Part-I

1

TRAFIGURA

TRAFIGURA PAKISTAN (PRIVATE) LIMITED

Dated: 07 March, 2018

To
The Registrar
Oil & Gas Regulator Authority
54-B, Fazal-e-Haq Road,
Blue Area, Islamabad
PABX – 051-9244090-98

OIL & GAS REGULATORY AUTHORITY
07 MAR 2018
1969
ISLAMABAD

Subject: **Application to the Oil and Gas Regulatory Authority (OGRA) under the Oil and Gas Regulatory Authority Ordinance, 2002 ("Ordinance") read with the Natural Gas Regulatory Authority (Licensing) Rule 2002 ("Rules") for grant of license to carry out Sale of LNG / RLNG.**

Dear Sir / Madam,

Trafigura Pakistan (Pvt) Ltd is a private sector entity incorporated under the Pakistan Companies Ordinance 2017, with the objective to carry on the business of import, export, transport, market, and distribute LNG, LNG, LPG and NGL in Pakistan. In this capacity, Trafigura Pakistan will procure LNG from International market and enter into onward arrangement for the supply of gas to the end user, thereby managing the whole supply chain of LNG from procurement to end consumer gas sale agreements.

Further to the above, we also would like to apprise you that Trafigura being a strategic and foreign partner of the PGPL consortium has played a pivotal role in developing the project of the Pakistan's Second FSRU – based facility and is in the process of the moving ahead quickly on a third terminal for LNG Imports, as we strongly believe in the potential of the Pakistani Economy and have full faith in the current esteemed government and their policies aiming at improving power access to the people of Pakistan.

As a part of investment in the PGPL terminal, we have exclusive access to the available capacity of the terminal and which will be between 90 – 120 mmscfd. In this regard, we have been continuously approached by various customers specifically from Karachi region.

To further strengthen our presence in Pakistan, we have already established local branch of Trafigura named Trafigura Pakistan (Private) Limited and now requests for a grant of license to carry out sale of LNG / RLNG along with the transmission and distributions of RLNG and attached herewith the schedule – I & schedule – II along with all the necessary documents for your review and further considerations.

An early grant of licenses to carry out sale of LNG / RLNG would be highly appreciated.

For further process please
07/3 AED (Law)
JED (F-1)
DR/AED.
7/3/18

7/3/18

TRAFIGURA PAKISTAN (PRIVATE) LIMITED

Elias Chibani
Chief Executive Officer

TRAFIGURA PAKISTAN (PRIVATE) LIMITED

Schedule 1
(Reference Rule 4(2))

Oil and Gas Regulatory Authority

APPLICATION FORM

Reference No:

Dated: 07 March, 2018

CORPORATE INFORMATION

Sr. No.	Head Title	Response
1	Name of the Company (Applicant)	**TRAFIGURA PAKISTAN (PRIVATE) LIMITED**
2	Company's full address along with telephone, fax, email and web details	**TRAFIGURA PAKISTAN (PRIVATE) LIMITED** Bahria Complex 3, 8th Floor M.T. Khan Road Karachi. Tel: +922135205132 www.Trafigura.com Email: Elias.Chibani@trafigura.com Ameer.ali@trafigura.com
3	Name, title and authorised signature of the Company's Chief Executive	**Elias Chibani** **Chief Executive** **Signature** ----------
4	Names and addresses of current Directors of the Applicant	**Name:** Ian Martin Swords **Father's Name:** Martin David Swords **Passport No:** 510534514 **Nationality:** British **Name:** Michael Stuart Wainwright **Father's Name:** Alan Wainwright **Passport No:** 505491969 **Nationality:** British
5	Name and address of any person or corporate body with a holding of more than one percent (1%) or more in the Applicant	**TRAFIGURA PTE LTD** 10 COLLYER QUAY #29-00, OCEAN FINANCIAL CENTRE, SINGAPORE (049315) REGISTERED NUMBER: 199601595D

TRAFIGURA PAKISTAN (PRIVATE) LIMITED ★ EC

Applicant: **Trafigura Pakistan (Private) Limited**

LICENSE SPECIFICATIONS

Sr. No.	Head Title	Response
1	Regulated Activity for which a license is sought	Sale License
2	Nature of license applied for (if exclusive, please provide detailed justifications)	Exclusive
		Non-Exclusive ←
3	Period for which the license is sought	From: 01/03/2018
		To: 28/02/2048
4	Details of any license, held, applied for, or applied for and refused under the Rules, by the Applicant, or any of the interested parties, or any of their affiliated or related undertakings	Not Applicable

TRAFIGURA PAKISTAN (PRIVATE) LIMITED ★ EC.

SCHEDULE-II

[See Rules 29 & 33]

1. The following fees shall be payable for the application, grant and renewal of a license:

(a) The following application fees, payable at the time of filing the application, namely:

(a)	For a transmission license:	Rs. 750,000;
(b)	For a distribution license:	Rs. 500,000;
(c)	For a sale license:	Rs. 500,000; ←
(d)	For an integrated license:	Rs. 1,000,000; and
(e)	For a project license:	Rs. 1,000,000.

(b). The following annual fees, payable at the time of the grant or renewal of the license and thereafter yearly, in advance, namely:

S#	Type of Licence	Fee (percentage of annual turnover of the licensee, generated from the licensed regulated activity in the most recent complete financial year
(i)	Transmission	0.5%
(ii)	Distribution	0.5%
(iii)	Sale	0.25%
(iv)	Transmission & distribution	0.5% of both transmission and Distribution
(v)	Transmission, distribution & sale	0.5% of sale
(vi)	Transmission & sale	0.5% of sale
(vii)	Distribution & sale	0.5% of sale

TRAFIGURA PAKISTAN (PRIVATE) LIMITED

ATTACHMENTS FOR LICENSE APPLICATION

Trafigura Pakistan (Private) Limited

APPLICATION FOR SALE LICENSE

Licensing of Regulated Activities under Rule 4 of the
Natural Gas Regulatory Authority (Licensing) Rules, 2002

Sub-Rule	Requirements	Attached (Annexure)	Remarks
(3)(a)	attested copies of memorandum and articles of association of the applicant	A	Details are attached
(3)(b)	attested copy of the applicant's certificate of commencement of business	B	Not applicable. However, the certificate of incorporation is attached for reference.
(3)(c)	attested copy of the latest yearly submission to the Registrar of Companies		Not applicable as the company is newly-incorporated
(3)(d)	attested copy of the latest audited annual and un-audited half yearly financial statements of the applicant	C	New entity, so details of parent company is attached.
(3)(e)	attested copy of the corporate authorisation allowing the submission of the application	D	Board Resolution of Trafigura Pakistan (Private) Limited is attached
(3)(f)	in the case of an applicant being a subsidiary company, the documents specified in paragraphs (i) to (iv) of this sub-rule below, pertaining to its holding company	E	Details of parent company are attached.
	(i) attested copies of memorandum and articles of association of the holding company		
	(ii) attested copy of the holding company's certificate of commencement of business		
	(iii) attested copy of the latest yearly submission to the Registrar of Companies		
	(iv) attested copy of the latest audited annual and un-audited half yearly financial statements of the holding company		
(3)(g)	details of entire consents required under applicable laws, from persons other than the Authority, for carrying on the relevant regulated activities and the status of such consents		If required, details will be provided from time to time
(3)(h)	details of the technical and financial expertise and resources available for carrying on the	F	Detailed Service Agreement is attached

TRAFIGURA PAKISTAN (PRIVATE) LIMITED
EC

	relevant regulated activities		
(3)(i)	details of the resources and expertise available to handle emergency situations arising out of natural calamities, accidental or criminal acts or omissions, specifying which such resources are available and which are to be procured		Details are given in Annexure F
(3)(j)	a list of the names and business addresses of the applicant's senior management, including without limitation, departmental and/or divisional heads		**Elias Chibani** **Chief Executive** **Imran Yousafzai** Business Development – Oil Pakistan **Shoaib Mohiuddin** Business Development Analyst – Oil Pakistan **Ameer Ali** Business Development – LNG Pakistan
(3)(k)	if the applicant or any of its officers or directors, directly or indirectly, owns, controls or holds 10% or more of the voting interest in any other person engaged in the production, transmission, distribution, or sale of natural gas, or in any person engaged in the financing, construction, maintenance or operations of such facilities, a detailed explanation of each relationship, including the percentage of voting interest owned, held or controlled		Not applicable
(3)(l)	a list of all other applications, petitions or filings filed by the applicant which are pending before the Authority at the time of filing of this application and which directly and significantly affect this application, including an explanation of any material effect, the grant or denial of those other applications, petitions or filing will have on this application and of any material effect, the grant or denial of this application will have on those applications, petitions or filings		There are no other applications, petitions or fillings which are pending before the authority at the time of the filing of this application and which directly and significantly affect this application
(3)(m)	details of the following market data	G	
	(i) an estimate of the volume of natural gas to be transmitted, distributed or sold		
	(ii) number and consumption details of consumers		
	(iii) the applicant's total annual peak		

TRAFIGURA PAKISTAN (PRIVATE) LIMITED

	day natural gas requirement		
	(iv) total past (if applicable) and expected curtailments of service by the applicant		
(3)(n)	such other information or documentation as the Authority may, from time to time, require, including without limitation, supplementary information or documentation required by the Authority to clarify the information contained in the application		Will be provided from time to time
(4)(b)	details of the sources and quantity of supply of natural gas including forecasts of the available quantity from such sources	H	Details are attached
(4)(c)	details of how the applicant proposes to meet the safety and service obligations prescribed by the Authority	I	Details are attached

TRAFIGURA PAKISTAN (PRIVATE) LIMITED ★ EC

Subject: **PAY ORDER / BANK DRAFT**

Please find attached herewith a copy of M/s Trafigura Pakistan Limited, Karachi's application No. nil dated March 07, 2018 alongwith a Pay order / Bank Draft of R.500,000/- bearing Demand Draft P.O. No. 00900860 dated 05-03-2018 issued by Deutsche Bank, Avari Plaza, Fatima Jinnah Road Branch, Karachi as Processing fee w.r.t. its application for grant of Licence for Sale of LNG / RLNG.

(Aurangzeb)
A.E.D
March 19, 2018

Accounts Officer, OGRA

Received Pay Order / Bank Draft (In Original)

19/3/18

Dy. Executive Director (Accounts)

9

Account Payee Only

Deutsche Bank

242 & 243 Avari Plaza, Fatima Jinnah Road, Karachi. (0001)

NOT OVER Rs. 500,000.00

P.O. No. 00900860

Stationery/Ref No: BC11801215

0 5 0 3 1 8

Pay to OIL AND GAS REGULATORY AUTHORITY (OGRA) Or Order

Rupees Five Hundred Thousand Only

PKR 500000

PAYABLE AT ANY BRANCH IN PAKISTAN

IBAN: PK71DEUT0000000190751002

TRAFIGURA PAKISTAN PRIVATE LIMITED

ZULFIQAR ANWER ALI

IMRAN ZAKARIA

Please do not write below this line.

Signatory PA/Attorney No

Signatory PA/Attorney No

⑈00900860⑈04 2000 ⑆0000000190751002⑈020⑈

Annexure – A

TRAFIGURA PAKISTAN (PRIVATE) LIMITED ★

EC

11

THE COMPANIES ACT, 2017
(COMPANY LIMITED BY SHARES)

ARTICLES OF ASSOCIATION

OF

TRAFIGURA PAKISTAN (PRIVATE) LIMITED

PRELIMINARY

INTERPRETATION

1. The regulations contained in Table A of the First Schedule to the Companies Act, shall not apply.

2. The chapter heading shall not affect the construction hereof, and in these Articles, unless there is something in the subject or context inconsistent therewith:-

"The Act" means the Companies Act, 2017 or any statutory modification or re-enhancement thereof for the time being in force.

"Company" means Trafigura Pakistan (Private) Limited

"Dividend" means the distribution of profits of the Company to its Members.

"Member" means a subscriber to the memorandum of the company and every person to whom is allotted, or who becomes the holder of, any share, scrip or other security which gives him a voting right in the company and whose name is entered in the register of members.

"Month" means a calendar month according to the English calendar.

"Office" means the Registered Office of the Company.

"Person" shall include a body corporate.

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"**Section**" means section of the Act.

"**Special Resolution**" has the meaning assigned thereto by clause (66) of sub-section (1) of Section 2 of the Act.

"**The Articles**" means these Articles of Association, as originally framed or as altered from time to time by Special Resolution.

"**The Commission**" means the Securities and Exchange Commission of Pakistan.

"**The Board**" shall mean the Directors from time to time of the Company acting at a meeting or through a committee of Directors or pursuant to written consent.

"**The Chairman**" means the Chairman of the Board appointed from time to time pursuant to the Articles.

"**The Debenture**" shall include debenture stock, bonds, Participation Term Certificate, Term Finance Certificate, and any instrument in the nature of redeemable capital.

"**The Directors**" means the Directors of the Company appointed from time to time pursuant to these Articles including alternate Directors.

"**The Managing Director**" means the chief executive of the Company appointed from time to time pursuant to the Articles.

"**The Memorandum**" means the Memorandum of Association of the Company as originally framed or as altered consequently in accordance with the provisions of the Act.

"**The Register**" means the Register of members to be kept pursuant to Section 119.

"**The Seal**" means the Common Seal of the Company.

"**In writing**" and "**Written**" includes printing, lithography and other modes of representing or reproducing words in a visible form.

"**Words**" importing the singular include the plural number and vice versa.

Words importing the masculine gender also include the feminine gender and words or expression contained in the Articles shall bear the same meaning as in the Act.

Words importing persons include bodies corporate.

Company Registration Office Karachi
Securities and Exchange Commission of Pakistan
SECP

PRIVATE COMPANY

3. The Company is a Private Company within the meaning of clause (49) of sub-section 1 of Section 2, and accordingly:

   (a) the right to transfer the shares in the Company restricted in the manner given hereunder.

   (b) the number of members in the Company is restricted to fifty excluding the persons who are in the employment of the Company; provided that where two or more persons hold one or more shares in the Company jointly the shall be treated as a single member, and

   (c) invitation shall be prohibited to the public to subscribe for the shares, debentures, or redeemable capital of the Company.

CAPITAL

4. The Authorised capital of the Company is Rs. 100,000 (Rupees one hundred thousand only) divided into 10,000 shares of Rs. 10 each. The Company may in its general meeting increase, reduce, consolidate, divide and sub-divide, cancel, reorganize or otherwise vary the rights relating to shares in the said capital and divide shares in the capital for the time being in several classes in accordance with the provisions of the Act.

ISSUE OF SHARES:

5. Subject to the provisions of the Act, the shares shall be under the control of the Board who may allot or otherwise dispose of the same or any of them to such persons, on such terms and conditions, and at such time as the Board thinks fit, and at a premium or at par or (subject to the provisions of the Act) at a discount, and for such consideration as the Board thinks fit.

6. The Board shall, as regards any allotment of shares, duly comply with such provisions of sections 68 to 70 as may be applicable.

7. Subject to Section 83, where at any time the Board decides to increase the issued capital of the Company by issuing any further shares, then subject to any direction to the contrary that may be given by the Company at a General Meeting, such shares shall be offered to the members in proportion to the existing shares held by each member, and such offer shall be made by notice specifying the number of shares to which the member is entitled, and limiting a time within which the offer, if not accepted, will be deemed to be declined and after the expiration of such time, or on receipt of information from the member to whom such notice is given that he declines to accept the shares offered, the Board may dispose

of the same in such manner as it may consider most beneficial to the Company.

FRACTIONAL SHARES

8. If and whenever as a result of an issue of new shares or any consolidation or sub-division of shares any member becomes entitled to hold shares in fractions, the Board shall not be required to offer or issue such fractional shares and shall be entitled to sell whole shares at a reasonable price and pay and distribute to and amongst the members entitled to such fractional shares in due proportion the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Board may authorize any person to transfer the shares sold to the purchaser thereof, and the purchaser shall be registered as the holder of the shares comprised in such transfer but he shall not be entitled to see the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

SHARES IN PAYMENT FOR PROPERTY:

9. Subject to the provisions of the Act and the Articles, the Board may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred, goods or machinery supplied, or for services rendered to the Company in the conduct of the business or affairs, and any shares which may be so allotted may be issued as fully paid up shares, and if so issued, shall be deemed to be fully paid up shares.

EVIDENCE OF MEMBERSHIP:

10. Any application for subscription signed by or on behalf of an applicant or subscriber for shares in the Company, followed by an allotment of any shares therein, shall, be an acceptance of shares within the meaning of the Articles, and every person who thus or otherwise accepts any shares and whose name is entered on the register shall for the purpose of the Articles be a member.

TRUST NOT RECOGNISED:

11. Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register as the holder of any shares as the absolute owner thereof, and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any trust or equity or benami, equitable contingent or other claim to or interest in such shares, on the part of any other person whether or not it shall have express or implied notice thereof.

