Private placements	**57.4**	–
Listed bonds	**–**	704.0
Other loans	**343.6**	371.5
Finance leases	**11.2**	10.4
Short-term bank borrowings	**21,722.8**	20,912.0
Total current	**24,275.2**	23,741.6
Total	**32,726.7**	32,203.7

F. Notes to the interim condensed consolidated financial statements

Terms and conditions of outstanding loans as at 31 March 2019 were as follows:

	Principal	Interest rate	Maturity	Floating/fixed rate debt	< 1 year USD'M	1-5 years USD'M	> 5 years USD'M	Total USD'M
Committed unsecured syndicated loans								
USD	1,100.0	Libor + 0.65%	2019 – October	Floating	325.0	–	–	**325.0**
USD	290.0	Libor + 1.10%	2019 – October	Floating	290.0	–	–	**290.0**
USD	2,180.0	Libor + 0.55%	2020 – March	Floating	1,100.0	–	–	**1,100.0**
USD	435.0	Libor + 1.10%	2020 – October	Floating	–	435.0	–	**435.0**
USD	300.0	Libor + 0.80%	2021 – March	Floating	–	300.0	–	**300.0**
USD	520.0	Libor + 1.10%	2021 – October	Floating	–	520.0	–	**520.0**
USD	3,250.0	Libor + 0.80%	2022 – March	Floating	–	3,245.0	–	**3,245.0**
JPY	72,640.0	Libor + 0.95%	2021 – March	Floating	–	655.2	–	**655.2**
CNH	2,865.0	Hibor + 1.00%	2019 – October	Floating	425.2	–	–	**425.2**
					2,140.2	5,155.2	–	**7,295.4**
Private placement								
USD	51.5	4.89%	2020 – March	Fixed	51.5	–	–	**51.5**
USD	98.0	7.11%	2021 – April	Fixed	–	98.0	–	**98.0**
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	67.0	5.72%	2025 – May	Fixed	–	–	67.0	**67.0**
USD	20.0	5.86%	2028 – May	Fixed	–	–	20.0	**20.0**
USD	200.0	6.33%	2036 – July	Fixed	5.9	27.7	155.5	**189.1**
CNY	500.0	6.50%	2021 – April	Fixed	–	75.6	–	**75.6**
CNY	500.0	6.50%	2021 – May	Fixed	–	75.6	–	**75.6**
CNY	700.0	6.20%	2021 – September	Fixed	–	101.9	–	**101.9**
EUR	200.0	5.50%	2020 – July	Fixed	–	224.4	–	**224.4**
					57.4	713.7	242.5	**1,013.6**
Listed bonds								
EUR	550.0	5.00%	2020 – April	Fixed	–	617.3	–	**617.3**
CHF	165.0	2.25%	2023 – May	Fixed	–	165.8	–	**165.8**
USD	386.3	5.25%	2023 – March	Fixed	–	378.3	–	**378.3**
					–	1,161.4	–	**1,161.4**
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	185.0	Libor + 0.73%	2021 – September	Floating	–	185.0	–	**185.0**
USD	280.0	3.73%	2021 – September	Fixed	–	280.0	–	**280.0**
USD	35.0	4.33%	2021 – September	Fixed	–	35.0	–	**35.0**
						1,000.0	–	**1,000.0**
Other Loans								
USD	25.0	Libor + 1.00%	2019 – April	Floating	25.0	–	–	**25.0**
USD	25.0	Libor + 1.40%	2019 – April	Floating	25.0	–	–	**25.0**
USD	23.0	3.21%	2019 – May	Fixed	23.0	–	–	**23.0**
USD	39.6	Libor + 2.95%	2019 – October	Floating	15.0	–	–	**15.0**
USD	111.0	Libor + 4.25%	2020 – March	Floating	111.0	–	–	**111.0**
USD	30.0	Libor + 0.65%	2020 – March	Floating	30.0	–	–	**30.0**
USD	129.4	Libor + 2.65%	2020 – September	Floating	37.6	19.7	–	**57.2**
USD	120.0	Libor + 4.00%	2021 – November	Floating	20.0	35.0	–	**55.0**
USD	30.0	Libor + 2.43%	2022 – March	Floating	3.0	22.5	–	**25.5**
USD	172.5	Libor + 3.15%	2022 – March	Floating	29.7	91.0	–	**120.6**
Various loans with balances outstanding <USD'M15					24.4	–	–	**24.4**
					343.6	168.2	–	**511.8**
Finance leases					11.2	10.5	–	**21.7**
Total					**2,552.4**	**8,209.0**	**242.5**	**11,003.9**

During the six-month period ended 31 March 2019, a number of important transactions for the Group were completed.

