CHIEF FINANCIAL OFFICER'S STATEMENT

A HEALTHY FINANCIAL PERFORMANCE

CHRISTOPHE SALMON
Chief Financial Officer

Solid profits reflect strong trading activity and volume growth, robust financial liquidity and cost control.

Performance Indicators

$44.1bn Group revenue (2015: USD48.2 billion)*	**$41.8bn** Total assets (2015: USD39.1 billion)**
$1,172.9m Gross profit (2015: USD1,514.6 million)*	**$9.1bn** Total non-current assets (2015: USD8.4 billion)**
2.7% Gross profit margin (2015: 3.1%)*	**$6.2bn** Total group equity (2015: USD5.7 billion)**
$601.8m Profit for the period (2015: USD672.1 million)*	**$821.4m** EBITDA (2015: USD1,119.7 million)*

* Six-month period ended 31 March 2015
** As at 30 September 2015

The Trafigura Group delivered a healthy financial performance in the first half of the 2016 financial year, with a profit for the period of USD602 million, a decrease of 10 percent from the like-for-like figure* of USD672 million recorded in the same period a year ago.

The net profit figure was 39 percent above the net profit of USD432 million recorded in the second half of 2015, reflecting strong trading activity in both our trading divisions, Oil and Petroleum Products and Metals and Minerals. Performance was especially good in oil, where volatile market conditions created profitable trading opportunities and Trafigura continued its consistent record of growing volumes in recent years.

Our key priorities during the reporting period were:

- Maintaining a robust liquidity position based on close relationships with a wide network of banks;
- Managing our balance sheet by slowing down our capital expenditure programme and by taking a prudent approach to asset valuations;
- Maximising efficiency and minimising costs; and
- Monitoring and mitigating counter-party risk in distressed markets.

INCOME AND EXPENDITURE

Revenue for the period was USD44,093 million, a decrease of 9 percent from the figure of USD48,231 in the first half of 2015. This reflected the net effect of lower commodities prices and higher trading volumes. Gross profit was USD1,173 million, a decrease of 23 percent from the figure of USD1,515 million in the first six months of 2015. That translates into a gross margin of 2.7 percent, compared with 3.1 percent in the comparable period. It is important to note that H1 2015 was impacted by an exceptional volatility and a deep contango price structure which created significant trading opportunities in crude and product markets leading to record profit figures. In comparison the H1 2016 gross profit figure was 8 percent higher than the gross profit of USD1,086 million registered in H2 2015, the immediately preceding half-year period.

Results from operating activities were USD762 million, a decrease of 19 percent from the figure of USD941 million recorded in the first half of 2015. General and administrative expenses, including staff costs, were 9 percent lower at USD479 million compared with USD525 million last year, demonstrating the benefits we continue to derive from our IT investments and the centralisation of support functions in Mumbai, Shanghai and Montevideo.

* All figures in this Interim Report, including year-on-year comparisons, are for Trafigura Group Pte. Ltd., the Singapore-registered consolidated reporting entity for Trafigura Group as of 30 September 2015. The numbers cited for the first half of FY 2015 differ in some respects from those cited in last year's Interim Report, which was compiled for Dutch-registered Trafigura Beheer B.V..

Strategic partner Jinchuan Group's copper smelter in Fangchenggang, China.

EBITDA was USD821 million in the first half of 2016, 27 percent down from the figure of USD1,120 million in the first half of 2015 but still among the highest EBITDA numbers we have achieved in a half-year period in the Group's history. From an operating profit perspective, we believe EBITDA is the appropriate measure to assess our performance as the amount of depreciation and amortisation has increased with the growth of our fixed asset portfolio.

Net financing costs were USD119 million. This was a significant reduction of 32 percent from the year-ago figure of USD175 million, reflecting the more attractive financing terms we were able to achieve in the period as well as increased net income from our expanding structured finance activity. Group income tax expense for the period was USD90 million, compared to USD135 million a year ago.

ASSETS AND LIABILITIES

The Group's total assets as at 31 March 2016 stood at USD41,809 million, up 7 percent from the level as at 30 September 2015. Fixed and non-current assets increased by 9 percent to USD9,070 million from USD8,357 million, reflecting in part an increased capital contribution of USD275 million by Trafigura to Puma Energy Holdings Pte. Ltd. and a USD142 million equity investment in a copper smelting joint venture with China's Jinchuan Group. The net book value of property, plant and equipment increased to USD2,606 million from USD2,400 million.

We recorded an impairment of USD80 million related to Impala Terminals' investment in the Porto Sudeste iron ore terminal in Brazil, reflecting lower than expected throughput and the difficult market conditions in iron ore. In addition we decided to take an impairment of USD46.9 million on non-financial assets related to the Group's railway operation in Colombia, which has been impacted by a number of safety and security concerns.