COMMISSION
UNDERWRITING AND COMMISSION

12. Subject to provision of the Act, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe, (whether absolutely or conditionally) for any shares or debentures, or procuring or agreeing to procure subscription, whether absolute or conditional, for any shares or debentures of the Company, but so that the amount or rate or commission shall not exceed five (5) per cent (or such other rate as may be prescribed by the Commission under the Act) of the price at which the shares are issued, or of the nominal value of the debentures in each case subscribed or to be subscribed. The commission may be paid or satisfied in cash or in shares or debentures of the Company. The Company may also pay brokerage on such rate as may be prescribed by the Commission in respect of any subscription for shares or debentures.

CERTIFICATES
MEMBER'S RIGHT TO CERTIFICATE:

13. Every member shall be entitled without payment to one Certificate for all the shares registered in his name, or upon paying such fee as the Board may from time to time determine, to several Certificates, each for one or more shares. Every certificate of shares shall specify the number and denote the number of shares in respect of which it is issued, and the amount paid thereon. Such certificate shall be issued under Seal, and shall bear the signature of one Director and shall be counter-signed by the Secretary or by a second Director, or by some other person appointed for that purpose by the Board. The Directors, may by resolution determine, either generally or in any particular case, that the signature of any Director(s) may be affixed by some mechanical means in the mode and manner specified in such resolution. Provided that, in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint-holders shall be sufficient delivery to all.

ISSUE OF NEW CERTIFICATE IN PLACE OF DEFACED LOST OR DESTROYED CERTIFICATE:

14. If any Certificate is worn out, defaced or rendered useless, then upon production thereof to the Board, it may order the same to be cancelled and may issue a new Certificate in lieu thereof, and if any certificate is lost or destroyed, then on proof thereof to the satisfaction of the Board and on such indemnity as the Board seems adequate being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. The new certificate may be issued on such terms

and fee as may be prescribed by the Board including payment of expenses incurred by the Company in investigating title.

TRANSFER AND TRANSMISSION
EXECUTION OF TRANSFER:

15. The instrument of transfer of any shares in the Company shall be executed both by the transferor and transferee, and the transferor shall be deemed to remain holder of the share until the name of the transferee is entered in the register of members in respect thereof. The Company shall keep a book to be called the "Register of Transfer" and shall fairly and distinctly enter the particulars of every transfer or transmission of any share therein.

TRANSFER

16. The instrument of transfer of any share shall be in writing in the usual common form or in the form appearing in the next article 17 or as near thereto as circumstances will admit.

FORM OF TRANSFER:

17. I, _____ son/daughter/wife of _____ of _____ of _____, being a _____ national ("Transferor"), in consideration of the sum of Rs. _____ (Rupees _____) paid to me by _____, son/daughter/wife of _____ of _____, being a national of _____ ("Transferee"), do hereby transfer to the Transferee _____ shares, numbered _____ in Trafigura Pakistan (Private) Limited to hold the same unto the said Transferee, his (or her) executors, administrators and assigns subject to the several conditions on which I held the same immediately before the execution hereof.

I, the Transferee, do hereby agree to take the said share(s) subject to the conditions aforesaid.

In Witness Whereof we sign this Form on _____ day of _____,20.....

_____ _____

Transferor Transferee

Witnesses:-

Company Registration Office Karachi
Securities and Exchange Commission of Pakistan
SECP

1) _____

2) _____

WHEN REGISTER MAY BE CLOSED:

18. The Board shall have power, on due notice, (given in the manner prescribed in the Act) to close the Register of Transfers for such period(s) of time not exceeding thirty days at a time or forty-five days in any year.

TRANSMISSION OF SHARES OF DECEASED MEMBER:

19. In case of the death of a shareholder, the survivor, where the deceased was a joint holder, and (subject as hereinafter provided), where the deceased was a sole or only surviving holder, the executors or administrators of the deceased holding a Grant or Probate or Letters of Administration or the nominees of the deceased appointed under Section 79, or any person or persons mentioned in any Succession Certificate effective in Pakistan shall be the only persons recognised by the Company as having any title to the shares, but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability, (whether sole or joint), in respect of any share solely or jointly held by him. In any case in which such a Grant of Probate or Letters of Administration or Succession Certificate to the estate of a deceased sole or only surviving holder has not been obtained or a nomination was not made by the deceased as above mentioned, the Board may, but shall not be bound to, recognise the title of any person claiming to be entitled to the deceased holder's share on production by such claimant of any other evidence of title as the Board may deem sufficient, and upon the claimant furnishing such indemnity, if any as the Board may require.

RIGHT OF THE SURVIVOR TO BE REGISTERED AS A MEMBER OR TO TRANSFER SHARES:

20. Any person becoming entitled to a share in consequence of the death or insolvency of a Member shall upon such evidence being produced as may from time to time be required by the Board have the right either to be registered as a Member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or insolvent person could have made; but the Board shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the deceased or insolvent person before the death or insolvency.

RIGHT OF SURVIVOR TO RECEIVE DIVIDENDS AND OTHER ADVANTAGES:

21. A person becoming entitled to a share by reason of the death or insolvency

of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he was the registered holder of the share, except that he shall not before being registered as a Member in respect of the share, be entitled in respect of it to exercise any rights conferred by membership in relation to meetings of the Company.

COMPANY NOT TO BE LIABLE:

22. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the person having or claiming any equitable right, title or interest to or in the same shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board shall so think fit.

ALTERATION OF CAPITAL
POWER TO INCREASE AUTHORISED CAPITAL:

23. The Company may from time to time by special resolution increase the authorised share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.

CONDITIONS OF ISSUE:

24. Except and so far as otherwise provided by the conditions of issue or by the Articles, any capital raised by the creation of new shares shall be considered part of the authorised capital and shall be subject to the provision herein contained with reference to transfer and transmission, voting and otherwise.

POWER TO REDUCE SHARE CAPITAL:

25. The Company may by Special Resolution reduce its share capital in any manner and with and subject to any incident authorisation and consent required by law.

POWER TO SUB-DIVIDE OR CONSOLIDATE SHARES:

26. Subject to Section 85, the Company may in General Meeting by Ordinary Resolution alter the conditions of its Memorandum as follows:

(a) increase its authorized share capital by such amount as it thinks expedient;

(b) consolidate and divide all and any of its share capital into shares of larger amount than its existing shares.

(b) sub-divide shares or any of them into shares of smaller amounts than originally fixed by the memorandum, subject nevertheless to the provisions of the Act in that behalf;

(c) cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

POWER TO BORROW
POWER OF THE BOARD:

27. The Board may from time to time borrow any moneys for the purposes of the Company from the members or from any other persons, firms, companies, corporations, Government Agencies, institutions or banks, or the Directors may themselves lend moneys or provide finance to the Company.

GIVING OF SECURITIES:

28. The Board may borrow moneys and secure payment thereof in such manner and upon such terms and conditions in all respects as it may think fit, and in particular by the issue of bonds, debentures, or by mortgage or charge or other securities on the whole or any part of the property, assets and rights of the Company (both present and future), including its uncalled capital for the time being.

CONDITIONS OF BONDS ETC

29. Any bonds, debentures or other securities issued or to be issued by the Company shall be under the control of the Board which may issue them upon such terms and conditions and in such manner and for such consideration as shall be considered by the Board to be for the benefit of the Company.

ISSUE AT DISCOUNT:

30. Any bonds, debentures or other securities may be issued at a discount premium or otherwise and with any special privileges as to redemption, surrender, drawings, convertibility into shares, attending and voting at General Meetings of the Company, appointment of Directors, and

otherwise, provided that debentures with the right to be converted into shares shall not be issued without the consent of the Company in General Meeting obtained by special resolution, subject to Section 83.

INDEMNITY TO DIRECTORS:

31. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

GENERAL MEETINGS
GENERAL MEETING WHEN TO BE HELD:

32. A General Meeting, to be called Annual General Meeting, shall be held, in accordance with the provisions of Section 132, within sixteen months from the date of incorporation of the Company and thereafter once at least in every calendar year within a period of four months following the close of its financial year and not more than fifteen months after the holding of its last preceding Annual General Meeting as may be determined by the Board.

EXTRAORDINARY GENERAL MEETING:

33. All general meeting of the Company other than an Annual General Meeting shall be called Extraordinary General Meetings.

WHO MAY CALL EXTRA-ORDINARY GENERAL MEETINGS:

34. The Directors may whenever they think fit, call an Extraordinary General Meeting, and Extraordinary General Meetings shall also be called on such requisition, or in default, may be called by such requisitionists, as is provided by Section 133..

NOTICE OF MEETINGS:

35. Twenty-one days' notice at the least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day and the hour of General Meeting and, in case of special business, all material facts concerning such business, shall be given in a manner provide by the Act for the General meetings to such persons as are, under the Act or the Articles, entitled to receive such notices from the Company.

SPECIAL BUSINESS:

36. All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also all that is transacted at an Annual General Meeting with the exception of declaring a dividend, the consideration of the accounts, balance sheet and the reports of Directors and Auditors, the election of directors, the appointment of, and the fixing of the remuneration of the Auditors. Where it is proposed to pass a Special Resolution at a General Meeting, notice of the Meeting shall specify the intention to propose the Resolution as a Special Resolution.

OMISSION TO GIVE NOTICE:

37. In a case in which notice of any Meeting is given to the shareholders individually, the accidental omission to give notice to any of the shareholders or the accidental non-receipt thereof shall not invalidate the proceedings at any such Meeting.

PROCEEDINGS AT GENERAL MEETING:
QUORUM:

38. Two members present in person or through video-link and representing not less than twenty-five (25%) per cent of the total issued shares of the Company either on their own account or as proxies shall be a quorum for a General Meeting. No business shall be transacted at any General Meeting unless the quorum requisite is present at the time when the Meeting proceeds to business.

WHO TO PRESIDE IN GENERAL MEETING:

39. The Chairman shall be entitled to take the chair at every General Meeting. If there is no Chairman or if at any Meeting he shall not be present within fifteen minutes after the time appointed for holding such Meeting or is unwilling to act, the Directors present may elect a Director as Chairman and if none of the Directors present or being present is unwilling to act as Chairman, the members present shall choose one of the members to be the Chairman.

ADJOURNMENT OF MEETING FOR LACK OF QUORUM:

40. If within half an hour after the time appointed for the holding of a General Meeting a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved; and in every other case shall stand adjourned to the same day in the following week at the same time and place. If at the adjourned meeting a quorum is not present the members present personally being not less than two shall be the quorum and may transact the business for which the meeting was called.

ADJOURNMENT BY CHAIRMAN:

41. The Chairman with the consent of a General Meeting may adjourn any Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting other than business left unfinished in the Meeting from which the adjournment took place.

MINUTES:

42. Minutes shall be made in books provided for the purpose of all resolutions and proceedings at General Meetings, and any such Minutes if signed by any person purporting to have been the Chairman of the Meeting or next following Meeting shall be receivable as evidence of the facts therein stated without further proof.

MINUTE BOOKS:

43. The Books containing Minutes of proceedings of General Meetings of the Company shall be kept at the Registered Office of the Company and shall during business hours (subject to reasonable restrictions as the Board may from time to time impose but so that no less than two hours each day is allowed for inspection) be open to the inspection of any member without charge.

VOTES OF MEMBERS:
VOTE OF MEMBERS:

44. Except as provided in Article 64 hereof, upon a show of hands every member entitled to vote and present in person or by proxy shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote for every share held by him.

RIGHT TO VOTE OF JOINT HOLDERS:

45. In case of joint-holders, the vote of the senior who tender a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint-holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register.

REPRESENTATIVES OF CORPORATE MEMBERS:

46. Company or other body corporate which is a member of the Company may, by resolution of its Directors, or proxy signed by authorised officers, authorise any of its official or any other person to act as its representative at any meeting of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the Company which he represents as if he were an individual shareholder of the Company.

VOTING BY MEMBER OF UNSOUND MIND:

47. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on show of hand or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

POLL BY PROXY:

48. On a poll votes may be given either in person or by proxy.

PROXY:

49. Every proxy shall be appointed in writing under the hand of the appointer or by an agent duly authorised under a Power of Attorney or if such appointer is a Company or corporation under the Common Seal of the Company or corporation or the hand of its Attorney who may be the appointer. A proxy does not have to be a member. A proxy shall have rights of speaking and voting at a meeting which are available to a member present in person at such meeting. A member shall not be entitled to appoint more than one proxy to attend any one Meeting. If any member appoints more than one proxy for any one Meeting and more than one instruments of proxy are deposited with the Company, all such instruments shall be rendered invalid.

IRREVOCABLE PROXY:

50. Any proxy declared expressly on its face to be irrevocable shall not be revoked or be deemed revoked by the member giving such proxy without the consent of the proxy-holder, whether by attendance at any General Meeting held during the period of such proxy or by any other action on his part whatsoever or otherwise during the term of such proxy if such proxy is furnished to and filed with the records of the Company, and the Company shall be bound to recognize and give effect to such proxy in accordance with the terms thereof.

PROXY TO BE DEPOSITED AT THE OFFICE:

51. No person shall act as proxy unless the instrument of his appointment and the Power of Attorney, if any, under which it is signed, shall be deposited at the Office at least forty-eight hours before the time for holding the Meeting at which he proposed to vote.

FORM OF PROXY:

52. As instrument appointing a proxy may be in the following form or a form as near thereto as may be:

"I _____ of _____ in the district of _____ being a member of the _____hereby appoint _____ of _____ as my proxy to vote for me and only on my behalf at the (annual, extraordinary, as the case may be) general meeting of the Company to be held on the _____ day of _____ and at any adjournment thereof."

VALIDITY OF PROXY:

53. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of principal or revocation of the proxy or of any power of attorney under which such proxy was signed, provided that no intimation in writing of the death or revocation shall have been received at the office of the Company before the Meeting or the adjourned Meeting at which proxy is used.

VALIDITY OF VOTE:

54. No objection shall be made to the validity of any vote except at the Meeting or at the poll at which such vote shall be tendered, and every vote whether given in person or by proxy not disallowed at such Meeting or poll shall be deemed valid for all purposes of such meeting or poll.

CHAIRMAN TO DECIDE:

55. If any question is raised, the Chairman of the Meeting shall decide on the validity of every vote tendered at such Meeting in accordance with these Articles.

DIRECTORS:

56. The number of Directors shall be two (2) Directors. The Board shall fix the number of elected Directors of the Company not later than thirty-five (35) days before the convening of the General Meeting at which directors are to be elected and the numbers so fixed shall not be changed except with the prior approval of the General meeting of the Company.

FIRST DIRECTORS:

57. The following shall be the first Directors of the Company and shall hold office until the first Annual General Meeting:

1. Imran MK Yousufzai
2. Ameer Ali
3. [illegible]

Company Registration Office Karachi
Securities and Exchange Commission of Pakistan
SECP

TERM OF OFFICE, REMOVAL AND CASUAL VACANCIES

FIRST DIRECTORS TO RETIRE

58. The first Directors of the Company shall stand retired from office at the first Annual General Meeting of the Company.

ELECTION OF DIRECTORS

59. (i) After the first appointment of Directors, the number of elected Directors fixed by the Board under Article 57 shall be elected to office by the members in General Meeting in the following manner, namely:-

(a)- a member shall have such number of votes as is equal to the product/ of voting shares held by him and the number of Directors to be elected;

(b)- a member may give all his votes to a single candidate, or divide them between more than one of the candidates in such manner as he may choose;

(c)- the candidate who gets the highest number of votes shall be declared elected as Director and then the candidate who gets the next highest number of votes shall be so declared, and so on until the total number of Directors to be elected has been so elected;

(ii) Where the number of candidates is equal to or less than the number of Directors to be elected it will not be necessary to hold an election as laid down in clause (i) of this Article and all the candidates shall be deemed to have been elected under this Article.

TERM OF OFFICE

60. A Director elected under Article 59 shall hold office for a period of three years, unless he earlier resigns or becomes disqualified from becoming Director or otherwise ceases to hold office. A retiring Director shall be eligible for re-election. An election of Directors in the manner prescribed by the preceding Article shall take place in every three years.

REMOVAL

61. The Company may by resolution in General Meeting remove a Director appointed under Article 62 or 68 or elected or deemed to have been elected under Article 64: Provided that a resolution for removing a Director shall not be deemed to have been passed unless the number of votes cast in favour of such a resolution is not less than:

(i) the minimum number of votes that were cast for the election of a

Director at the immediately preceding election of Directors, if the resolution relates to removal of a Director elected in the manner provided in or under Article 64; or

(ii) the total number of votes for the time being computed in the manner laid down in Article 64 divided by the number of Directors for the time being, if the resolution relates to removal of a Director appointed under Article 62 or 68.

CONTINUING DIRECTORS TO ACT:

62. The continuing Directors may act notwithstanding any vacancy in their body, but if the minimum falls below the number fixed by Article 57 thereof, the Directors shall not, except for the purpose of filling a vacancy in their number of or conveying a General Meeting, act so long as the number remains below the minimum.