In October 2018 the Group closed a new Syndicated Revolving Credit Facility and Term Loan Facilities (the "Facilities") totalling USD1,945 million-equivalent. The new facilities comprise a 365-day USD-denominated revolving credit facility (USD1,075 million), a three year USD term loan facility (USD500 million), as well as a Renminbi (CNH) denominated one year tranche (USD370 million). These new facilities will refinance the maturing three year tranche from 2015 and the maturing one year RCF and one year CNH tranches from 2017.

In October 2018 the Group raised a third tranche of RMB700 million, with a three-year maturity, issued in China's mainland debt market as part of a RMB2,350 million Panda Bond Programme for which Trafigura obtained National Association of Financial Market Institutional Investors' registration approval.

In March 2019, the Group refinanced the 365-day tranche of its European multicurrency syndicated revolving credit facility (the "ERCF") at USD2.05 billion. In addition, the Group decided to exercise the first extension option available on the USD3.55 billion three-year tranche of its 2018 ERCF, thereby extending the facility by 365 days and resetting the facility maturity to three years.

The Group was in compliance with all its corporate and financial covenants as at 31 March 2019.

22. Trade and other payables

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 24.

	31 March 2019 USD'M	30 September 2018 USD'M
Trade creditors	**3,459.5**	3,248.8
Accrued costs of sales and expenses	**11,671.9**	10,410.9
Broker balances	**–**	29.7
Related parties	**223.6**	119.8
Total	**15,355.0**	13,809.2

23. 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 following contingent liabilities exist in respect of trade financing:

	31 March 2019 USD'M	30 September 2018 USD'M
Letters of credit	**8,664.2**	8,700.7
Letters of indemnity	**–**	1.0
Guarantees	**352.3**	330.6
Total	**9,016.5**	9,032.3

The Company had outstanding commitments at the end of 31 March 2019, and 30 September 2018 as follows:

	31 March 2019 USD'M	30 September 2018 USD'M
Storage rental	**2,748.7**	2,020.3
Time charters	**4,189.0**	4,126.6
Office rent	**91.8**	99.5
Total	**7,029.5**	6,246.3
Assets under construction	**26.1**	2.8
Total	**7,055.6**	6,249.1

In 2017 and 2018 Trafigura entered into lease transactions with an Asian financial counterparty for new build crude oil and product tankers. As at 31 March 2019, 45 leases have been entered into (2018: 35 leases). Non-cancellable operating lease rentals are payable as follows:

	31 March 2019 USD'M	30 September 2018 USD'M
Less than one year	**1,621.1**	1,290.5
Later than one year and less than five years	**4,061.9**	3,552.5
Later than five years	**1,346.5**	1,403.3
Total	**7,029.5**	6,246.3

24. 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 and interest rates; credit risk; and liquidity risk.

Prudently managing these risks is an integral element of Trafigura'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, Trafigura actively manages and lays off where possible a large majority of the risks inherent to its activity. Trafigura'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;
- Ensure a constant dialogue between trading desks, risk managers and senior management.

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

The Chief Risk Officer is independent of the revenue-producing units and reports to the Chief Operating Officer and the Management Board. The CRO has primary responsibility for assessing and monitoring Trafigura'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 Trafigura's risk management capabilities incorporate ongoing advances in technology and risk management modelling capabilities.

The Risk Committee, which is comprised of members of the Management Board and the Chief Risk Officer, is responsible for applying Trafigura's risk management capabilities towards improving the overall performance of the Group. The Risk Committee meets weekly to discuss and set risk and concentration limits, review changing market conditions, and analyse new market risks and opportunities.

Trafigura'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, our 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 Risk Committee.

F. Notes to the interim condensed consolidated financial statements

b. Market risk

Market risk is the risk of loss in the value of Trafigura's positions due to changes in market prices. Trafigura holds positions primarily to ensure our ability to meet physical supply commitments to our customers, to hedge exposures arising from these commitments, and to support our investment activities. Our positions change due to changing customer requirements and investment opportunities. The value of our positions is accounted for at fair value and therefore fluctuates on a daily basis due to changes in market prices. Categories of market risk we are 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.

Trafigura 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, Trafigura remains exposed to a residual price risk referred to as basis risk. Dynamically managing the basis risk that arises from Trafigura's activities requires specialist skills and is a core focus of our trading and risk management teams.

Value at Risk

As of 31 March 2019, Trafigura's one day market risk value at risk (VAR) was USD9.6 million (30 September 2018: USD8.0 million). VaR is a statistical estimate of the potential loss in value of our positions and unsold in-transit material due to adverse market movements. Trafigura calculates VaR over a one-day time horizon with a 95 percent confidence level. We use an integrated VaR model which captures risks including commodity prices, interest rates, equity prices and currency rates. Trafigura's integrated VaR model facilitates comparison of VaR across portfolios comprised of a range of different risk exposures.