In addition we reversed an impairment previously recorded in relation to our investment in the AEMR iron ore mining project in Angola. The net financial impact of these gains and impairments is reflected in the "other income/expenses" line of the consolidated statement of income.

Current assets stood at USD32,739 million, up by nearly 7 percent from the figure of USD30,641 as at 30 September 2015. This principally reflected a sharp rise in prices and inventories as a result of increased trading volumes. Inventories were USD9,244 million, up 21 percent from USD7,614 million at the end of the 2015 financial year. In line with the Group's market risk policy of not taking outright price risk on its physical business, all inventories in the period were either pre-sold or hedged for index price risk. Short-term prepayments (recorded as current assets) amounted to USD1,999 million, compared with USD2,111 million as at 30 September 2015, showing the continued support we provide to our clients through financing facilities that we source, structure and syndicate with our financial partners.

Non-current loans and borrowings were broadly flat at USD7,450 million. The Group manages capital using an adjusted debt-to-equity ratio, which is adjusted total debt divided by Group equity. Adjusted debt is the Group's total long-term and short-term debt less cash, readily marketable stock, debt related to the Group's securitsation programme and the non-recourse portion of loans from third parties.

As at 31 March 2016, Trafigura's adjusted debt ratio was 1.42x, compared with 1.56x at 30 September 2015. This decline in leverage reflects the increased non-recourse financing available as well as the reduction in capital expenditure as a result of completion of a number of key infrastructure investment projects. We expect the trend to continue for 2017, when capital expenditure is likely to be a fraction of the level seen in recent years. The nature of this ratio means it fluctuates over time, but Trafigura is committed to maintaining a disciplined approach to leverage, with the aim of ensuring that the ratio does not stay significantly above 1.0x over the long term.

Storage facility, Texas, US.

Total group equity rose to USD6,166 million as of 31 March 2016, compared to USD5,658 million at the previous year-end. This increase in net worth largely reflects retained earnings.

LIQUIDITY AND FUNDING

Trafigura's diversified funding model continued to support the company well during the half-year. We maintained a strong liquidity position throughout, and achieved improved terms in refinancing activities undertaken during the period as a result of a flight to quality on the part of lenders in the commodities space.

The Group enjoys strong support from a network of more than 125 institutions located around the world. We continue to finance the majority of day-to-day trading activity through uncommitted, self-liquidating bilateral trade finance lines. We use corporate credit facilities to finance other short-term liquidity requirements, such as margin calls. Trafigura firmly believes that this financing model is ideally suited to physical trading, particularly during periods of high price volatility, since utilisation of the bilateral lines can readily be increased or decreased in line with changes in commodity price levels. Trafigura also maintains a presence in the debt capital markets, thus gaining increased access to longer-term finance to support our programme of investment in fixed assets.

During the six-month period ended 31 March 2016, a number of important transactions were completed. In October 2015, Trafigura refinanced its Asian Revolving Credit Facility and Term Loan Facilities to a value of USD2,200 million with the support of 28 banks. The transaction was over-subscribed and consequently increased in size from its launch amount of USD1,600 million.

In November 2015, the Group refinanced one of its most important transactional financing facilities, the Refined Metals Borrowing Base, at a total amount of USD2,000 million with the participation of 16 banks. The facility encompasses refined metals receivables and inventories located in more than 30 countries around the world.

In March 2016, Trafigura refinanced its flagship European Revolving Credit Facility. Launched at USD4,275 million, the facility was substantially over-subscribed and closed at USD5,100 million from a total of 45 banks.

Also in March, we refinanced our Samurai loan, increasing the size of the facility to JPY46 billion from JPY26 billion and adding six new lenders for a total of 12 supporting Japanese financial institutions. In both cases, terms were significantly tighter than those of the facilities they refinanced.

The Group was in compliance with all its corporate and financial covenants as at 31 March 2016.

CASH FLOW

After adjusting profit before tax for non-cash items, the operating cash flows before working capital changes for the half-year amounted to USD835 million (H1 2015: USD1,134 million). 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 driven by prevailing commodity prices, and price variations are financed under the Group's self-liquidating finance lines. Net cash outflow from operating activities after working capital changes was USD1,513 million (H1 2015: USD918 million). Investing activities show a net outflow of USD129 million reflecting cash received on divestment of a 50 percent share in our MATSA mine (H1 2015: USD811 million). Net cash from financing activities amounted to USD1,627 million, compared to USD1,135 million in the year-ago period. The overall balance of cash and cash equivalents stood at USD3,325 million as at 31 March 2016.

Christophe Salmon,
Chief Financial Officer