FILLING CASUAL VACANCY:

63. The Directors may at any time appoint any person to be a Director to fill a casual vacancy in the Board. Any Director so appointed shall hold office for the remainder of the term of the Director in whose place he is appointed.

EXTRA REMUNERATION MAY BE PAID TO A DIRECTOR:

64. Any Director who serves on any Committee or who devotes special attention to the business of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of he statutory duties of a Director may be paid such extra remuneration as may be determined by the Board, provided that so long as is so required by the Securities and Exchange Commission of Pakistan, the remuneration of a Director shall require approval of the Company in General Meeting.

SHARE QUALIFICATION
SHARE QUALIFICATION FOR DIRECTORS

65. Save and except that a Director must be a member (unless he represents the Government, an institution (including a multi-national company) or an authority which is a member on the Board, or is a whole time working Director, or a Chief Executive/Managing Director, or a person representing a creditor on the Board) a Director shall not require any shares qualification, so long as only subscribers shares are in issue. Thereafter, the qualification of a Director shall be his holding five ordinary shares in his own name subscribed either in cash or in kind. In the case of Directors representing interests holding shares of the requisite value, no such share qualification shall be required, provided intimation in writing as to such representation is lodged with the Company forthwith

upon appointment / election of a Director.

GENERAL POWERS OF COMPANY VESTED IN DIRECTORS:

66. The control of the Company shall be vested in the Board and the business of the Company shall be managed by the Board, which may pay all expenses incurred in forming and registering the Company, and may exercise all such powers of the Company as or not by the Act or by these Articles required to be exercised by the Company in General Meeting, subject nevertheless to the regulations of these Articles, to the provisions of the Act and such regulations, (not inconsistent with the aforesaid regulations or provisions) as may be prescribed by the Company in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if the regulation had not been made.

POWER TO OBTAIN FINANCES AND GIVING OF SECURITIES:

67. The Board may exercise all the powers of the Company to borrow and mortgage or change its undertaking, property and assets, (both present and future), and to issue debentures and other securities, whether outright or as collateral security for and debt, liability or obligation of the Company, or of any third party.

MINUTE BOOKS:

68. The Board shall cause Minutes to be made in books provided for the purpose:

(a) of all appointments of officers made by the Directors;

(b) of the names of Directors present at each meeting of the Board and of any Committee of Directors;

(c) of all resolutions and proceedings at all meetings of the Company, and of the Board, and of Committee of Directors; and every Director present at any meeting of Board shall sign his name in a Book to be kept for the purpose.

Any such minutes of any Meeting of the Board or of a Committee of Directors or of the Company, if signed or purporting to be signed by the Chairman of such Meeting, or of the next succeeding Meeting, shall be receivable as evidence of the matters stated in such minutes.

POWERS TO PAY PENSIONS, ETC.:

69. The Board may pay and agree to pay pensions or other requirement, superannuation, death or disability benefits or allowances to any person in

respect of any Director or former Director who may hold or may have held any executive office of employment under the Company, or any subsidiary Company of the Company, or its holding Company, (if any), and for the purpose of providing any such pensions or other benefits or allowances, may contribute to any scheme or fund and may make payments towards insurances or trusts in respect of such persons.

DIRECTORS TO COMPLY WITH THE ACT:

70. The Directors shall duly comply with the provisions of the Act or any statutory modification thereof for the time being in force, and in particular with the provisions in regard to the registration of the particulars of mortgage and charges affecting the property of the Company or created by it, to the keeping of a register of the Directors, and to the sending to the Registrar of an annual list of members, and a summary of particulars relating thereto and notice of any consolidation or increase of share capital, or sub-division of shares, and copies of special resolutions and a copy of the register of Directors and notification of any changes therein.

PROCEEDINGS OF DIRECTORS
MEETING OF DIRECTORS:

71. The Directors may meet together for the dispatch of business, adjourn, and otherwise regulate meetings of the Board as they think fit. A Resolution moved at any meeting of Directors shall be passed by a simple majority vote. The Managing Director or the Secretary may at any time, and shall on the written requisition of two Directors at any time, summon a meeting of the Board. Unless otherwise decided by the Board, at least seven clear days notice must be given to all Directors to summon a meeting of the Board, and such meeting shall set forth the purpose or purposes for which such meeting is summoned. With the consent of all the Directors entitled to receive notice a meeting, or to attend or vote at any such meeting, a meeting of the Board may be convened by shorter notice than specified in this Article. Any Director may waive notice of the time, place and purpose of any meeting of Directors either before, at or after such meeting.

QUORUM OF DIRECTORS' MEETINGS AND POWERS

72. A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion by or under the Article vested in or exercisable by the Board generally. A majority of the Directors present personally or through video-link shall constitute a quorum.

AS TO PRESIDING AT DIRECTORS MEETING:

73. The Chairman shall, whenever present, preside as (Chairman at each

meeting of the Board, but if at any meeting the Chairman is after the time fixed for holding the same, the Directors present shall within fifteen minutes of the time fixed for the meeting choose one of their members to be Chairman of such meeting.

WHEN ACTS OF MEETINGS OF THE BOARD OR COMMITTEE VALID NOTWITHSTANDING DEFECTIVE APPOINTMENT ETC

74. All acts by any meeting of the Board or of a Committee of Directors, or by any person acting as a Director or alternate Directors, or by any person acting as a Director or alternate Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Director or person had been duly appointed and was qualified to act. Provided that as soon as any such defect has come to notice, the Director or other person concerned shall not exercise the right of this office till the defect has been rectified.

RESOLUTION BY CIRCULATION:

75. A resolution in writing signed by all of the Directors shall be effective as if such resolution had been passed at a meeting of the Directors.

ALTERNATE DIRECTOR
POWER TO APPOINT ALTERNATE DIRECTOR:

76. Any Director permanently resident in Pakistan or any Director so resident but intending to be absent from Pakistan for a period of not less than three months may appoint any person acceptable to the Board to be an Alternate Director of the Company in place of him. Every such appointment shall be in writing under the hand of the Director making the appointment. An alternate Director so appointed shall not be entitled to appoint another Director, but shall otherwise be subject to the provisions of the Articles with regard to Directors, except that he need not be a member nor shall he require any share qualification. An alternate Director shall be entitled to receive notices of all meetings of the Board, and to attend and vote as a Director at any such meeting at which the Director appointing him is not present in person, and generally to perform all the functions of his appointer as Director in the absence of such appointer. An Alternate Director shall ipso facto cease to be an Alternate Director if his appointer for any reason ceases to be a Director or if and when his appointer comes or returns to Pakistan, or if the appointee is removed from office by notice in writing under the hand of the appointer.

COMMITTEE OF DIRECTORS:

77. The Board may from time to time delegate all, or any of their powers not required to be exercised at a meeting of the Board to a committee or committees consisting of two or more Directors as the Board thinks fit. Any committee so formed shall conform to any regulations that may be imposed upon it by the Board and shall be governed, in the exercise of the powers so delegated, by the provisions herein contained for regulating meetings and proceedings applicable to the Directors.

CHAIRMAN AND MANAGING DIRECTOR/ CHIEF EXECUTIVE APPOINTMENT OF CHAIRMAN:

78. Upon the first appointment, and thereafter upon each election of Directors, the Directors shall (i) appoint as the Chairman of the Board a Director and (ii) determine the period for which he is to hold office.

APPOINTMENT OF MANAGING DIRECTOR/ CHIEF EXECUTIVE:

79. (i) The Board shall within fifteen days of the incorporation of the Company appoint an individual (including a Director) as the Chief Executive of the Company designated as the Managing Director. The first Managing Director shall hold office until the First Annual General Meeting of the Company (unless he earlier resigns or otherwise ceases to hold office) or until the expiry of a shorter period if the Board had fixed a shorter period for this appointment. If the Managing Director ceases to hold office before the first Annual General Meeting, the Board shall fill the vacancy within fourteen days, but the person appointed to fill the vacancy shall hold office only till the first Annual General Meeting.

(ii) Within fourteen (14) days from the date of an election of Directors under Article 59 or within fourteen (14) days from the date on which office of the Managing Director falls vacant for whatsoever reason, the Board shall appoint any person (including an elected Director) to be the Chief Executive of the Company designated as Managing Director, but such appointment shall not be for a period exceeding three (3) years from the date of appointment.

(iii) Upon the expiry of appointment under clauses (i) and (ii) above a Managing Director shall be eligible for re-appointment.

(iv) The Managing Director shall, if he is not already a Director of the Company, be deemed to be its Director and be entitled to all the rights and privileges, and subject to all the liabilities of the office of Director of the Company.

Company Registration Office Rawalpindi SECP Securities and Exchange Commission of Pakistan

(v) The Directors of the Company by a resolution passed by not less than three-fourths of the total number of Directors for the time being, or the Company by special resolution, may remove a Managing Director before the expiration of his term of office notwithstanding any thing contained (if any) in these Articles or in any agreement between the Company and the Managing Director.

(vi) The terms and conditions of appointment of the Managing Director shall be determined by the Board.

POWERS OF MANAGING DIRECTOR:

80. The Managing Director shall have overall authority over and responsibility for the management of the affairs of the Company and the conduct, and the custody and maintenance of its properties, assets, records and accounts in accordance with the policies and guidelines established by the Board.

In addition, the Board may entrust to and confer upon Managing Director any of the power exercisable by the Board other under the powers which are required to be compulsorily exercised under the Act by the Board at its meeting upon such terms and conditions and with such restrictions as it may think fit, and may from time to time revoke, withdraw, alter to vary all or any of such powers.

DISQUALIFICATION OF DIRECTORS
VACATION OF OFFICE OF DIRECTORS:

81. The office of a Director shall ipso facto be vacated if:

(a) He becomes ineligible to be appointed a Director on any one or more of the grounds enumerated as follows, that is to say, he:

(i) is a minor,

(ii) is of unsound mind;

(iii) has applied to be adjudicated as an insolvent and his application is pending;

(iv) is an undischarged insolvent;

(v) has been convicted by a court of law for an offence involving moral turpitude;

(vi) has been debarred from holding such office under any provision of Act.

(vii) has betrayed lack of fiduciary behavior and a declaration to this effect has been made by the Court under Section 217 at any time during the preceding five years;

(viii) is not a member

Provided that this clause (viii) shall not apply in the case of:

(a) (i) a person representing the Government or an institution of authority which is a member;

(ii) a whole-time Director who is an employee of the Company;

(iii) a Chief Executive; or

(iv) a person representing a creditor.

(b) he absents himself from three consecutive meetings of the Directors or from all the meetings of the Directors for a continuous period of three months, whichever is the longer, without leave of absence from the Directors;

(c) he or any firm of which he is a partner or any private Company of which he is a director:

(i) without the sanction of the Company in General Meeting accepts or holds any office of profit under the Company other than that of chief executive or a legal or technical adviser or a banker, or

(ii) accepts a loan or guarantee from the Company in contravention of Section 182 (if applicable in terms of that section);

(d) he resigns his office by notice in writing to the Company;

(e) he, being a Director who is an employee of the Company, ceases to be an employee of the Company for whatsoever reason;

(f) he does not hold or ceases to hold the share qualification, if any, necessary for his appointment.

The appointment of an alternate Director will constitute leave of absence from the Board to the Director for whom such alternate is appointed during such Director's absence.

THE SEAL

CUSTODY OF SEAL:

82. The Board shall provide a Common Seal for the purposes of the Company and for the safe custody of the Seal, and the Seal shall never be used except by he authority of a resolution of the Board of directors or a Committee of Directors authorized in that behalf by the directors, and two Directors at least shall sign (in the same manner as provided for in Article 13) every instrument to which the Seal is affixed; provided, nevertheless, that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching any authority to issue the same. The Board shall also have power to destroy the Seal and substitute a new Seal thereof, if necessary.

DIVIDENDS AND RESERVES

DECLARATION OF DIVIDENDS AND RESTRICTIONS OF AMOUNT THEREOF:

83. The Company in General Meeting may declare dividends, but no dividends shall exceed the amount recommended by the Board.

INTERIM DIVIDEND:

84. The Board may from time to time pay to the members such interim dividends as appear to be justified by the profit of the Company.

DIVIDEND OUT OF PROFITS ONLY:

85. No dividends shall be paid otherwise than out of profits of the year, or any other undistributed profits of prior years.

DISTRIBUTION OF DIVIDENDS:

86. Subject to the rights of any persons entitled to shares with special rights as to dividends, the profits distributed as dividends shall be distributed among the shareholders and all dividends shall be declared and paid according to the amounts paid on the shares. If any share is issued on the terms that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

POWER OF BOARD TO CREATE RESERVE:

87. The Board may before recommending any dividend, set aside out of the profits of the Company such sum as it thinks proper as a reserve or reserves, which shall, at the discretion of the Board, be applicable for meeting contingencies, or for equalising dividends, or for any other purpose to which the profits of the Company may be properly applied, and

pending such application may, in the like discretion, either be employed in the business of the Company or be invested in such investments, (other than shares of the Company), as the Board may from time to time think fit.

RECEIPTS FOR DIVIDENDS BY JOINT HOLDERS:

88. If several persons are registered as joint holders of any share, any one of them may give effectual receipts for any dividends payable on the share.

NO INTEREST ON DIVIDENDS:

89. No dividend shall bear interest against the Company. The Dividend shall be paid within the period laid down in the Act.

PAYMENT BY POST:

90. (a) Any dividend be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or in the case of joint holders to any one of such joint holders at his registered address, or to such person and at such address as the member or person entitled or such joint holders, as the case may be, may direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, or to order of such other person as the member or person entitled or such joint holders, as the case may be, may direct.

(b) Unclaimed dividends may be invested or otherwise used by Board for the benefit of the Company until claimed.

CARRYING FORWARD OF PROFITS:

91. The Directors may carry forward any profits which they may think prudent not to distribute without setting them aside as a reserve.

CAPITALISATION
CAPITALISATION OF RESERVES:

92. Any General Meeting may, upon recommendation of the Board, by ordinary resolution resolve that any undistributed profits of the Company (including profits carried and standing to the credit of any reserve or reserves or other special accounts or representing premium received on the issue of shares and standing to the Credit of the share premium account and capital reserve arising from realised or unrealised appreciation of the assets or goodwill of the company or from any acquisition/sale of interests in other undertakings) be capitalised. Such capitalised undistributed profits and reserves shall be distributed amongst such of the shareholders as would be entitled to receive the same if

distributed by way of dividend, and in the same proportions, on the footing that they become entitled thereto as capital. All or any part of such capitalised fund may be applied on behalf of such shareholders for payment in full or in part either at par or at such premium as the resolution may provide, for any unissued shares or debentures of the Company which shall be distributed accordingly, and such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum.

ACCOUNTS

BOOKS OF ACCOUNT TO BE KEPT:

93. The Board shall cause to be kept proper books of account as required under section 220 of the Act.

WHERE TO BE KEPT:

94. The books of account shall be kept at the office or at such other place as the Board shall think fit and shall be open to inspection by the Directors during business hours.

INSPECTION BY MEMBERS:

95. The Board shall from time to time determine whether and to what extent and at what time and places and under what conditions or regulations the accounts and books or papers of the Company or any of them shall be open to inspection of the members, and no members (not being a Director) shall have any right of inspecting any account and books or papers of the Company except as conferred by law or authorised by the directors or by the company in general meeting.

PROFIT AND LOSS ACCOUNT AND BALANCE SHEET:

96. Within sixteen months of the incorporation of the Company, and subsequently once at least in every calendar year, the Directors shall cause to be prepared and lay before the Company in General Meeting a balance sheet and profit and loss account, both made up in accordance with the Act and to a date not more than four months before the date of the Meeting for the period, in the case of first balance sheet and profit and loss account, since the incorporation of the Company, and in case of any subsequent balance sheet and profit and loss account, since the preceding account. Every such balance sheet shall be accompanied by an Auditor's report and the Director's report in accordance with the provisions of the Act in that behalf.

COMPLIANCE WITH ACT:

97. The Directors shall in all respects comply with Section 220 to 227 in

regard to accounts of the Company.

COMPANIES OF DIRECTORS' REPORT AND BALANCE SHEET TO BE SENT TO MEMBERS:

98. A copy of the financial statements together with a copy of the Auditor's report and Directors' report shall be sent to all members along with the notice convening the General Meeting before which the same are required to be laid at least twenty- one days preceding the meeting.

AUDIT
APPOINTMENT OF AUDITORS AND THEIR DUTIES:

99. Auditors shall be appointed and their duties regulated in accordance with Sections 246 to 249.

NOTICES:
HOW NOTICE TO BE SERVED ON MEMBERS:

100. (1) A notice may be given by the Company to any member or Director either in person or by sending it to him, at his registered address or, (if he has no registered address in Pakistan), to the address, if any, within or outside Pakistan supplied by him to the Company for the giving of notices to him. A notice may be given by telex or facsimile transmission.