Average market risk VaR (1 day 95 percent) during the first six-months of this fiscal year was USD8.9 million compared to USD7.8 million in the previous fiscal year. Trafigura's Management Board has set a target of maintaining VaR (1 day 95 percent) below 1 percent of Group equity.

Trafigura 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 Trafigura 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;
- Trafigura'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. Trafigura'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 our estimates of potential losses.

Trafigura's VaR model utilises advanced statistical techniques that incorporate the non-normal price dynamics that are an important feature of commodity markets. Our 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, our VaR model is regularly updated to ensure it reflects the current observed dynamics of the markets Trafigura is active in.

Trafigura 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 VaR and performance indicators such as Sharpe ratios.

All trading books have well defined VaR risk limits and management and the trading teams are automatically notified whenever a book nears its risk limit, as well as whenever a VaR overage occurs. In addition, Trafigura'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 Trafigura'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 securities.

The Company 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 balance sheet. The Company 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 Company's integrated bespoke IT system. The Company 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.
- Payment guarantee counterparties, i.e. prime financial institutions from which the Company 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 Company's exposure to them exceeds approved credit limits. It is the Company's policy to have ISDA Master Agreements or ISDA-based Long-Form Confirmation Agreements in place with all hedging counterparties.

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

The Company's maximum exposure to credit risk, without considering netting agreements or without taking into account any collateral held or other credit enhancements, is equal to the carrying amount of Trafigura's financial assets as indicated in the balance sheet, plus the guarantees to third parties and associates. The Company's objective is to seek continued revenue growth while minimising losses incurred due to increased credit risk exposure.

The Group has amounts and guarantees outstanding related to countries that are impacted by sanctions currently imposed by the US and EU. 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 Company's counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The carrying amount of financial assets represents the maximum credit exposure. The Company determines concentrations of credit risk by monitoring the country profile of its third party trade receivables on an on-going basis.

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

Trade and other receivables that are neither past due nor impaired are considered creditworthy debtors. 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 monitors 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 16 (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.

F. Notes to the interim condensed consolidated financial statements

d. Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations when due, or that it is unable, on an 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 Company 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 Company 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 (retained earnings) and subordination of repurchased equity.

The maturity analysis of the Groups 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 2019				
Financial liabilities				
Current and non-current loans and borrowings	**32,726.7**	24,275.2	8,209.0	242.5
Trade and other payables	**15,355.0**	15,355.0	–	–
Derivative financial liabilities	**968.0**	746.7	218.0	3.3
Total financial liabilities	**49,049.7**	**40,376.9**	**8,427.0**	**245.8**

	Total USD'M	0-1 years USD'M	1-5 years USD'M	> 5 years USD'M
30 September 2018				
Financial liabilities				
Current and non-current loans and borrowings	**32,203.7**	23,741.6	8,219.6	242.5
Trade and other payables	**13,809.2**	13,809.2	–	–
Derivative financial liabilities	**1,124.6**	848.7	273.9	2.0
Total financial liabilities	47,137.5	**38,399.5**	**8,493.5**	**244.5**

e. Interest rate risk

Trafigura 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 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 floating rate.

From time to time the Group enters into interest rate derivatives 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

Trafigura 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 21 and 24d. Ineffectiveness may arise (i) if the underlying interest reference rate is divergent to the underlying reference rate in the Company's debt agreements, 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), (ii) 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 (iii) if the hedging instrument is for an amount greater than the hedged item.

g. Cash flow hedge accounting

During the six-month period ended 31 March 2019, the Group continued to apply cash flow hedge accounting to hedge certain non-financial hedged items. These are the future purchases and sales of mining products and LNG.

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 differences in maturity of the hedged item and the hedging instrument as well as due to the non-price elements of the cash flows arising from the hedged item. 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 prospectively and retrospectively at least quarterly. 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:

	Maturity	Equivalent	**31 March 2019**	30 September 2018	**31 March 2019**	30 September 2018
			Notionals		Fair values	
Cross-currency swap		USD	**1,194.2**	1,915.0	**6.1**	(50.0)
Cross-currency interest rate swap		USD	**681.8**	681.8	**(35.2)**	(41.7)
Future purchases and sales of LNG	< 1 year	Various	**1,239.9**	1,121.4	**(94.2)**	(86.8)
Future purchases and sales of LNG	1-4-years	Various	**45.6**	381.1	**(6.8)**	(38.5)
Future sales mining production	< 1 year	DMT	**–**	69,050.0	**–**	28.2
Total					**(130.1)**	**(188.8)**

	Ineffectiveness recognised through statement of income	Hedge result deferred through other comprehensive income
Cross-currency swap	(.3)	(11.0)
Cross currency interest rate swap	(2.2)	(9.1)
Future purchases and sales of LNG	–	(73.2)
Future sales mining production	–	(.7)

Other comprehensive movements in the equity movement schedule include a USD19.4 million (negative) movement of cash flow hedge reserves due to hedge accounting applied by the Group and USD30.2 million (positive) movement due to cash flow hedge accounting applied by equity accounted investees of the Group.