SERVICE BY POST:

(2) Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and, unless the contrary is proved, to have been effected at the time at which the letter would be delivered in the ordinary course of post.

NOTICE TO MEMBERS ABROAD
BY ADVERTISING IN NEWSPAPERS:

101. If a member or Director has no registered address in Pakistan and has not supplied to the Company an address within or outside Pakistan for the giving of notices to him, a notice addressed to him or to the shareholders generally and advertised in a newspaper circulating in the Province in which the Office is situated shall be deemed to be duly given to him on the day on which the advertisement appears.

NOTICE TO JOINT HOLDER:

102. A notice to be given by the Company to the joint-holder of a share by giving the notice to the joint-holder named first in the Register in respect

of the share.

NOTICE TO PERSONS ENTITLED BY TRANSMISSION:

103. A notice may be given by the Company to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased, or assignee of the insolvent, or by any like description, at the address, (if any) in Pakistan supplied for the purpose by the persons claiming to be so entitled, or (until) such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.

NOTICE OF GENERAL MEETING:

104. Notice of every General Meeting shall be given in some manner hereinbefore authorised to (a) every member of the Company except those members who, having no registered address within Pakistan, have not supplied to the Company an address within or outside Pakistan for the giving of notices to them and also to (b) every person entitled to a share in consequence of the death or insolvency of a member, who but for his death or insolvency would be entitled to receive notice of the meeting, and (c) to the auditors of the Company for the time being.

NO SHAREHOLDER TO ENTER THE PREMISES OF THE COMPANY WITHOUT PERMISSION:

105. No member or other person (not being a Director) shall be entitled to enter the property of the Company, or to inspect or examine the Company's premises or properties of the Company, without permission of the Board or the Chairman, or Managing Director, and to require disclosure of any information respecting any details of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade or secret to/of the conduct of the business of the Company and which in the opinion of the Board or the Managing Director will be inexpedient in the interest of the members to communicate.

SECRECY:

106. Every Director, Secretary, Managing Director, Chairman, Manager, Auditor, Trustee, Member of Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by the Board before entering upon his duties, sign a declaration in the form approved by the Board pledging himself to observe strict secrecy representing all transactions of the Company without the customers and the state of accounts with individuals and in matters relating thereto, and shall by declaration pledge himself not to reveal any

of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board, or by any General Meeting, or by a court of law, and except so far as may be necessary in order to comply with any provisions in these presents contained.

WINDING UP

DISTRIBUTIONS OF ASSETS ON WINDING UP:

107. (i) If the Company shall be wound up, (whether voluntarily or otherwise) the Liquidators may, with the sanction of a Special Resolution and any other sanction required by the Act, divide amongst the members in specie or kind, the whole or any part of the assets of the Company, whether they consist of property of same kind or not.

(ii) For purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members of different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, thinks fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY:

108. Every Director, Managing Director, Chairman, Manager or Officer of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor or Adviser, shall be indemnified out of the funds of the Company against any liability incurred by him as such Director, Managing Director, Chairman, Manager, Officer, Auditor, or Adviser in defending any proceedings, whether civil or criminal, in which judgment is given in connection with any application under Section 492 of the Act in which relief is granted to him by the Court.

INDIVIDUAL RESPONSIBILITY OF DIRECTORS:

109. No Director, Managing Director, Chairman or other officer of the Company will be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining any receipt or other act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Director, Managing Director, Chairman, or other officer for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous

act of any person with whom any money, securities or effect shall be deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of duties of his office or in relation thereto, unless the same happens through his own willful act, default or dishonesty.

We the several persons, whose names, address and descriptions are subscribed below, are desirous of being formed into a Company in pursuance of the Articles of Association and we respectively to take the number of shares in the Capital of the Company set opposite our respective names.

Name and surname (present & former) in full (in Block Letters)	NIC No. (in case of foreigner, Passport No)	Father's/ Husband's Name in full	Nationality(ies) with any former Nationality	Occupation	Residential Address in full	Number of shares taken by each subscriber	Signature
IMRAN M.K. YOUSUFZAI	42301-2413018-7	Sultan M K Yousufzai	Pakistani	Business Development Officer	36-II Main Khayaban-e-Muslim Phase 6 DHA Karachi	1	
AMEER ALI	44206-4654925-3	Allah Warrayo	Pakistani	Business Development Officer	H # 236, St # 62, MPCHS, E-11/3, Islamabad	1	
					Total	2	

Dated the 15 day of July

First Witness to Above Signatures	
Signature	
Full Name (in Block Letters)	RAJA MUNEEB AHMED
Father's / Husband's name	RAJA KHALIL AHMED

Nationality	PAKISTANI
Occupation	ENGINEER
CNIC NO	37405-2382797-3
Full Address	PLOT 6B, F-10, MARKAZ, ISLAMABAD

Second Witness to Above Signatures	
Signature	
Full Name (in Block Letters)	AEON ALI
Father's / Husband's name	[illegible] ALI
Nationality	[illegible]
Occupation	[illegible]
CNIC NO	[illegible]
Full Address	PLOT 6B, F-10, MARKAZ, ISLAMABAD

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Certified to be True Copy
Deputy Registrar of Companies
Date 04/08/2017

THE COMPANIES ACT, 2017
(COMPANY LIMITED BY SHARES)

MEMORANDUM OF ASSOCIATION

OF

TRAFIGURA PAKISTAN (PRIVATE) LIMITED

I. The name of the Company is "Trafigura Pakistan (Private) Limited".

II. The Registered Office of the Company will be situated in the Province of the SINDH, Pakistan.

III. The objects for which the Company is established are all or any of the following:

1. The principal line of business of the company shall be to carry out the business of the import, export transport, market, and distribute of LNG, LPG, NGL, RLNG and all other related liquids and chemicals including the business of purchase or otherwise acquire, sale, store, transport, market, distribute, supply, sell, import, export, and otherwise dispose of and generally trade in any and all kinds of petroleum and petroleum products, oil, gas, hydrocarbons, petrochemicals, asphalt, bituminous substances and to undertake all such activities as are connected herewith or ancillary thereto and to take over the running or likely to be running business of alike nature with or without assets, liabilities, rights, privileges, registration, trade mark, import and export registration or any other facility and establishing and operating a terminal including a jetty, pipelines with all machinery and equipment and supporting facilities for the handling, re-gasification and any activities or services relating or ancillary thereto.

2. Except for the businesses mentioned in sub-clause (1) hereunder, the company shall engage in all the lawful businesses and shall be authorized to take all necessary steps and activities in connection therewith and ancillary thereto.

3. Notwithstanding anything contained in the foregoing sub-clauses of this clause nothing contained herein shall be construed as empowering the Company to undertake or indulge, directly or indirectly in the business of a Banking Company, Non-banking Finance Company (Mutual Fund, Leasing, Investment Company, Investment Advisor, Real Estate Investment Trust management

company, Housing Finance Company, Venture Capital Company, Discounting Services, Microfinance or Microcredit business), Insurance Business, *Modaraba* management company, Stock Brokerage business, forex, real estate business, managing agency, business of providing the services of security guards or any other business restricted under any law for the time being in force or as may be specified by the Commission.

IV. It is hereby undertaken that the company shall not:

(a) engage in any of the business mentioned in sub-clause (3) above or any unlawful operation;

(b) launch multi-level marketing (MLM), Pyramid and Ponzi Schemes, or other related activities/businesses or any lottery business;

(c) engage in any of the permissible business unless the requisite approval, permission, consent or licence is obtained from competent authority as may be required under any law for the time being in force.

V. The liability of the members is limited.

VI. The authorised share capital of the Company is Rs. 100,000/- (Rupees Hundred Thousand) divided into 10,000 (Ten Thousand) shares of the nominal value of Rs. 10/- (Rupees Ten) each with the rights, privileges and conditions attached thereto as are provided for the time being, with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes.

Company Registration Office - Securities and Exchange Commission

We, the several, persons whose names and addresses are subscribed below are desirous of being formed into a Company in pursuance of this Memorandum of Association:-

Name and surname (present & former) in full (in Block Letters)	NIC No. (in case of foreigner, Passport No)	Father's/ Husband's Name in full	Nationality(ies) with any former Nationality	Occupation	Residential Address in full	Number of shares taken by each subscriber	Signature
IMRAN M.K. YOUSUFZAI	42301-2413018-7	Sultan M K Yousufzai	Pakistani	Business Development Officer	36-II Main Khayaban-e-Muslim Phase 6 DHA Karachi	1	
AMEER ALI	44206-4654925-3	Allah Warrayo	Pakistani	Business Development Officer	H # 236, St # 62, MPCHS, E-11/3, Islamabad	1	
					Total	2	

Dated the 15 day of July , 2017

First Witness to Above Signatures	
Signature	
Full Name (in Block Letters)	RAJA MUNEEB AHMED
Father's / Husband's name	RAJA KHALID AHMED
Nationality	PAKISTANI
Occupation	ENGINEER
CNIC NO	37405-2382797-3
Full Address	PLOT 6B, F-10, MARKAZ, ISLAMABAD

Second Witness to Above Signatures	
Signature	
Full Name (in Block Letters)	ASIM ALI
Father's / Husband's name	ASGHAR ALI

Company Registration Office Karachi
Securities and Exchange Commission of Pakistan
SECP

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Nationality	PAKISTANI
Occupation	ENGINEER
CNIC NO	44206-8952582-9
Full Address	PLOT 6B, F-10, MARKAZ, ISLAMABAD

Company Registration Office Karachi
Securities and Exchange Commission of Pakistan
SECP

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Certified to be True Copy
Deputy Registrar of Companies
Date 6/12/2017

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FORM 1

THE COMPANIES ACT, 2017
(Section 16(1)(a))

DECLARATION OF APPLICANT FOR INCORPORATION

Securities & Exchange Com
Diary No. 102730
03 AUG 2017
CRO KARACHI

Please complete in typescript or in bold block capitals.

1. Name of the Company: Trafigura Pakistan (Private) Limited
2. Presented by: IMRAN M.K. YOUSUFZAI
3. Fee Paid (Rs.): 5000-- Name & Branch of the Bank: MCB
4. Receipt No.: M-2017-017-263 Date: Day 01 Month 08 Year 2017
   (Bank Challan to be attached in original)
5. Declarant's Name & Designation: M.K Imran Yousufzai
6. Declarant's Father Name: Sultan MK Yousufzai
7. Profession/ Designation (delete the portion not applicable): a person named in the articles as Director and Officer of the proposed company.
8. Declaration:
   I do hereby solemnly and sincerely declare that:
   a) I am the above named declarant;
   b) all the requirements of the Companies ACT, 2017., and the rules made there under in respect of matters precedent to the registration of the said Company and incidental thereto have been complied with and
   c) I make this solemn declaration conscientiously believing the same to be true.
9. Signature of Declarant
10. N.I.C No. of Declarant: 42301-2413018-7
11. Signature of Witness
12. Name and Father's Name of the witness: Aamir Abbas | Ghulam Muhammad
13. N.I.C No. of the witness: 38201-1252023
14. Address of the witness: Ghora Sawar Lane - Police Line Garden - Karachi
15. Date: Day 01 Month 08 Year 2017

Company Registration Office Karachi
Securities and Exchange Commission of Pakistan
SECP

Certified to be True Copy
Deputy Registrar of Companies
Date: 24/08/2017

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FORM 21

THE COMPANIES ACT, 2017.
[Section 21]

NOTICE OF SITUATION OF REGISTERED OFFICE OR ANY CHANGE THEREIN

Securities & Exchange Commission of Pakistan
Corporate Diary No. 107790
03 AUG 2017
RO KARACHI

Please complete in typescript or in bold block capitals.

1. CUIN (Incorporation Number)
2. Name of the Company: Trafigura Pakistan (Private) Limited
3. Fee Paid (Rs.): 500/- Name & Branch of The Bank: MCB Bank Ltd
4. Receipt No.: M-2017-097383 Date (Day Month Year): 31 07 2017
   (Bank challan to be attached in original)
5. The situation of registered office of the company was changed from (state previous address): NA
6. The registered office of the Company is now situated at: 4th Floor, State Life Building 1-C, I.I. Chundrigar Road, Karachi, Pakistan
   (State full address with identifiable number / name of the premises or building and street, road and locality besides the name of the town and postal area, where applicable).
6.1 Telephone No.: +92-21-32419448
6.2. Fax No, if any: NA
6.3. E-mail address: waqas.aftab.shaikh@pk.pwc.com
7. With effect from (date) (Day Month Year): SINCE INCORPORATION.
8. Signatures of Chief Executive/ Secretary
9. Name of Signatory: Imran Yousufzai
10. Designation: Director (Proposed)
11. NIC Number of signatory: 42301-3018-7
12 Date (Day Month Year): 01 0 1 7

Company Registration Office Karachi - Securities and Exchange Commission of Pakistan

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Deputy Registrar of Companies
Karachi
04/08/21

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Annexure – B

TRAFIGURA PAKISTAN (PRIVATE) LIMITED

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A031694

SECP

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

COMPANY REGISTRATION OFFICE, KARACHI

CERTIFICATE OF INCORPORATION

[Under section 16 of the Companies Act, 2017 (XIX of 2017)]

Corporate Universal Identification No. **0110562**

I hereby certify that **TRAFIGURA PAKISTAN (PRIVATE) LIMITED** is this day incorporated under the Companies Act, 2017 (XIX of 2017) and that the company is **limited by shares.**

Given under my hand at **Karachi** this **Fourth** day of **August, Two Thousand** and **Seventeen**.

Incorporation fee Rs. **2,500/=**

(Kashif Mahmood)
Deputy Registrar of Companies

Certified to be True Copy
Deputy Registrar of Companies
Date: 04/08/2017

Company Registration Office Karachi
Securities and Exchange Commission of Pakistan
SECP

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Annexure – C

TRAFIGURA PAKISTAN (PRIVATE) LIMITED

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Company Registration No. 199601595D

Trafigura Pte Ltd

Annual Financial Statements
30 September 2016

Certified True Copy

NOTARY PUBLIC
Edward D Souza
N2017/0072
1 Apr 2017 - 31 Mar 2018
SINGAPORE

REPUBLIC OF SINGAPORE
NOTARY PUBLIC

EY
Building a better working world

General information

Directors

Edmundo Abdon Vidal Cornelio
José Maria Larocca
Nicolas Simian
William Kenneth Loughnan
Gary Julien Le-Men (resigned on 18 November 2015)
Pierre Andre Jacques Lorinet (resigned on 1 October 2015)
Jonathan David Pegler (resigned on 31 March 2016)
Martin Urdapilleta (appointed on 1 October 2015)
Chin Hwee Tan (appointed on 25 April 2016)

Company Secretaries

Daphne Ang Yee Koon (resigned 1 January 2016)
Josephine Tan Bee Suan (resigned 1 January 2016)
Seet Shu Shyan Christine (appointed 1 October 2015)

Registered Office

10 Collyer Quay,
#29-00 Ocean Financial Centre,
Singapore 049315

Auditor

Ernst & Young LLP

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Independent auditor's report	3
Balance sheet	5
Statement of comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	10

The Directors are pleased to present their statement to the member together with the audited financial statements of Trafigura Pte Ltd (the "Company") for the financial year ended 30 September 2016.

1) Opinion of the directors

In the opinion of the directors,

(i) the accompanying balance sheet, statement of comprehensive income, statement of changes in equity, and statement of cash flows together with notes thereto (collectively, the "financial statements") are drawn up so as to give a true and fair view of the financial position of the Company as at 30 September 2016 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2) Directors

The directors of the Company in office at the date of this statement are:

Chin Hwee Tan
Edmundo Abdon Vidal Cornelio
José Maria Larocca
Martin Urdapilleta
Nicolas Simian
William Kenneth Loughnan

3) Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate other than under the employee share scheme of the holding company, Trafigura Beheer B.V. whereby employees, upon the invitation of Trafigura Beheer B.V., may acquire shares in Trafigura Beheer B.V.

4) Directors' interests in shares and debentures

The Company obtained a waiver from the Accounting and Corporate Regulatory Authority under Section 202 of the Singapore Companies Act, Chapter 50 from complying with the requirement to disclose, and therefore did not disclose the directors' interest in shares and debentures under Section 201(6)(g) for the financial year ended 30 September 2016.

5) Option to take up unissued shares

Since the end of the previous financial year, no option to take up unissued shares of the Company was granted.

6) Option exercised

Since the end of the previous financial year, no shares of the Company were issued by virtue of the exercise of option to take up unissued shares of the Company.

7) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company under option.

8) Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors,

Tan Chin Hwee
Director

William Kenneth Loughnan
Director

Singapore

16 JAN 2017

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Independent auditor's report to the member of Trafigura Pte Ltd

Report on the financial statements

We have audited the accompanying financial statements of Trafigura Pte Ltd (the "Company") which comprise the balance sheet as at 30 September 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independent auditor's report to the member of Trafigura Pte Ltd

Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 30 September 2016 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

16 January 2017

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Balance sheet as at 30 September 2016

	Note	30 September 2016 USD'M	30 September 2015 USD'M
Assets			
Property, plant and equipment	5	115.3	182.6
Intangible assets	6	94.9	93.6
Investment in subsidiaries	7	497.3	389.2
Investment in associates	7	134.5	16.3
Other investments	7	91.8	30.6
Derivatives	23	244.1	139.7
Prepayments	8	833.1	1,028.7
Loans receivable	9	4,091.0	3,770.8
Deferred tax assets	19	–	10.2
Total non-current assets		6,102.0	5,661.7
Inventories	10	8,334.7	5,409.7
Trade and other receivables	11	13,294.2	12,372.1
Derivatives	23	747.4	2,269.4
Prepayments	8	1,932.1	1,734.0
Income tax receivable		13.9	0.9
Deposits		7.0	46.0
Cash and cash equivalents	12	2,386.2	1,884.3
Total current assets		26,715.5	23,716.4
Total assets		**32,817.5**	**29,378.1**
Equity			
Share capital	15	328.0	328.0
Capital contribution reserve	16	231.3	189.7
Cash flow hedge reserve	16	12.2	(14.7)
Retained earnings	16	671.6	939.2
Total shareholder's equity		1,243.1	1,442.2
Liabilities			
Loans and borrowings	14	7,110.4	6,928.0
Deferred tax liability	19	154.9	140.7
Provisions	20	33.7	33.7
Derivatives	23	202.5	290.4
Total non-current liabilities		7,501.5	7,392.8
Trade and other payables	13	8,727.5	8,735.9
Derivatives	23	933.3	724.8
Loans and borrowings	14	14,267.2	10,949.1
Income tax payable		144.9	133.3
Total current liabilities		24,072.9	20,543.1
Total shareholder's equity and liabilities		**32,817.5**	**29,378.1**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Statement of comprehensive income for the year ended 30 September 2016

	Note	2016 USD'M	2015 USD'M
Revenue		86,123.9	82,201.5
Cost of sales		(84,738.3)	(80,591.8)
Gross profit		1,385.6	1,609.7
Other income/(expenses)	18	(3.2)	9.9
Employee benefit expenses	17	(235.0)	(189.4)
Depreciation and amortisation	5,6	(50.0)	(45.8)
Other general and administrative expenses		(264.8)	(308.0)
Operating profit		832.6	1,076.4
Finance income		595.1	455.3
Finance costs		(547.9)	(579.3)
Net financing income/(costs)		47.2	(124.0)
Profit before tax		879.8	952.4
Income tax expense	19	(42.4)	(69.8)
Profit for the year		**837.4**	**882.6**
Comprehensive income attributable to shareholders		**837.4**	**882.6**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Statement of changes in equity for the year ended 30 September 2016

	Share capital USD 'M	Capital contribution reserve USD 'M	Cash flow hedge reserve USD 'M	Retained earnings USD 'M	Total Shareholder's equity USD 'M
Balance at 1 October 2015	328.0	189.7	(14.7)	939.2	1,442.2
Gain on cash flow hedges	–	–	24.5	–	24.5
Transfer to profit or loss on loans repayment	–	–	2.4	–	2.4
Dividends paid	–	–	–	(1,105.0)	(1,105.0)
Transfer to profit or loss on disposal of equity-accounted investee	–	(1.4)	–	–	(1.4)
Total comprehensive income for the year	–	–	–	837.4	837.4
Share-based payments	–	43.0	–	–	43.0
Balance at 30 September 2016	**328.0**	**231.3**	**12.2**	**671.6**	**1,243.1**

	Share capital USD 'M	Capital contribution reserve USD 'M	Cash flow hedge reserve USD 'M	Retained earnings USD 'M	Total Shareholder's equity USD 'M
Balance at 1 October 2014	213.0	162.5	34.4	827.0	1,236.9
Issue of share capital during the year	115.0	–	–	–	115.0
Loss on cash flow hedges	–	–	(49.1)	–	(49.1)
Dividends paid	–	–	–	(770.4)	(770.4)
Total comprehensive income for the year	–	–	–	882.6	882.6
Share-based payments	–	27.2	–	–	27.2
Balance at 30 September 2015	**328.0**	**189.7**	**(14.7)**	**939.2**	**1,442.2**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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Statement of cash flows for the year ended 30 September 2016

	Note	2016 USD'M	2015 USD'M
Cash flows from operating activities			
Profit before tax		879.8	952.4
Adjustments for:			
Depreciation	5	20.5	21.2
Amortisation of intangible assets	6	29.4	24.6
Impairment losses on financial assets	18	53.5	95.8
Impairment losses on non-financial fixed assets	18	15.2	–
Gain on fair value through profit or loss instrument	18	(10.0)	–
Fair value changes on derivative financial instruments	23	1,449.5	(920.6)
Allowance for doubtful receivables	11	4.6	12.7
Provisions	20	–	32.5
Loss on disposal of property, plant and equipment	18	2.5	–
Loss on disposal of equity-accounted investee	18	4.5	–
Loss on disposal of other investments	18	1.6	–
Dividend income	18	(50.9)	(101.2)
Net finance (income)/costs		(47.3)	124.0
Equity-settled share-based payment transactions	17	43.0	27.2
Operating cash flow before working capital changes		**2,395.9**	**268.6**
Changes in:			
Inventories	10	(2,925.0)	(379.7)
Trade and other receivables	11	(964.7)	837.2
Deposits	12	39.0	(46.0)
Prepayments	8	(17.7)	(728.3)
Trade and other payables	13	(8.4)	(41.4)
Cash flows from / (used in) operating activities		**(1,480.9)**	**(89.6)**
Interest paid		(547.9)	(579.3)
Interest received		595.1	455.3
Tax paid		(19.4)	(27.8)
Net cash flows from / (used in) operating activities		**(1,453.1)**	**(241.4)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	5	(190.0)	(116.5)
Disposal of property, plant and equipment	5	234.7	50.3
Acquisition of intangible assets	6	(30.9)	(28.9)
Acquisition of subsidiaries	7	(108.1)	(99.5)
Dividend received	18	50.9	101.2
(Acquisition) / disposal of other investments	7	(61.7)	12.2
(Acquisition) / disposal of equity-accounted investee	7	(124.3)	13.3
Increase in loans receivable and advances	9	(326.8)	(1,372.0)
Net cash used in investing activities		**(556.2)**	**(1,439.9)**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of cash flows for the year ended 30 September 2016 (cont'd)

	Note	2016 USD'M	2015 USD'M
Cash flows from financing activities			
Proceeds from long-term loans and borrowings	14	20.0	922.5
Proceeds from intercompany loans	14	913.1	(483.8)
Dividends paid		(1,105.0)	(770.4)
Issuance of shares	15	–	115.0
Increase of short-term bank financing	14	2,683.1	2,269.7
Net cash from financing activities		**2,511.2**	**2,053.0**
Net increase in cash and cash equivalents		**501.9**	**371.7**
Cash and cash equivalents at 1 October	12	1,884.3	1,512.6
Cash and cash equivalents at 30 September (note 12)		**2,386.2**	**1,884.3**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

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1. Corporate information

The financial statements of Trafigura Pte Ltd (the "Company") for the financial year ended 30 September 2016 were authorised for issue in accordance with a resolution of the Directors on 16 January 2017.

The Company is a private limited liability company which is incorporated in Singapore. The Company is a wholly-owned subsidiary of Trafigura Trade Investments B.V., incorporated in The Netherlands. The penultimate holding company and ultimate holding company are Trafigura Beheer B.V. and Farringford N.V. respectively. Trafigura Beheer B.V is incorporated in The Netherlands while Farringford N.V is incorporated in Curaçao.

The Company has branch offices in the following locations: Panama, Fujairah, DMCC, Oman, Papua New Guinea, Lucerne, Geneva and Uruguay.

The registered office and principal place of business of the Company is located at 10 Collyer Quay, #29-00 Ocean Financial Centre, Singapore 049315.

The principal activity of the Company is that of oil, oil product, concentrates, refined metals and coal commodity trading. There have been no significant changes in the nature of these activities during the year.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis unless otherwise indicated.

The financial statements are presented in 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 Company's principal operating activities. Most of the markets in which the Company is involved, are USD denominated.

Certain reclassifications have been made to the prior year presentation to conform to that of the current year. Changes on the classification of the balance sheet and the statement of comprehensive income have been made to increase clarity of the presentation.

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3. Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 October 2015. The adoption of these standards did not have any significant effect on the financial performance or position of the Company.

The Company has early adopted FRS 109 Financial Instruments. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. Changes in accounting policies resulting from the adoption of FRS 109 have been applied retrospectively. The impact of this early adoption has been applied to the 2015 comparative figures (as FRS 109 has been applied from 1 October 2014). As such, the Company has not applied any transition exceptions or exemptions permissible under FRS 109, except for the continuation of hedge accounting. The application of FRS 109 has had no effect on the net equity of the Company as at 1 October 2014 and no effect on net equity at 30 September 2015.

3.1 *Consolidation exemption*

The Company is an indirect, wholly-owned subsidiary of Trafigura Beheer B.V., incorporated in The Netherlands, which prepares consolidated financial statements for public use. In accordance with FRS 27, the Company need not present consolidated financial statements of the Company and its subsidiary companies. The registered address of Trafigura Beheer B.V. is located at Evert van de Beekstraat, 1, 82, The Base, Tower B, 5th floor, 1118 CL Schiphol, the Netherlands.

3.2 *Foreign currency transactions*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

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3. Significant accounting policies

3.3 *Investments*

(a) *Subsidiary*

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are accounted for at cost less impairment losses.

(b) *Associate*

An associate is an entity over which the Company has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

Investment in an associated company is accounted for at cost, less impairment losses if any.

(c) *Other Investments*

Other investments refer to investments in entities that are not regarded to be a subsidiary, an associate or joint venture. The other investments are classified as financial assets as described in Note 3.9.

3.4 *Common control business combination*

Business combinations in which all of the businesses are ultimately controlled by the same party/parties both before and after the business combinations (and where control is not transitory) are referred to as common control business combinations.

The carrying amounts of the acquired assets and liabilities of the business are accounted for from the perspective of the common control shareholder at the date of the transfer (i.e. carrying amounts as reflected in the financial statements of the selling entity). No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the identifiable assets and liabilities and contingent liabilities of the acquired business over cost at the time of the common control business combination to the extent of the continuation of the controlling party's interests. The excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired is recognised within equity.

The result of the business acquired is included in the Company financial statements from the date control transfers from the selling entity to the Company.

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3. Significant accounting policies (cont'd)

3.5 *Fair value measurement*

The Company measures financial instruments, such as, derivatives, and non-derivative assets such as available-for-sale financial assets, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 23.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. Significant accounting policies (cont'd)

3.6 *Intangible assets*

An intangible asset acquired as part of a business combination is measured at fair value at the date of acquisition and is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights.

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(a) *Mineral and petroleum rights*

Mineral and petroleum reserves, resources and rights (together "Mineral Rights") which can be reasonably valued, are recognised in the assessment of fair values on acquisition. Mineral rights for which values cannot be reasonably determined are not recognised. Exploitable mineral rights are amortised using the unit of production method over the commercially recoverable reserves and, in certain circumstances, other mineral resources. Mineral resources are included in amortisation calculations where there is a high degree of confidence that they will be extracted in an economic manner. Mineral resources are included in amortisation calculations where there is a high degree of confidence that they will be extracted in an economic manner.

(b) *Other Intangible assets*

Other intangible assets include licences and are stated at cost, less accumulated amortisation and accumulated impairment losses. Licences are amortised over the term of the licence, generally not exceeding 10 years.

3. Significant accounting policies (cont'd)

3.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the end of the reporting period.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	–	20 - 33 years
IT equipment	–	1 - 5 years
Other fixed assets	–	1 - 5 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the profit or loss in the year the asset is derecognised.

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3. Significant accounting policies (cont'd)

3.8 *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.9 *Financial Instrument*

The financial assets are classified in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes. Reclassification takes place at the first day of the financial year following the financial year in which the business model changes.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.

3. Significant accounting policies (cont'd)

3.9 *Financial Instrument (cont'd)*

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement of debt instruments depends on the Company business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

(a) *Amortised cost*

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows, and

- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include loans receivable, trade and other receivables, and other financial assets that are held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in other income.

(b) *Fair value through other comprehensive income*

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

3. Significant accounting policies (cont'd)

3.9 *Financial Instrument (cont'd)*

(c) *Financial assets at fair value through profit or loss*

The Company classifies the following financial assets at fair value through profit or loss:

- Debt investments that do not qualify for measurement at amortised cost:
- Debt investments that do not qualify for measurement at fair value through other comprehensive income; and
- Debt investments that have been designated at fair value through profit or loss.

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as other income/(expenses) in profit or loss. Interests, dividends and gain/loss on foreign exchange on financial assets at fair value through profit or loss are included separately in finance income or other income respectively.

The Company enters into prepayment agreements where purchases of commodities are prepaid. When the prepayment agreement can be settled in cash or another financial asset, it is classified at amortised cost in line with FRS 109. When settlement of the prepayment agreement solely occurs by having the commodities physically delivered, these agreements are not classified as financial instruments as they do not meet the definition of a financial asset. Interest received on prepayment agreements is presented in finance income in the statement of profit or loss.

The Company invested in listed equity securities and unlisted equity investments. The Company subsequently measures all equity investments at fair value. The Company classifies the following financial assets at fair value through profit or loss:

- Equity investments that are held for trading; and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income.

Where Company management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit or loss as applicable.

3. Significant accounting policies (cont'd)

3.9 *Financial Instrument (cont'd)*

(c) *Financial assets at fair value through profit or loss (cont'd)*

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position if, and only if, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial liabilities

The Company measures non-derivative financial liabilities at amortised cost. The non-derivative financial liabilities are recognised initially a fair value less any directly attributable transaction costs. Subsequent to initial recognition, the financial liabilities are measured at amortised cost using the effective interest method.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Derivative financial instruments, including hedge accounting

Derivative instruments, which include physical contracts to sell or purchase commodities that do not meet the own use exemption, are initially recognised at fair value when the Company becomes a party to the contractual provisions of the instrument and are subsequently remeasured to fair value at the end of each reporting period. Any attributable transaction costs are recognised in profit or loss as incurred.

The Company utilises derivative financial instruments (shown separately in the statement of financial position) to hedge its primary market risk exposures, primarily risks related to commodity price movements, and to a lesser extent, exposure to foreign currency exchange rates and interest rate movements. Commodity derivative contracts may be utilised to hedge against commodity price risk for fixed priced physical purchase and sales contracts, including inventory. Commodity swaps, options and futures are used to manage price and timing risks in conformity with the Company's risk management policies.

Generally, the Company does not apply hedge accounting, but in some instances it may elect to apply hedge accounting. The Company elects to apply fair value hedge accounting to hedge certain risk components of non-financial hedged items. When applicable, the Company designates derivative hedging instruments as fair value hedges in relationship to the hedged item. The hedged item may be individual risk components which are separately identifiable and reliably measurable. The designated hedge derivatives are accounted for at fair value through profit and loss and reflected on the balance sheet as either a recognised asset or liability or an unrecognised firm commitment. Each of the identified risk components of the hedged item will be revalued at each period with its corresponding benchmark accounted for at fair value and recognised through profit and loss and reflected on the balance sheet as either a recognised asset or liability or an unrecognised firm commitment.

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3. Significant accounting policies (cont'd)

3.9 *Financial Instrument (cont'd)*

Derivative financial instruments, including hedge accounting (cont'd)

The Company documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

Those derivatives qualifying and designated as hedges are either;

(i) A fair value hedge of the change in fair value of a recognised asset or liability or an unrecognised firm commitment, or

(ii) A cash flow hedge of the change in cash flows to be received or paid relating to a recognised asset or liability or a highly probable transaction.

A change in the fair value of derivatives designated as a fair value hedge is reflected together with the change in the fair value of the hedged item in the statement of profit or loss. A change in the fair value of derivatives designated as a cash flow hedge is initially recognised as a cash flow hedge reserve in OCI. The deferred amount is then released to the statement of profit or loss in the same periods during which the hedged transaction affects the statement of profit or loss.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remain in equity and is reclassified to profit or loss when the forecast transaction affects in profit or loss.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for at the time of the hedge relationship rebalancing.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e. the underlying contractual cash flows).

Where the Company will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and noncurrent portions).

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3. Significant accounting policies (cont'd)

3.10 *Cash and cash equivalents and statement of cash flows*

Cash and cash equivalents include all cash on hand and short-term highly liquid investments such as deposits with original maturities of three months or less.

The statement of cash flows is presented using the indirect method.

3.11 *Impairment of financial assets*

(a) *Non-derivative financial assets*

The Company assesses the expected credit losses associated with its debt instruments and trade receivables carried at amortised cost and fair value through other comprehensive income. The impairment provisions for financial assets disclosed in Note 18 are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) *Trade receivables*

The Company applies the simplified approach to providing for expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables. In calculating the expected credit loss rates for trade receivables, the company considers historical loss rates for each category of counterparties, and adjusts for forward looking macroeconomic data. Refer to Note 11 for the loss provision on trade receivables.