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 booked against the corresponding (and opposite) movement in fair value of the related paper hedges: both movements (increase and decrease) are booked in the profit and loss statement (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 fair value of the physical contracts consider only the risk components being hedged.

	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 counterparties of forward contracts	Buckeye Texas Processing LLC and Magellan Processing LP	Cactus II PipelineLLC	Cheniere Marketing LLC and Freeport LNG Marketing LLC
Maturity of forward contracts	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

The Group elects 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 described above.

F. Notes to the interim condensed consolidated financial statements

Hedged items

(i) The Group's tolling agreements represent a non-financial hedged item which Trafigura 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 as the hedged risk, between the purchase of crude feedstock and the sale of crude refined products.

(ii) The Group's transportation agreement represent a non-financial hedged item which Trafigura has entered into for transportation services to move 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 as the hedged risk, between the purchase of inland crude oil barrels and the sale of those barrels on the Gulf Coast.

(iii) The Group's offtake agreements represent a non-financial hedged item which Trafigura has entered into for the purchase of liquefied natural gas (LNG) from the US with a number of counterparties. The derivative hedging instruments (hedges consisting of futures and swaps) are entered into, to hedge the spread exposures, referred as the hedged risk, between purchasing LNG from the US and selling LNG to its expected destination markets. Where the hedging on the tolling and transportation agreements is done on the above described risk components, offtake agreements are designated as hedged item in its entirety.

Hedging instruments

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

(i) The maturity profile of the hedging instruments used for hedging the designated risk components associated with the tolling agreements varies from one to five years;

(ii) The maturity profile of the hedging instruments used for hedging the designated risk components associated with the transportation agreement varies from one to three years;

(iii) The maturity profile of the hedging instruments used for the hedging of the offtake agreement varies from one to six years.

The designated hedge derivatives are accounted for at fair value through profit and loss and reflected on the balance sheet as a financial asset or liability. The identified hedged items are accounted for at fair value and recognized through profit and loss (specifically to line cost of sales), the fair value is reflected on the balance sheet as either a recognised asset or liability, see notes 15 and 18. 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 (the physical forward contract) and the hedging instrument (the paper hedge). At designation and at the start of each reporting period critical terms (volumes) 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 or hedged risk 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 test is performed. The fair values of both hedged items and hedging instruments are measured and the net difference of the changes corresponds to the hedge ineffectiveness amount. The hedge ineffectiveness amount is analysed by its various sources (i.e. 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 is valued in its entirety, however, the FX hedges could not be designated into the hedge relationship giving rise to additional, unintentional ineffectiveness. The fair value of the FX hedges, that have not been designated, can be seen in the table below. As at 31 March 2019, the ineffectiveness year-to-date amounted to USD3.5 million. The ineffectiveness over the life of the transactions amounted to USD250.9 million.

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

	31 March 2019		30 September 2018	
	Other non-current assets (note 15)	**Other current assets (note 18)**	Other non-current assets (note 15)	Other current assets (note 18)
Non-financial hedged items – tolling agreements	**198.5**	**80.4**	283.2	85.6
Non-financial hedged items – transportation agreement	**–**	**273.9**	269.2	465.1
Non-financial hedged items – LNG contracts	**129.4**	**–**	521.5	124.9
Closing balance of the hedged item	**327.8**	**354.3**	1,073.9	675.6

	31 March 2019		30 September 2018	
	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	**(42.9)**	**–**	–	–
Non-financial hedged items – LNG contracts	**(13.6)**	**(42.2)**	–	–
Closing balance of the hedged item	**(56.5)**	**(42.2)**	–	–

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 2019 USD'M	30 September 2018 USD'M
Opening balances of the derivatives marked as hedges	**(1,888.6)**	(179.4)
FV movement included in the hedge relationship	**1,024.2**	(1,881.4)
Hedges for which hedge relationship matured	**158.0**	64.6
Hedges not designated in hedge relationship	**50.8**	107.6
Closing balance of the derivatives marked as hedges	**(655.6)**	(1,888.6)
Opening balance of the hedged item	**1,749.5**	162.6
FV movement included in the hedge relationship	**(1,020.7)**	1,627.0
Hedging (gain)/loss released to profit or loss	**(145.4)**	(40.1)
Closing balance of the hedged item	**583.4**	1,749.5
Lifetime to date net gain/(loss)	**(72.1)**	(139.1)
Year to date net gain/(loss)	**67.0**	(122.2)

i. Capital management

The Board'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 Company 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 Company's overall performance and to protect its capital.

The Company'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 bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The Company monitors capital using an adjusted debt to equity ratio, which is adjusted total debt divided by the Company's equity. For this purpose, the adjusted debt metric represents the Company's total long and short-term debt less cash, deposits, readily marketable inventories, debt related to the Company's securitisation programme and the non-recourse portion of loans to 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 2019 USD'M	30 September 2018 USD'M
Non-current loans and borrowings	**8,451.5**	8,462.1
Current loans and borrowings	**24,275.2**	23,741.6
Total debt	**32,726.7**	32,203.7
Adjustments		
Cash and cash equivalents	**4,566.3**	5,355.8
Deposits	**369.5**	334.4
Inventories (including purchased and pre-paid inventories)	**15,585.8**	15,620.5
Securitisation debt	**4,134.8**	4,294.1
Non-recourse debt	**484.9**	562.2
Adjusted total debt	**7,585.4**	6,036.7
Group equity	**6,557.9**	6,250.1
Adjusted debt to Group equity ratio at the end of the period	**1.16**	0.97

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 2019	Carrying value USD'M	Fair value USD'M
Assets		
Listed equity securities – Fair value through OCI	26.3	26.3
Listed equity securities – Fair value through profit and loss	27.6	27.6
Listed debt securities – Fair value through profit or loss	490.1	490.1
Unlisted equity investments – Fair value through profit or loss	62.7	62.7
Unlisted equity investments – Fair value through OCI	191.5	191.5
Loans receivable (*)	432.9	432.9
Inventories	14,898.6	14,898.6
Trade and other receivables (*)	22,381.9	22,381.9
Non-financial hedged items	682.1	682.1
Derivatives	964.2	964.2
Deposits (*)	369.5	369.5
Cash and cash equivalents (*)	4,566.3	4,566.3
Total financial assets and inventories	**45,093.8**	**45,093.8**
Liabilities		
Loans and borrowings		
Floating rate borrowings (*)	29,962.0	29,962.0
Fixed rate borrowings	2,743.0	2,751.4
Finance lease and purchase contract (*)	21.7	21.7
Trade and other payables (*)	15,355.0	15,355.0
Non-financial hedged items	98.7	98.7
Derivatives	968.0	968.0
Total financial liabilities	**49,148.2**	**49,156.7**

30 September 2018	Carrying value USD'M	Fair value USD'M
Assets		
Listed equity securities – Fair value through OCI	10.2	10.2
Listed equity securities – Fair value through profit and loss	44.6	44.6
Listed debt securities – Fair value through profit or loss	466.3	466.3
Unlisted equity investments – Fair value through profit or loss	31.6	31.6
Unlisted equity investments – Fair value through OCI	163.2	163.2
Loans receivable (*)	485.5	485.5
Inventories	14,732.9	14,732.9
Trade and other receivables (*)	19,951.7	19,951.7
Non-financial hedged items	1,749.5	1,749.5
Derivatives	907.6	907.6
Deposits (*)	334.4	334.4
Cash and cash equivalents (*)	5,355.8	5,355.8
Total financial assets and inventories	**44,233.3**	**44,233.3**
Liabilities		
Loans and borrowings		
Floating rate borrowings (*)	28,708.0	28,708.0
Fixed rate borrowings	3,471.6	3,481.2
Finance lease and purchase contracts (*)	24.1	24.1
Trade and other payables (*)	13,809.2	13,809.2
Derivatives	1,124.6	1,124.6
Total financial liabilities	**47,137.4**	**47,147.1**

(*) Management has determined that the carrying amounts of trade and other receivables, cash and cash equivalents, deposits and trade and other payables reasonably approximate their fair values because these are mostly short-term in nature and are re-priced regularly.

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 2019 and 30 September 2018 were as follows:

	Amounts eligible for set off under netting agreements				
31 March 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	1,893.4	(90.7)	1,802.7	–	1,802.7
Derivative assets	1,283.4	(842.3)	441.2	523.1	964.2
Related parties	(314.3)	90.7	(223.6)	–	(223.6)
Derivative liabilities	(1,272.2)	842.3	(429.9)	(538.0)	(968.0)

	Amounts eligible for set off under netting agreements				
30 September 2018	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	1,696.7	(87.1)	1,609.6	–	1,609.6
Derivative assets	1,238.8	(805.5)	433.3	474.3	907.6
Related parties	(206.9)	87.1	(119.8)	–	(119.8)
Derivative liabilities	(1,387.5)	805.5	(581.9)	(542.7)	(1,124.6)

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.

(ii) Fair value hierarchy

The table below analyses financial instruments 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).