(c) *Loans receivable*

Over the term of the loans, the Company manages its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of counterparties, and adjusts for forward looking macroeconomic data. The Company classifies its loans receivable in three categories that reflect their credit risk as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Non-performing	Interest and/or principal repayments are past due and credit risk level shows a significant increase	Lifetime expected losses
Write-off	Based on observable data the interest and/or principal will not be collected	Asset is written off through profit or loss to extent of expected loss

3. Significant accounting policies (cont'd)

3.11 *Impairment of financial assets (cont'd)*

(c) *Loans receivable (cont'd)*

The Company recognises expected credit losses when a payment is received past it's due date, even though it is received in full. Refer to Note 18 for the loss provision on loans receivable.

(d) *Write-off*

The Company also assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that the loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If the decrease in impairment relates to an objective event occurring after the impairment was recognised, a previously recognised impairment loss is reversed to a maximum of the amount required to carry the asset at amortised cost at the time of the reversal if no impairment had taken place while taking into consideration the expected credit losses associated to the instrument. The Company recognises in profit or loss, as write-back of impairment, the amount of expected credit losses reversal that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised under the expected credit loss model.

3.12 *Inventories*

Trading-related inventories are measured at fair value less costs to sell.

Inventories of non-trading related products are measured at the lower of cost or net realisable value. Costs comprise all costs of purchases and other costs incurred.

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3. Significant accounting policies (cont'd)

3.13 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

3.14 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.15 *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. Significant accounting policies (cont'd)

3.16 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised.

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the buyer, which is usually the date of the Bill of Lading. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Dividend income*

Dividend income is recognised when the Company's right to receive payment is established.

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3. Significant accounting policies (cont'd)

3.17 *Employee benefits*

(a) *Defined contribution plan*

The Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Company make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee share plan*

Employees of the Company receive remuneration in the form of shares of Trafigura Beheer B.V. as consideration for services rendered. This is considered an equity-settled share scheme as the Company neither has a present legal nor constructive obligation to settle in cash nor has a past practice or stated policy of settling in cash.

The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share option reserve is transferred to retained earnings upon expiry of the share option.

3.18 *Leases*

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

3. Significant accounting policies (cont'd)

3.19 *Income taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3. Significant accounting policies (cont'd)

3.19 *Income taxes (cont'd)*

(b) *Deferred tax (cont'd)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales taxes*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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3. Significant accounting policies (cont'd)

3.20 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3.21 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

3. Significant accounting policies (cont'd)

3.21 *Related parties (cont'd)*

(b) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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4. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The Company has identified the following areas as being critical to understanding its financial position as they require management to make complex and/or subjective judgments and estimates about matters that are inherently uncertain.

4.1 *Valuation of derivative instruments*

Derivative instruments are carried at fair value and the Company evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by FRS 113. Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiable inputs (Level 2); or by using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring the Company to make market based assumptions (Level 3). For more details refer to Note 23. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4.2 *Fair value*

Fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty; particularly where comparable market based transactions rarely exist.

4.3 *Provisions*

The amount recognised as a provision, including tax, legal, restoration and rehabilitation, contractual and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

4. Significant accounting judgement and estimates (cont'd)

4.4 *Impairments*

Investments in associates and other investments, loans and other receivables and property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognised. Loans and receivables are evaluated based on collectability. Future cash flow estimates which are used to calculate the asset's fair value are based on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating, rehabilitation and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management.

4.5 *Taxation*

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. These judgements are subject to risk and uncertainty and hence, to the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in income in the period in which the change occurs. The recoverability of deferred tax assets including the estimates and assumptions contained therein are reviewed regularly by management.

5. Property, plant and equipment

	Land and buildings USD 'M	IT Equipment USD 'M	Other fixed assets USD 'M	Total USD 'M
Cost				
Balance at 1 October 2015	142.7	28.5	107.9	279.1
Additions	11.7	3.6	174.7	190.0
Disposals	(4.9)	–	(232.2)	(237.1)
Reclassification	–	(4.5)	2.3	(2.2)
Balance at 30 September 2016	**149.5**	**27.6**	**52.7**	**229.8**
Accumulated depreciation				
Balance at 1 October 2015	71.0	24.3	1.2	96.5
Depreciation for the year	16.8	3.7	–	20.5
Disposals	(0.8)	–	–	(0.8)
Reclassification	–	(4.5)	2.8	(1.7)
Balance at 30 September 2016	**87.0**	**23.5**	**4.0**	**114.5**
Net book value at 30 September 2016	**62.5**	**4.1**	**48.7**	**115.3**

5. Property, plant and equipment (cont'd)

	Land and buildings USD 'M	IT Equipment USD 'M	Other fixed assets USD 'M	Total USD 'M
Cost				
Balance at 1 October 2014	114.5	10.6	88.0	213.1
Additions	28.2	1.3	87.0	116.5
Disposals	–	–	(50.5)	(50.5)
Reclassification	–	16.6	(16.6)	–
Balance at 30 September 2015	**142.7**	**28.5**	**107.9**	**279.1**
Accumulated depreciation				
Balance at 1 October 2014	54.9	9.5	11.1	75.5
Depreciation for the year	16.1	5.1	–	21.2
Disposals	–	–	(0.2)	(0.2)
Reclassification	–	9.7	(9.7)	–
Balance at 30 September 2015	**71.0**	**24.3**	**1.2**	**96.5**
Net book value at 30 September 2015	**71.7**	**4.2**	**106.7**	**182.6**

Included in other fixed assets are furniture, fittings, office equipment and assets under construction. The carrying value of assets under construction as at 30 September 2016 amounts to USD 49.1 million (2015: USD 106.0 million).

Depreciation expenses are included in general and administrative expenses.

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6. Intangible assets

	Mineral rights USD 'M	Software and other intangibles USD 'M	Total USD 'M
Cost			
Balance at 1 October 2015	–	155.8	155.8
Additions	–	30.9	30.9
Disposals	–	–	–
Reclassification	–	1.8	1.8
Balance at 30 September 2016	**–**	**188.5**	**188.5**
Accumulated amortisation			
Balance at 1 October 2015	–	62.2	62.2
Amortisation for the year	–	29.4	29.4
Disposals	–	–	–
Reclassification	–	2.0	2.0
Balance at 30 September 2016	**–**	**93.6**	**93.6**
Net book value at 30 September 2016	**–**	**94.9**	**94.9**

	Mineral rights USD 'M	Software and other intangibles USD 'M	Total USD 'M
Cost			
Balance at 1 October 2014	40.9	126.9	167.8
Additions	–	28.9	28.9
Disposals	(40.9)	–	(40.9)
Balance at 30 September 2015	**–**	**155.8**	**155.8**
Accumulated amortisation			
Balance at 1 October 2015	40.9	37.6	78.5
Amortisation for the year	–	24.6	24.6
Disposals	(40.9)	–	(40.9)
Balance at 30 September 2015	**–**	**62.2**	**62.2**
Net book value at 30 September 2015	**–**	**93.6**	**93.6**

During the regular assessment of whether there is an indication of asset impairment or whether a previously recorded impairment may no longer be required, the evaluation of projects and forecasts did not result in impairment charges during 2016 (2015: Nil).

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7. Investment in subsidiaries, associates and other investments

	2016 USD 'M	2015 USD 'M
Unquoted shares at cost	497.3	389.2
Total	**497.3**	**389.2**

Investment in subsidiaries

The principal operating subsidiaries of the Company are:

Name of company	Location	Principal activities	Proportion of ownership interest 2016 %	2015 %
Bulavista Ltd	Malta	Financing and trading company	100.0	100.0
DSA Ventures I LLC	Marshall Islands	Trading company	100.0	100.0
DTS Holdings Singapore Pte Ltd	Singapore	Investment holding company	50.0	50.0
LYKOS India Private Limited	India	Trading company	99.2	99.2
PT Trafigura	Republic of Indonesia	Trading company	99.0	99.0
Sakunda Supplies (Private) Limited	Zimbabwe	Trading company	49.0	49.0
Servicios Generales Trafigura S.A.de C.V.	Mexico	Service company	99.0	99.0
TAG ECO Recycling (UK) Limited	United Kingdom	Trading company	100.0	100.0
TAG ECO Recycling India Private Limited	India	Trading company	99.9	99.9
TN Singapore Trading Pte Ltd	Singapore	Trading company	51.0	51.0
Trafigura Derivatives Limited	United Kingdom	Trading company	100.0	100.0
Trafigura Global Services Private Limited	India	Service company	99.8	99.8
Trafigura Hong Kong Limited	Hong Kong	Trading company	100.0	100.0
Trafigura India Private Limited	India	Trading company	100.0	100.0
Trafigura Maritime Logistics Pte Ltd	Singapore	Shipping company	100.0	100.0
Trafigura Nat Gas Ltd	Malta	Trading company	100.0	100.0
Trafigura Services Pte Ltd	Singapore	Service company	100.0	100.0
Trafigura Ventures V B.V.	Netherlands	Financing and trading company	100.0	–

7. Investment in subsidiaries, associates and other investments (cont'd)

Investment in associates

	2016 USD 'M	2015 USD 'M
Unquoted shares at cost	134.5	16.3
Total	**134.5**	**16.3**

Name of company	Location	Principal activities	Proportion of ownership interest 2016 %	2015 %
Osmunda Limited	Isle of Man	Trading company	–	33.0
Napoil Limited	Bermuda	Trading company	49.0	49.0
Sriwijaya Coal Pte Ltd	Singapore	Trading company	51.0	–
Guangxi Jinchuan Nonferrous Metals Co., Ltd	China	Copper smelter	20.0	–

The summarised financial information of the associates, adjusted for the proportion of ownership interest held by the Company is as follows:

	2016 USD 'M	2015 USD 'M
Assets	453.5	17.4
Liabilities	259.9	–
Revenue	411.9	–
Profit for the year	3.3	–

Sriwijaya Coal Pte Ltd is a joint venture between the Company and Top System Trading Limited ('JV partner') for an onward investment in strategic logistical assets. Though the Company owns a majority in the share capital of Sriwijaya Coal Pte Ltd, it does not exercise any control over this entity since the day-to-day operations and decision-making are carried out by the JV partner and the Company does not hold majority in management positions.

Other investments

	2016 USD 'M	2015 USD 'M
Listed equity securities – Fair value through other comprehensive income	–	1.6
Listed debt securities – Fair value through profit or loss	71.8	–
Unlisted equity investments - Fair value through profit or loss	20.0	29.0
Total	**91.8**	**30.6**

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7. Investment in subsidiaries, associates and other investments (cont'd)

Other investments (cont'd)

Listed debt securities

During the year, the Company has purchased Euro Medium Term Notes ("EMTN") at nominal value of EUR 13.7 million and EUR 49.2 million maturing on November 2018 and April 2020 respectively. These bonds are issued by Trafigura Funding S.A., a fellow subsidiary, and are traded on Irish Stock Exchange.

Unlisted equity investments

Name of company	Location	Principal activities	Proportion of ownership interest 2016 %	2015 %
Nagarjuna Oil Corporation Limited	India	Refinery (under construction)	19.8	19.8
Several securities	Various	Freight companies	–	1.6

8. Prepayments

Under the prepayments category we account for the prepayments of commodity deliveries. 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 the Company or the supplier.

As the economic benefit of the prepayments is the receipt of goods rather than the right to receive cash or another financial asset, the prepayments are not classified as a financial asset under FRS. 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 22.

The prepayments are split into 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 repayments is added to the prepayments balance.

9. Loans receivable

	2016 USD'M	2015 USD'M
Loans to related parties	4,080.2	3,726.2
Other non-current loans receivable	10.8	44.6
Total	**4,091.0**	**3,770.8**

Loans receivable include loans to related parties and other non-current loans to third parties. These loans receivable are held to maturity and generate a fixed or variable interest income for the Company. Interest rates are based on average mid-term finance expenses for the Company.

Other non-current loans receivable includes various loans which are granted to counterparties with which the Company trades. Considering the diversity of these loans, the Company decided to assess the Expected Credit Loss ('ECL') of these loans individually based on different scenarios of probability of default ('PD') and loss given default ('LGD'). Based upon the individual analysis of these loans, the recorded expected losses on these loans is Nil (2015: Nil).

10. Inventories

	2016 USD 'M	2015 USD 'M
Trading inventories	8,334.7	5,409.7
Total	**8,334.7**	**5,409.7**

As at 30 September 2016 (and 30 September 2015), all inventory has either been sold or hedged. The Company is committed to financing its day-to-day trading activity through self-liquidating transactional lines, whereby the financing banks retain security on the goods purchased. The percentage of total inventories financed in this way is carefully monitored.

11. Trade and other receivables

	2016 USD'M	2015 USD'M
Trade receivables	2,752.2	2,491.0
Less: Allowance for doubtful receivables	(28.0)	(23.4)
Amounts due from related parties	5,823.5	5,669.1
Accrued turnover	4,411.3	3,556.6
Loans to related parties	90.9	134.2
Loans to others	10.5	85.8
Broker balances	7.1	106.9
Other receivables	142.8	249.2
Prepaid expenses	59.1	94.7
Other taxes	24.8	8.0
Total	**13,294.2**	**12,372.1**

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11. Trade and other receivables (cont'd)

Trade receivables

Trade receivables generally are non-interest bearing and on 30 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Trade and other receivables are mainly denominated in USD.

Related party balances

Accrued turnover includes an amount of USD 1,026.3 million from related companies (2015: USD 982.9 million).

The majority of the amounts due from related parties included in trade and other receivables relate to intercompany sales.

Receivables that are past due but not impaired

As at 30 September 2016, 17% (2015: 9%) of receivables were between 1-60 days overdue, and 12% (2015: 7%) were greater than 60 days overdue. Such receivables, although contractually past their due dates, are not considered impaired as there has not been a significant change in credit quality of the relevant counterparty, and the amounts are still considered recoverable taking into account customary payment patterns and in many cases, offsetting accounts payable balances. The analysis of their aging at the balance sheet date is as follows:

	2016 USD 'M	2015 USD 'M	2016 %	2015 %
Trade receivables past due not impaired:				
Less than 60 days	473.3	229.1	17%	9%
More than 60 days	324.4	168.2	12%	7%
	797.7	**397.3**		

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 30 September 2016 of USD1.6 million has been taken into account (30 September 2015: USD nil).

The primary character of this provision is that it is in line to resolve demurrage claims and commercial disputes with our clients. Accrued turnover represent receivable balances for sales which have not yet been invoiced. They have similar risks and characteristic as trade debtors. Trade debtors and accrued turnover have similar cashflow characteristics and are therefore considered to be a homogeneous group of financial assets.

Receivables that are impaired

The Company has assessed that USD 28.0 million (2015: USD 23.4 million) of the trade receivables at the balance sheet date are impaired and consequently an allowance has been made.

12. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

	2016 USD 'M	2015 USD 'M
Cash at bank and in hand	2,121.2	1,755.1
Short-term deposits	265.0	129.2
Cash and cash equivalents	**2,386.2**	**1,884.3**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The cash and short-term deposits are denominated mainly in USD.

13. Trade and other payables

	2016 USD 'M	2015 USD 'M
Trade payables	972.5	1,048.9
Amounts due to related parties	2,513.9	3,412.8
Accrued costs of sales and expenses	5,241.1	4,274.2
Total	**8,727.5**	**8,735.9**

Related parties

Accrued cost of sales and expenses includes an amount of USD 749.5 million due to related companies (2015: USD 833.9 million).

The majority of the amounts due to related parties included in trade and other payables relate to intercompany purchases.