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 24b.

Other financial assets and inventories	Level 1 USD'M	Level 2 USD'M	Level 3 USD'M	**Total USD'M**
31 March 2019				
Listed equity securities – Fair value through OCI	26.3	–	–	**26.3**
Listed equity securities – Fair value through profit and loss	27.6	–	–	**27.6**
Listed debt securities – Fair value through profit or loss	–	–	490.1	**490.1**
Unlisted equity investments – Fair value through profit or loss	–	–	62.7	**62.7**
Unlisted equity investments – Fair value through OCI	–	–	191.5	**191.5**
Futures	28.0	–	–	**28.0**
OTC derivatives	–	103.1	44.7	**147.8**
Physical forwards	–	–	230.2	**230.2**
Cross-currency swaps	–	32.9	–	**32.9**
Interest rate swaps	–	54.7	–	**54.7**
Non-financial hedged items	–	552.7	129.4	**682.1**
Other financial derivatives	–	470.7	–	**470.7**
Inventories	–	14,898.6	–	**14,898.6**
Total	**81.9**	**16,112.7**	**1,148.6**	**17,343.2**

Other financial liabilities	Level 1 USD'M	Level 2 USD'M	Level 3 USD'M	**Total USD'M**
31 March 2019				
Futures	23.4	–	–	**23.4**
OTC derivatives	–	249.6	–	**249.6**
Physical forwards	–	–	298.7	**298.7**
Cross-currency swaps	–	64.0	–	**64.0**
Interest rate swaps	–	2.5	–	**2.5**
Non-financial hedged items	–	42.9	55.7	**98.7**
Other financial derivatives	–	329.7	–	**329.7**
Fixed rate borrowings	–	2,751.4	–	**2,751.4**
Total	**23.4**	**3,440.2**	**354.4**	**3,818.0**

Other financial assets and inventories	Level 1 USD'M	Level 2 USD'M	Level 3 USD'M	**Total USD'M**
30 September 2018				
Listed equity securities – Fair value through OCI	10.2	–	–	**10.2**
Listed equity securities – Fair value through profit and loss	44.6	–	–	**44.6**
Listed debt securities – Fair value through profit or loss	–	–	466.3	**466.3**
Unlisted equity investments – Fair value through profit or loss	–	–	31.6	**31.6**
Unlisted equity investments – Fair value through OCI	–	–	163.2	**163.2**
Futures	7.8	–	–	**7.8**
OTC derivatives	–	93.1	44.7	**137.8**
Physical forwards	–	1.4	329.0	**330.4**
Cross-currency swaps	–	63.4	–	**63.4**
Interest rate swaps	–	21.6	–	**21.6**
Non-financial hedged items	–	1,103.0	646.5	**1,749.5**
Other financial derivatives	–	346.5	–	**346.5**
Inventories	–	14,732.9	–	**14,732.9**
Total	**62.6**	**16,362.0**	**1,681.3**	**18,105.8**

Other financial liabilities	Level 1 USD'M	Level 2 USD'M	Level 3 USD'M	**Total USD'M**
30 September 2018				
Futures	5.3	–	–	**5.3**
OTC derivatives	–	356.1	–	**356.1**
Physical forwards	–	0.7	307.9	**308.6**
Cross-currency swaps	–	155.1	–	**155.1**
Interest rate swaps	–	1.4	–	**1.4**
Other financial derivatives	–	298.1	–	**298.1**
Fixed rate borrowings	–	3,479.6	–	**3,479.6**
Total	**5.3**	**4,291.0**	**307.9**	**4,604.2**

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			31 March 2019 USD'M	30 September 2018 USD'M
	– Level 1	Assets	26.3	10.2
		Liabilities	–	–
Valuation techniques and key inputs:	Quoted prices in an active market.			
Significant unobservable inputs:	None.			

Listed equity securities – Fair value through profit and loss			31 March 2019 USD'M	30 September 2018 USD'M
	– Level 1	Assets	27.6	44.6
		Liabilities	–	–
Valuation techniques and key inputs:	Quoted prices in an active market.			
Significant unobservable inputs:	None.			

Futures			31 March 2019 USD'M	30 September 2018 USD'M
	– Level 1	Assets	28.0	7.8
		Liabilities	23.4	5.3
Valuation techniques and key inputs:	Quoted prices in an active market.			
Significant unobservable inputs:	None.			

OTC derivatives			31 March 2019 USD'M	30 September 2018 USD'M
	– Level 2	Assets	103.1	93.1
		Liabilities	249.6	356.1
Valuation techniques and key inputs:	Reference prices.			
Significant unobservable inputs:	Inputs include observable quoted prices sourced from traded reference prices or recent traded prices indices in an active market for identical assets or liabilities.			