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14. Loans and borrowings

Carrying value of loans and borrowings	2016 USD'M	2015 USD'M
Non-current		
Revolving credit facilities	3,960.0	4,160.0
Loans due to related parties	3,035.4	2,738.0
Loans due to subsidiaries	85.0	–
Loan due to a financial institution	30.0	30.0
Total non-current	**7,110.4**	**6,928.0**
Current		
Revolving credit facilities	685.0	215.0
Loans due to related parties	–	44.0
Loans due to subsidiaries	459.0	–
Short-term bank borrowings	9,476.9	7,489.9
Bank overdrafts	3,646.3	3,200.2
Total current	**14,267.2**	**10,949.1**
Total	**21,377.6**	**17,877.1**

14. Loans and borrowings (cont'd)

Terms and conditions of outstanding loans as at 30 September 2016 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
Revolving credit facilities								
USD	3,190.0	Libor + 0.85%	2019 - March	Floating	–	2,810.0	–	**2,810.0**
USD	1,910.0	Libor + 0.65%	2017 - March	Floating	250.0	–	–	**250.0**
USD	435.0	Libor + 1.70%	2016 - October	Floating	435.0	–	–	**435.0**
USD	435.0	Libor + 1.30%	2017 - October	Floating	–	435.0	–	**435.0**
USD	625.0	Libor + 1.10%	2018 - October	Floating	–	625.0	–	**625.0**
USD	90.0	Libor + 2.35%	2018 - October	Floating	–	90.0	–	**90.0**
					685.0	**3,960.0**	–	**4,645.0**
Loan due to a financial institution								
USD	30.0	Libor + 3.25%	2018 - March	Floating	–	30.0	–	**30.0**
					–	**30.0**	–	**30.0**
Loans due to related parties								
SGD	200.0	7.70%	Earliest 2019 - February	Fixed	–	146.7	–	**146.7**
USD	500.0	7.83%	Earliest 2018 - April	Fixed	–	500.0	–	**500.0**
USD	98.0	7.31%	2021 - April	Fixed	–	98.0	–	**98.0**
USD	88.0	6.70%	2018 - April	Fixed	–	88.0	–	**88.0**
USD	36.0	4.49%	2018 - March	Fixed	–	36.0	–	**36.0**
USD	51.5	5.00%	2020 - March	Fixed	–	51.5	–	**51.5**
USD	57.5	5.64%	2023 - March	Fixed	–	–	57.5	**57.5**
USD	257.1	7.23%	2020 - July	Fixed	–	257.1	–	**257.1**
JPY	50,500	Libor + 1.20%	2019 - March	Floating	–	498.3	–	**498.3**
EUR	606.7	5.37%	2018 - November	Fixed	–	685.1	–	**685.1**
EUR	550.0	5.20%	2020 - April	Fixed	–	617.2	–	**617.2**
					–	**2,977.9**	**57.5**	**3,035.4**

14. Loans and borrowings (cont'd)

	Principal	Interest rate	Maturity	Floating/ fixed rate debt	<1 year USD'M	1-5 years USD'M	> 5 years USD'M	Total USD'M
Loans due to subsidiaries								
USD	105.0	Libor + 4.25%	2021 - November	Floating	20.0	80.0	5.0	**105.0**
USD	422.2	Libor	On demand	Floating	385.3	–	–	**385.3**
USD	43.5	Libor	On demand	Floating	43.5	–	–	**43.5**
USD	10.2	Various	Various	Floating	10.2	–	–	**10.2**
					459.0	**80.0**	**5.0**	**544.0**
Short-term financing								
USD	13,123.2	Various	Various	Floating	13,123.2	–	–	**13,123.2**
Total					**14,267.2**	**7,047.9**	**62.5**	**21,377.6**

Terms and conditions of outstanding loans as at 30 September 2015 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
Revolving credit facilities								
USD	3,430.0	Libor + 0.95%	2018 - March	Floating	–	3,200.0	–	**3,200.0**
USD	435.0	Libor + 1.70%	2016 - October	Floating	–	435.0	–	**435.0**
USD	435.0	Libor + 1.30%	2017 - October	Floating	–	435.0	–	**435.0**
USD	215.0	Libor + 2.00%	2015 - October	Floating	215.0	–	–	**215.0**
USD	90.0	Libor + 2.35%	2018 - October	Floating	–	90.0	–	**90.0**
					215.0	**4,160.0**	–	**4,375.0**
Loan due to a financial institution								
USD	30.0	Libor + 3.25%	2018 - March	Floating	–	30.0	–	**30.0**
					–	**30.0**	–	**30.0**
Loans due to related parties								
SGD	200.0	7.70%	Earliest 2019 - February	Fixed	–	140.6	–	**140.6**
USD	500.0	7.83%	Earliest 2018 - April	Fixed	–	500.0	–	**500.0**
USD	98.0	7.31%	2021 - April	Fixed	–	–	98.0	**98.0**
USD	88.0	6.70%	2018 - April	Fixed	–	88.0	–	**88.0**
USD	44.0	6.00%	2016 - April	Fixed	44.0	–	–	**44.0**
USD	36.0	4.49%	2018 - March	Fixed	–	36.0	–	**36.0**

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14. Loans and borrowings (cont'd)

	Principal	Interest rate	Maturity	Floating /fixed rate debt	< 1 year USD'M	1-5 years USD'M	> 5 years USD'M	Total USD'M
USD	51.5	5.00%	2020-March	Fixed	–	51.5	–	**51.5**
USD	57.5	5.64%	2023-March	Fixed	–	–	57.5	**57.5**
USD	257.1	7.23%	2020 - July	Fixed	–	257.1	–	**257.1**
JPY	25,500.0	Libor + 1.70%	2017 - March	Floating	–	212.7	–	**212.7**
EUR	606.7	5.37%	2018-November	Fixed	–	681.9	–	**681.9**
EUR	550.0	5.20%	2020-April	Fixed	–	614.7	–	**614.7**
					44.0	**2,582.5**	**155.5**	**2,782.0**
Short-term financing								
USD	10,690.1	Various	Various	Floating	10,690.1	–	–	**10,690.1**
Total					**10,949.1**	**6,772.5**	**155.5**	**17,877.1**

As at 30 September 2016, the Company had USD 8.0 billion (2015: USD 7.8 billion) of committed revolving credit facilities of which USD 3.2 billion (2015: USD 3.2 billion) remained unutilised.

Short-term bank borrowings are denominated mainly in USD and are interest-bearing. The short-term loans are secured by a charge on inventories and receivables and a corporate guarantee from the pen-ultimate holding company.

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.

15. Share capital

	2016 Number of shares	2016 USD 'M	2015 Number of shares	2015 USD 'M
Issued and fully paid ordinary shares				
Balance at the beginning of the year	121,110,002	328.0	6,110,002	213.0
Issuance of additional shares	–	–	115,000,000	115.0
Balance at the end of the year	**121,110,002**	**328.0**	**121,110,002**	**328.0**

On 4 March 2015, the Company allotted and issued 30,000,000 ordinary shares at an issue price of USD 1.00 per share in the capital of the Company as a consideration for the transfer of 234,000,002 ordinary shares of HKD 1.00 each in the capital of Trafigura Hong Kong Limited to the Company.

On 30 September 2015, the Company allotted and issued 85,000,000 ordinary shares at an issue price of USD 1.00 per share in the capital of the Company to Trafigura Trade Investment B.V. ("transferee") as a consideration for the transfer of business as going concern from Trafigura AG, an indirect wholly-owned subsidiary of the transferee.

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. There is no authorised share capital and there is no restriction to the number of shares the Company can issue.

During the year, the Company paid an interim dividend for an amount of USD 1,105 million (2015: USD770.4 million) to its shareholder. No final dividend has been declared for the year just ended.

16. Reserves

	2016 USD 'M	2015 USD 'M
Retained earnings	671.6	939.2
Capital contribution reserve		
Share-based payments	160.1	117.1
Investments	71.2	72.6
Cash flow hedge reserve	12.2	(14.7)
Balance at the end of the year	**915.1**	**1,114.2**

The capital contribution reserve for share-based payments represents the capital contribution from the ultimate holding company, in respect of equity settled C and F preference shares of the ultimate holding company, granted to the discretionary employee trust, Trafigura Nominees Jersey Limited ("TTJL"), which correspond in number and class to the D preference shares issued to employees of the Company (see Note 17).

16. Reserves (cont'd)

The reserve is equivalent to the fair value of the C and F preference shares at the date of issue.

The capital contribution reserve for investments relates to investments contributed by related companies and holding company.

The hedging reserve contains the effective portion of the cash flow hedge relationship incurred as at the reporting date. These are primarily made up of net movements in cash flows hedges that are determined to be effective.

17. Employee benefit expense

	2016 USD 'M	2015 USD 'M
Salaries and bonuses	174.2	148.0
Post-retirement benefits	17.8	14.2
Share-based payments	43.0	27.2
Total	**235.0**	**189.4**

Share scheme of the Ultimate holding company

Shareholders' voting rights are calculated by dividing the nominal value by EUR 0.01.

One A preference share and one B preference share from the same issue have the same economic entitlement as an ordinary share. The C and D shares have one twentieth of the economic entitlement of A and B shares respectively. The E and F shares have one fiftieth of the economic entitlement of A and B shares respectively. The non-cumulative preference shares have a 100% dividend rate each year, so each preference share is entitled to EUR 0.01 dividend with the A, C and E preference shares entitled to any dividend declared in excess of this minimum dividend.

Farringford NV, through Beheer Malta Limited, is the ultimate shareholder of the Company. Shares are also held by employees (who hold B, D and F preference shares) and the employee trust Trafigura Trustees (Jersey) Limited (which holds A, C and E preference shares). Trafigura Nominee (Jersey) Limited also holds B, D and F preference shares on behalf of the employees.

As at 30 September, the shares of the ultimate holding company granted to employees and directors of the Company are as follows:

	2016 USD	2015 USD
Weighted average recognised fair value per share awarded during the year	4,274	2,693

17. Employee benefit expenses (cont'd)

Share scheme of the Ultimate holding company (cont'd)

During 2016, 2,530 immediately vesting shares were granted to employees representing a value of USD 10.8 million (2015: 4,480 shares representing a value of USD 12.1 million) and 19,320 shares were granted with a vesting period of 1-5 years representing a value of USD 82.6 million (2015: 6,856 shares representing a value of USD 18.5 million).

Compensation in respect of share based payments recognised in staff costs amounted to USD 43 million in 2016 (2015: USD 27.2 million).

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 the ultimate holding company, which management believe is a fair approximation of the fair value. Shares awarded under the above mentioned plan may vest immediately or over several years.

18. Other income/(expenses)

	2016 USD 'M	2015 USD 'M
Gain on foreign exchange	8.8	34.6
Impairment of non-financial assets	(15.2)	–
Impairment of financial assets	(53.5)	(95.8)
Gain on fair value through profit or loss instrument	10.0	–
Loss on disposal property, plant and equipment	(2.5)	–
Loss on disposal equity-accounted investee	(4.5)	–
Loss on disposal of other investments	(1.6)	–
Dividend income	50.9	101.2
Provisions	–	(32.5)
Others	4.4	2.4
Total	**(3.2)**	**9.9**

Impairment of non-financial assets during 2016 includes an amount of USD 15.2 million impaired on a prepayment facility given to an external counterparty.

Impairment of financial assets relates to impairment of investment in other investments of USD 9.0 million (2015: USD 45.0 million) and impairment of loans of USD 44.5 million (2015: USD 48.6 million).

Dividend income during 2016 includes a dividend of USD 50 million (2015: USD 100 million) received from its subsidiary, Trafigura Maritime Logistics Pte Ltd (2015: DTS Holdings Singapore Pte Ltd).

Provisions are for litigation and disputes at the year-end, relating to situations connected with the Company's trading and storage activities in China, as disclosed in note 20.

19. Taxation

	2016 USD'M	2015 USD'M
Current income tax expense	55.2	77.0
Current income tax from previous years	(12.8)	(7.2)
Total	**42.4**	**69.8**

A reconciliation between the tax expense and the profit before tax multiplied by the statutory rate is as follows:

	2016 USD'M		2015 USD'M	
Profit before taxation	879.8		952.4	
Tax at statutory rate	149.6	17.0%	161.9	17.0%
Tax effect of adjustments to arrive at the effective income tax rate:				
Exempt income or tax holidays	(96.5)		(85.2)	
Expenses not deductible for tax purposes	1.6		0.1	
Tax expense from prior years	(12.8)		(7.2)	
Others	0.5		0.2	
	42.4		**69.8**	
Effective tax rate	**4.8%**		**7.3%**	

The tax at statutory rate is based on the expected tax rate to be incurred by the Company in Singapore, the country of incorporation of the Company.

No deferred tax asset is recognised (2015: USD 10.2 million). A deferred tax liability of USD 154.9 million (2015: USD 140.7 million) is recorded. The value of certain inventories and trade receivables for tax purposes is lower than their value for accounting purposes, which give rise to the recognition of a deferred tax liability.

20. Provisions

Provisions relate to the litigation and disputes at 30 September 2016 and 2015, connected with the Company's trading and storage activities in China.

21. Commitments and contingencies

Operating lease commitments

The Company has several storage leases in various locations around the world. The facilities are used to store physical product and leases can be short term to medium term as well as beyond 5 years. Some of these leases have renewal options.

Minimum lease payments, recognised as an expense in profit or loss for the financial year ended 30 September 2016 amounted to USD 348.9 million (2015: USD 357.1 million). Details of the committed cost to be paid under current leases are disclosed below.

Future minimum lease payments payable under non-cancellable operating leases as at 30 September are as follows.

	2016 USD 'M	2015 USD 'M
Office rent	45.9	63.4
Time charters	290.3	404.6
Storage rental	321.3	387.8
	657.5	**855.8**
Not later than one year	246.8	257.7
Later than one year but not later than five years	307.5	441.1
Payable in more than five years	103.2	157.0
	657.5	**855.8**

Capital commitments

As at 30 September 2016, the Company had capital commitments of USD 236.5 million (2015: USD 261.5 million) for certain assets under construction.

Contingent liabilities

The Company has provided guarantees to financial institutions on its own credit facilities as well as those granted to its ultimate holding and related companies.

	2016 USD'M	2015 USD'M
Letters of credit	3,986.6	2,862.2
Guarantees	312.0	151.8
Total	**4,298.6**	**3,014.0**

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21. Commitments and contingencies (cont'd)

Contingent liabilities (cont'd)

The Company is 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, 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.

22. Financial risk management objectives and policies

Financial risk management is governed by policies approved by management in accordance with the guidelines set by the pen-ultimate holding company, Trafigura Beheer B.V. The following paragraph describes the risk management objectives and policies for Trafigura Beheer B.V. and its subsidiaries (the "Group" or "Trafigura") including the Company.

a. Financial risk management

Trafigura 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 Trafigura'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 Derivatives Trading Committee, and the trading teams.

22. Financial risk management objectives and policies (cont'd)

a. *Financial risk management (cont'd)*

The Chief Risk Officer is independent of the revenue-producing units and reports to the Chief Operating Officer and the Management Board of Trafigura. 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 Derivatives Trading Committee, which is comprised of members of the Management Board of the Group and the Chief Risk Officer, is responsible for applying Trafigura's risk management capabilities towards improving the overall performance of the Group. In 2016, the Derivatives Trading Committee met 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 Derivatives Trading Committee.

b. *Market risk*

Market risk is the risk of loss in the value of Group's positions due to changes in market prices. Trafigura holds positions primarily to ensure the ability to meet physical supply commitments to customers, to hedge exposures arising from these commitments, and to support investment activities. Trafigura's 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.

22. Financial risk management objectives and policies (cont'd)

b. *Market risk (cont'd)*

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 (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% 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.

Trafigura's Management Board has set a target of maintaining VaR (1 day 95%) below 1% of equity of the Group.

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 cover its trading businesses in the crude, 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 utilizes 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.

22. Financial risk management objectives and policies (cont'd)

b. *Market risk (cont'd)*

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

All trading books have well defined VaR risk limits 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 Trafigura if a customer or counterparty to a financial instrument or physical contract fails to meet its contractual obligations, and arises principally from receivables from customers and investment securities.

Trafigura 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 Trafigura's balance sheet. Trafigura makes extensive use of the banking and insurance markets to cover any counterparty or country risks that are in excess of its credit limits.

The risk management monitoring and decision-making functions are centralised and make extensive use of the Group's integrated bespoke IT system. Trafigura 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.

22. Financial risk management objectives and policies (cont'd)

c. *Credit risk (cont'd)*

Trafigura trades in all major geographic regions. Where appropriate, guarantees, insurance and letters of credit are used to reduce payment or performance risk. Trafigura 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 Trafigura retains between 10 to 20 per cent on average of the individual exposures.

The Company's maximum exposure to credit risk, without considering netting agreements or without taking into account of any collateral held or other credit enhancements, is equal to the carrying amount of the Company'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 Company has amounts outstanding related to countries that are impacted by sanctions currently imposed by the US and EU. The Company analysed the sanctions and exposures and concluded that these do not materially impact the Company's positions.

Concentration of credit risk

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

Refer to Note 11 for the aging of trade and other receivables of the Company at the reporting date that were not impaired.

The Company has a diverse customer base, with no individual external customer representing more than 2.3% (2015: 2.8%) of its revenues over the year ended 2016.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Company. 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 Company has monitored customer credit risk, by grouping trade and other receivables based on their characteristics.

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

22. Financial risk management objectives and policies (cont'd)

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.

Trafigura'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. Trafigura 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, US private placements ("USPP"), securitisation etc.), maturities and geographies.

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

- Targeting immediately-available cash on hand of minimum USD 500 million under normal conditions (higher in the case of extreme volatility);
- Maintaining bilateral lines which allow Trafigura 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 bilateral trade finance lines and committed revolving credit facilities ; and
- Limited distribution of profit (significant retained earnings) and subordination of repurchased equity.