Physical forwards			31 March 2019 USD'M	30 September 2018 USD'M
	– Level 2	Assets	–	1.4
		Liabilities	–	0.7
Valuation techniques and key inputs:	Reference prices.			
Significant unobservable inputs:	Inputs include observable quoted prices sourced from traded reference prices or recent traded prices indices in an active market for identical assets or liabilities.			

Cross-currency swaps			31 March 2019 USD'M	30 September 2018 USD'M
	– Level 2	Assets	32.9	63.4
		Liabilities	64.0	155.1
Valuation techniques and key inputs:	Discounted cash flow model.			
Significant unobservable inputs:	Inputs include observable quoted prices sourced from exchanges or traded references 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.			

Interest rate swaps			31 March 2019 USD'M	30 September 2018 USD'M
	– Level 2	Assets	54.7	21.6
		Liabilities	2.5	1.4
Valuation techniques and key inputs:	Discounted cash flow model.			
Significant unobservable inputs:	Inputs include observable quoted prices sourced from exchanges or traded prices 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.			

Non-financial hedged items			31 March 2019 USD'M	30 September 2018 USD'M
	– Level 2	Assets	552.7	1,103.0
		Liabilities	42.9	–
Valuation techniques and key inputs:	Reference prices.			
Significant unobservable inputs:	Inputs include observable quoted prices sourced from traded reference prices or recent traded prices indices in an active market for identical assets or liabilities.			

Non-financial hedged items			31 March 2019 USD'M	30 September 2018 USD'M
	– Level 3	Assets	129.4	646.5
		Liabilities	55.7	–
Valuation techniques and key inputs:	LNG valuation model.			
Significant unobservable inputs:	Inputs include observable quoted prices sourced from traded reference prices or recent traded prices indices in an active market for identical assets or liabilities.			

Other financial derivatives			31 March 2019 USD'M	30 September 2018 USD'M
	– Level 2	Assets	470.7	346.5
		Liabilities	329.7	298.1
Valuation techniques and key inputs:	Discounted cash flow model.			
Significant unobservable inputs:	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.			

Inventories			31 March 2019 USD'M	30 September 2018 USD'M
	– Level 2	Assets	14,898.6	14,732.9
		Liabilities	–	–
Valuation techniques and key inputs:	Quoted prices in an active market.			
Significant unobservable inputs:	Premium discount on quality and location.			

Fixed rate borrowings			31 March 2019 USD'M	30 September 2018 USD'M
	– Level 2	Assets	–	–
		Liabilities	2,751.4	3,481.2
Valuation techniques and key inputs:	Discounted cash flow model.			
Significant unobservable inputs:	Cash flows discounted at current borrowing rates for similar instruments.			

Listed debt securities – Fair value through profit or loss		31 March 2019 USD'M	30 September 2018 USD'M
– Level 3	Assets	**490.1**	466.3
	Liabilities	**–**	–
Valuation techniques and key inputs:	Discounted cash flow model.		
Significant unobservable inputs:	– Forecast throughput – Discount rates using weighted average cost of capital – Market illiquidity – Operating cost and capital expenditures The resultant asset is a discounted cash flow of the underlying throughput. Increase/decrease of the forecasted throughput will result in an increase/decrease of the value of the asset.		

Unlisted equity investments – Fair value through profit and loss		31 March 2019 USD'M	30 September 2018 USD'M
– Level 3	Assets	**62.7**	31.6
	Liabilities	**–**	–
Valuation techniques and key inputs:	Quoted prices obtained from the asset managers of the funds.		
Significant observable inputs:	– Market illiquidity – Price of commodities		

Unlisted equity investments – Fair value through OCI		31 March 2019 USD'M	30 September 2018 USD'M
– Level 3	Assets	**191.5**	163.2
	Liabilities	**–**	–
Valuation techniques and key inputs:	Quoted prices obtained from the asset managers of the funds.		
Significant observable inputs:	– Market illiquidity – Price of commodities		

OTC derivatives		31 March 2019 USD'M	30 September 2018 USD'M
– Level 3	Assets	**44.7**	44.7
	Liabilities	**–**	–
Valuation techniques and key inputs:	Discounted valuation of cashflows generated by mean-reverting price simulations.		
Significant observable inputs:	– Mean reversion – Volatility		

Physical forwards		31 March 2019 USD'M	30 September 2018 USD'M
– Level 3	Assets	**230.2**	329.0
	Liabilities	**298.7**	307.9
Valuation techniques and key inputs:	Discounted cash flow model.		
Significant observable inputs:	Prices are adjusted by differentials including: – Quality – Location		

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

USD'M	Physical forwards/ Derivatives	Equity/Debt securities	Non-financial hedged items	Total
1 October 2018	65.9	661.1	646.5	1,373.4
Total gain/(loss) recognised in statement of income	(53.9)	19.8	(585.6)	(619.7)
Total gain/(loss) recognised in OCI	–	1.3	–	1.3
Invested	–	66.7	–	66.7
Disposals	–	(4.5)	–	(4.5)
Total realised	(35.8)	–	12.7	(23.1)
31 March 2019	**(23.8)**	**744.3**	**73.6**	**794.1**

USD'M	Physical forwards/ Derivatives	Equity/Debt securities	Non-financial hedged items	Total
1 October 2017	(53.8)	615.7	–	561.9
Total gain/(loss) recognised in statement of income	67.3	20.0	646.5	733.7
Total gain/(loss) recognised in OCI	–	9.9	–	9.9
Invested	–	61.1	–	61.1
Disposals	–	(45.6)	–	(45.6)
Total realised	52.4	–	–	52.4
30 September 2018	**65.9**	**661.1**	**646.5**	**1,373.4**

There have been no transfers between fair value hierarchy Levels in the six-month period ended 31 March 2019. Materially all Level 3 physical forwards are settled in the next year. See note 14 for equity/ debt securities.

25. 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 2019 amounted to USD70.5 million (HY 2018: USD50.7 million).

Unrecognised staff costs in respect of rateably vesting shares expected to be recognised from 2019 to 2024 amount to USD193.1 million at 31 March 2019 (31 March 2018 USD126.4 million).

26. 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.

Related-party receivables/(payables)	31 March 2019 USD'M	30 September 2018 USD'M
Trafigura Beheer B.V.	**(19.5)**	(17.7)
Trafigura Control Holdings Pte. Ltd.	**0.7**	–
Puma Energy	**1,224.6**	1,173.2
Farringford N.V.	**148.7**	83.1
Beheer Malta Ltd.	**229.2**	(9.0)
Ecore B.V.	**1.1**	1.3
Emincar	**285.5**	295.1
Jinchuan Group Co. Ltd.	**30.4**	58.5
Minas de Aguas Teñidas, S.A.U ("MATSA")	**5.0**	(7.2)
Simba Holding S.à r.l.	**(1.4)**	242.9
Nayara Energy Limited	**398.2**	132.7
Nyrstar Sales & Marketing AG	**592.5**	118.7
Other	**32.5**	(4.5)
Total	**2,927.4**	2,067.3

	31 March 2019 USD'M	31 March 2018 USD'M
Sales (mainly Puma Energy)	**4,936.0**	4,592.0
Purchases	**1,929.2**	1,783.1
Terminalling & dockage fees	**–**	86.2
Interest income	**35.8**	15.0
Interest expenses	**–**	8.3
Cost recharges	**20.3**	28.8

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 preference shares
Trafigura Control holding S.a.r.l.	Parent company	Buy back of preference shares
Trafigura Control Holdings Pte. Ltd.	Parent company	Buy back of preference shares
Buckeye Partners LLC	Equity-accounted investee	Lease agreements
Ecore B.V.	Cousin group	Cost recharges, trading and hedging
Empresa Minera del Caribe SA	Equity-accounted investee	Financing and trading agreement
Nayara Energy Limited	Equity-accounted investee	Financing and trading agreement
Farringford N.V.	Ultimate parent	Loans and cost recharges
Jinchuan Group Co. Ltd.	Equity-accounted investee	Trading agreement
Minas de Aguas Teñidas, S.A.U ("MATSA")	Equity-accounted investee	Financing and trading agreement
Porto Sudeste do Brasil S.A.	Equity-accounted investee	Loans and cost recharges
Nyrstar Sales & Marketing AG	Equity-accounted investee	Financing and trading agreement
Simba Holding S.à.r.l.	Equity-accounted investee	Multimodal logistic services
Puma Energy Holdings	Equity-accounted investee	Financing and trading agreement
Trafigura Beheer B.V.	Parent company	Loans and cost recharges

27. Subsequent events

In May 2019 the Group raised its latest tranche of RMB540 million, with a three-year maturity, issued in China's mainland debt market as part of a RMB2,350 million Panda Bond Programme for which Trafigura obtained National Association of Financial Market Institutional Investors' registration approval.

In March 2019, Nyrstar entered into a Lock-Up Agreement with a majority of its financial creditors for the purpose of recapitalising the Group. It has received the requisite support from the financial creditor groups and will now proceed to implement the scheme of arrangement which is expected to complete by financial year-end. The restructuring arrangement will result in Trafigura indirectly obtaining approximately 98 percent of the shares of the Nyrstar Operating Group and will lead to Trafigura consolidating the assets and remaining liabilities of the company within its balance sheet before the end of this financial year. For a more detailed disclosure of Nyrstar's restructuring see page 3 of this interim report.

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