22. Financial risk management objectives and policies (cont'd)

d. *Liquidity risk (cont'd)*

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

2016	Note	Total USD 'M	1 year or less USD 'M	1 to 5 years USD 'M	Over 5 years USD 'M
Financial liabilities					
Trade payables	13	972.5	972.5	–	–
Amounts due to related companies	13	2,513.9	2,513.9	–	–
Other payables and accruals	13	5,241.1	5,241.1	–	–
Loans and borrowings	14	21,377.6	14,267.2	7,047.9	62.5
Derivative financial instruments		1,135.8	933.3	42.1	160.4
		31,240.9	**23,928.0**	**7,090.0**	**222.9**

2015	Note	Total USD 'M	1 year or less USD 'M	1 to 5 years USD 'M	Over 5 years USD 'M
Financial liabilities					
Trade payables	13	1,048.9	1,048.9	–	–
Amounts due to related companies	13	3,412.8	3,412.8	–	–
Other payables and accruals	13	4,274.2	4,274.2	–	–
Loans and borrowings	14	17,877.1	10,949.1	6,772.5	155.5
Derivative financial instruments		1,015.2	724.8	290.4	–
		27,628.2	**20,409.8**	**7,062.9**	**155.5**

e. *Interest rate risk*

Interest rate risk of the Company is mainly applicable on the long-term funding of the Company, although a majority of debt, whether long-term or short-term, is floating rate.

At 30 September, assuming the amount of floating rate liabilities (excluding working capital financing) were outstanding for the whole year, interest rates were 50 basis points higher/lower and all other variables held constant, the Company's profit and equity for the year ended 30 September 2016 would decrease/increase by USD 28.6 million (2015: USD 23.1 million).

f. *Currency risk*

The Company has few exposures to foreign currency risk on its trading activities and those that do exist are hedged out. The Company does not use financial instruments to hedge the translation risk related to equity and earnings of foreign subsidiaries.

The Company 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 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 (Note 14).

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22. Financial risk management objectives and policies (cont'd)

f. Currency risk (cont'd)

	2016 USD'M	2015 USD'M	2016 USD'M	2015 USD'M
	Notionals		**Fair values**	
Cross currency swap	1,413.2	1,413.2	(82.6)	(112.6)
Cross currency interest rate swap	506.2	279.6	(11.5)	(70.3)
Total	**1,919.4**	**1,692.8**	**(94.1)**	**(182.9)**

23. Fair value of assets and liabilities

A. Fair value hierarchy

The Company categorise fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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23. Fair value of assets and liabilities (cont'd)

B. *Fair value of assets and liabilities that are carried at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Other financial assets and inventories	Level 1	Level 2	Level 3	TOTAL
	USD 'M	USD 'M	USD 'M	USD 'M
30 September 2016				
Listed debt securities	71.8	–	–	71.8
Unlisted equity investments	–	–	20.0	20.0
Futures / Forwards	–	811.0	–	811.0
Physical forwards	–	–	157.2	157.2
Other OTC derivatives	–	23.3	–	23.3
Inventory	–	8,334.7	–	8,334.7
TOTAL	**71.8**	**9,169.0**	**177.2**	**9,418.0**
Financial liabilities				
30 September 2016				
Futures / Forwards	–	753.6	–	753.6
Cross-currency swaps	–	94.1	–	94.1
Physical forwards	–	–	209.4	209.4
Other OTC derivatives	–	78.7	–	78.7
TOTAL	**–**	**926.4**	**209.4**	**1,135.8**

Other financial assets and inventories	Level 1	Level 2	Level 3	TOTAL
	USD 'M	USD 'M	USD 'M	USD 'M
30 September 2015				
Listed debt securities	1.6	–	–	1.6
Unlisted equity investments	–	–	29.0	29.0
Futures	844.2	–	–	844.2
Physical forwards	–	509.6	102.0	611.6
Other OTC derivatives	–	953.3	–	953.3
Inventory	–	5,409.7	–	5,409.7
TOTAL	**845.8**	**6,872.6**	**131.0**	**7,849.4**
Financial liabilities				
30 September 2015				
Futures	12.8	–	–	12.8
Physical forwards	–	532.0	261.6	793.6
Cross-currency swaps	–	182.9	–	182.9
Other OTC derivatives	–	25.9	–	25.9
TOTAL	**12.8**	**740.8**	**261.6**	**1015.2**

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23. Fair value of assets and liabilities (cont'd)

B. *Fair value of assets and liabilities that are carried at fair value (cont'd)*

Net changes in mark-to-market open positions for the year are as follows:

	2016 USD 'M	2015 USD 'M
Net mark-to-market (loss) / gain on open positions end of the financial year	(238.4)	1,211.2
Reversal of net mark-to-market loss on prior year open positions	(1,211.1)	(290.6)
Net changes in mark-to-market open positions recorded during the year	**(1,449.5)**	**920.6**

C. *Fair value measurements*

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

			2016 USD'M	2015 USD'M
Listed equity securities	**- level 1**	Assets	–	1.6
		Liabilities	–	–
Valuation techniques and key inputs:	Quoted prices in an active market			
Significant unobservable inputs:	None			
Listed debt securities	**- level 1**	Assets	71.8	–
		Liabilities	–	–
Valuation techniques and key inputs:	Quoted prices in an active market			
Significant unobservable inputs:	None			
Futures	**- level 1**	Assets	–	844.2
		Liabilities	–	12.8
Valuation techniques and key inputs:	Quoted prices in an active market			
Significant unobservable inputs:	None			
Futures / forwards	**- level 2**	Assets	811.0	–
		Liabilities	753.6	–
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.			

23. Fair value of assets and liabilities (cont'd)

C. *Fair value measurements (cont'd)*

			2016 USD'M	2015 USD'M
Other OTC derivatives	**- level2**	Assets	23.3	953.3
		Liabilities	78.7	25.9
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.			
Physical forwards	**- level 2**	Assets	–	509.6
		Liabilities	–	532.0
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	**- level 2**	Assets	–	–
		Liabilities	94.1	182.9
Valuation techniques and key inputs:	Reference prices			
Significant unobservable inputs:	Inputs include observable quoted prices sourced from exchanges or recent traded prices indices in an active market for identical assets or liabilities.			
Inventories	**- level 2**	Assets	8,334.7	5,409.7
		Liabilities	–	–
Valuation techniques and key inputs:	Quoted prices in an active market			
Significant unobservable inputs:	Premium discount on quality and location			
Physical forwards	**- level 3**	Assets	157.2	102.0
		Liabilities	209.4	261.6
Valuation techniques and key inputs:	Discounted cash flow model			
Significant unobservable inputs:	Prices are adjusted by differentials including: - Quality - Location An increase/decrease in one input resulting in an opposite movement in another input, resulting in no material change in the underlying value			

23. Fair value of assets and liabilities (cont'd)

C. *Fair value measurements (cont'd)*

			2016 USD'M	2015 USD'M
Unlisted equity investments	**- level 3**	Assets	20.0	29.0
		Liabilities	–	–
Valuation techniques and key inputs:	Quoted prices obtained from the asset managers of the funds.			
Significant unobservable inputs:	• Market illiquidity • Price of commodities			

Movements in level 3 assets and liabilities measured at fair value

USD'M	Physical forwards	Unlisted equity investments – Fair value through profit and loss	Total
01-Oct-15	(159.6)	29.0	(130.6)
Total gain/(loss) recognized in income statement	47.6	(9.0)	38.6
Total realised	59.8	–	59.8
30-Sep-16	(52.2)	20.0	(32.2)
01-Oct-14	(136.9)	74.0	(62.9)
Total gain/(loss) recognized in income statement	(115.1)	(45.0)	(160.1)
Total realised	92.4	–	92.4
30-Sep-15	(159.6)	29.0	(130.6)

In 2015, movements in physical forward contract valued using level 3 valuation include an addition of USD 18.1m after common control transaction as described in Note 26.

There have been no transfers between fair value hierarchy Levels in 2015 and 2016. Materially all level 3 physical forwards are settled in the next year.

D. *Fair value of financial instruments not carried at fair value*

Management has determined that the carrying amounts of trade and other receivables, deposits, amounts due from/(to) ultimate holding and related companies, trade and other payables, and loans and borrowings reasonably approximate their fair values because these are mostly short-term in nature or are re-priced regularly to market interest rates.

24. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and also to maximise shareholder value. No changes were made to this objective during the years ended 30 September 2015 and 2016.

The Company monitors its capital structure by considering total equity attributable to its parent company and the amount of debt financing. The Company manages its capital and makes adjustments to it, in light of changes in economic conditions, when necessary.

To maintain or adjust the capital structure, the Company will consider dividend payments, returning capital or issuing new shares to its parent company.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio within reasonable ranges. The Company includes within net debt, loans and borrowings, trade and other payables, other liabilities, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company.

	2016 USD 'M	2015 USD 'M
Loans and borrowings	21,377.6	17,877.1
Trade and other payables	8,727.5	8,735.9
Less: Cash and short-term deposits	(2,386.2)	(1,884.3)
Less: Deposits	(7.0)	(46.0)
Net debt	27,711.9	24,682.7
Total capital	1,243.1	1,442.2
Capital and net debt	**28,955.0**	**26,124.9**
Gearing ratio	**96%**	**94%**

25. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant inter-company transactions were entered into by the Company at terms agreed between the parties:

	2016 USD 'M	2015 USD 'M
Sales to related companies	16,857.8	19,701.3
Purchases from related companies	14,803.3	14,662.9
Purchase/(sales) of derivatives from/to related companies	221.0	(2,393.3)
Interest received from related parties	352.9	317.9
Service fees paid to a related company	100.0	169.1

25. Related party transactions (cont'd)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, and refers to the Directors of the Company.

	2016 USD 'M	2015 USD 'M
Salaries and bonus	6.0	1.6
Central Provident Fund contributions	0.1	0.1
Other benefits	6.1	–
Total	**12.2**	**1.7**

26. Common control business combination

Effective 1 February 2015, Trafigura AG, a Swiss Corporation, changed its place of domicile to Delaware and changed its name to Trafigura Trading LLC, Delaware Limited Liability Company.

Under Delaware law, the change of domicile and name will not affect any of the obligations or undertakings that Trafigura AG had entered into. Under Delaware law, after the change of domicile and name, Trafigura Trading LLC will remain the same entity as Trafigura AG for legal purposes, and neither change has any effect on the rights, property, debts, or other obligations of Trafigura AG. Further, Trafigura Trading LLC will have the same Federal Employee Identification Number as Trafigura AG.

As of the effective date of the re-organization, Trafigura Trading LLC's direct parent entity became Trafigura U.S. Incorporated.

Effective 31 January, 2015, Trafigura AG agreed to transfer all assets and liabilities related to activities carried on by Trafigura AG outside of the United States to Trafigura Trade Investments BV (TTI), a limited company registered in the Netherlands. TTI contributed the claim against Trafigura AG for the right to the transfer, delivery, or assignment, as appropriate, of the business assets and liabilities to Trafigura Pte Ltd by way of a contribution in kind.

The value of the net assets as of the effective transfer date was USD 85.0 million:

	31 January 2015 USD'M
Non-current assets	44.0
Current assets	1,058.1
Non-current liabilities	–
Current liabilities	(1,017.1)
Net assets and liabilities	**85.0**

Transaction costs

No significant transaction costs were incurred in relation to the Transfer.

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27. *Standards issued but not yet effective*

The Company has not adopted the following standards and interpretations that have been issued but are not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 7 Disclosure Initiative	1 January 2017
Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases	1 January 2019
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for FRS 115 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

28. Subsequent events

Subsequent to the year-end, the Company has acquired a 49% stake in Tendril Ventures Pte Ltd ("TVPL"), a company incorporated in Singapore. TVPL entered into a consortium with, United Capital Partners ("UCP") (49%) and Essar (2%). Through a holding structure, the consortium has agreed to purchase a 49 percent stake in Mumbai-based Essar Oil Limited from Essar Energy Holdings Limited.

Essar Oil Limited ("EOL") owns India's second largest private refinery and world-class storage and import/export facilities located near Vadinar city, as well as a domestic retail network business consisting of over 2,700 retail stations.

The transaction is supported by an efficient capital structure involving non-recourse bank finance. The agreement, which is targeted to close by the end of 2016, is subject to anti-trust and other regulatory clearances. Trafigura Group has a commitment for a capital contribution under the transaction of a maximum USD 320 million.

Essar Oil Limited has plans to expand its oil refining capacity and to build a petrochemical complex. The deregulation of pricing of the Indian retail market is expected to bring potential growth opportunities for the company's retail network.

29. Authorisation of financial statements

The financial statements of the Company for the year ended 30 September 2016 were authorised for issue in accordance with a resolution of the Directors on 16 January 2017.

Annexure-D

TRAFFIGURA PAKISTAN (PRIVATE) LIMITED

TRAFIGURA

TRAFIGURA PAKISTAN (PRIVATE) LIMITED

Minutes of a meeting of the Board of Directors of Trafigura Pakistan (Private) Limited (the "**Company**") **held in accordance with Article 71 of the Articles of Association of the Company** (the "**Articles**") **on 7th August 2017 at 11.00AM**

Present: Imran Yousufzai
Ameer Ali

In attendance: Elias Chibani (by telephone)

Chairman and Quorum

Mr Ali was elected Chairman of the meeting and he declared the meeting open. It was noted that:

(i) the meeting had been convened in accordance with the Articles;
(ii) all the members of the board of directors were present and each of them had confirmed having waived notice of the meeting in accordance with article 71 of the Articles;
(iii) Mr Chibani was attending the meeting at the invitation of the board of directors; and
(iv) there being a quorum present, the meeting could validly proceed to business.

Purpose of the meeting

The Chairman explained that the meeting had been convened in order to discuss (i) the recent establishment and incorporation of the Company and (ii) if thought fit, to appoint a Chief Executive Officer (the "**CEO**") of the Company.

Incorporation of the Company

It was noted that the Company has been incorporated on 4th August 2017 with Universal identification number 0110562 and the Certificate of Incorporation had been received from the Securities and Exchange Commission of Pakistan (the "**SECP**"). A copy of the Form 29 (confirming the registration of the first directors of the Company) together with the Memorandum & Articles of Association of the Company as filed with the SECP were tabled to the meeting.

Declaration of Interests

Each director of the Company confirmed his awareness of the requirements to act in accordance with the provisions of the Companies Act, 2017 (the "**Act**") and in particular Article 204 thereof. Each director then confirmed he has no current conflict of interest that prevents his acting as a director of the Company and undertook to advise the board in accordance with Article 205 of the Act should such conflict arise in future.

Appointment of CEO

The chairman proposed that Mr Chibani, his having consented so to act, be appointed as the first Chief Executive Officer of the Company. Mr Yousoufzai seconded the proposal and accordingly it was resolved to appoint Mr Elias Chibani as the first Chief Executive Officer of the Company. A form 29 was tabled to the meeting for the purposes of registering the appointment and it was resolved to complete the same and arrange for its submission to the SECP within 14 days.

Appointment of statutory auditors
It was noted that PricewaterhouseCoopers Pakistan ("**PWC**") has consented to be appointed the Company's statutory auditors and that the registration of the same would be arranged and submitted by them within the statutory deadline (60 days from the date of incorporation of the Company).

Registration for tax
It was noted that the Company proposes to register for income tax and Value Added Tax and that a further update would be provided to the board as this matter progresses.

Application for trading licences
It was noted that the Company intends to apply for following licenses from the Oil & Gas Regulatory Authority in Pakistan ("**OGRA**") for the furtherance of the Company's proposed business activities:

- Distribution license
- Sale License
- Transmission Licence

(the "**Licences**")

It was noted that the Company intends to engage an external legal advisor (the firm of Ijaz Ahmed & Associates) to assist with the application process and accordingly it was resolved as follows:

1) to authorize each director of the Company as well as the CEO (each of them, acting individually) to do all necessary for the purposes of procuring the registration of the Company with OGRA and the further obtaining of the Licences, including (but not limited to) the signing and submission of documents and information submissions to OGRA in the name of and on behalf of the Company; and

2) to authorize each director of the Company as well as the CEO (each of them, acting individually) to sign such documentation in the name of the Company for the purposes of engaging Ijaz Ahmed & Associates in the foregoing matter.

It was further noted and agreed that further updates would be provided to the board on a regular basis as this matter progresses.

Close
There being no further business, the meeting was closed at 12.00.

Chairman

Annexure - E

TRAFIGURA PAKISTAN (PRIVATE) LIMITED

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FORM 9
THE COMPANIES ACT, CAP. 50
SECTION 19(4)

COMPANY NO.

199601595D

CERTIFICATE OF INCORPORATION OF PRIVATE COMPANY

THIS IS TO CERTIFY THAT TRAFIGURA PTE LTD IS INCORPORATED UNDER THE COMPANIES ACT, CAP. 50, ON AND FROM 07/03/1996 AND THAT THE COMPANY IS A PRIVATE COMPANY LIMITED BY SHARES.

Certified True Copy

NOTARY PUBLIC
Edward D Souza
N2017/0072
1 Apr 2017 – 31 Mar 2018
SINGAPORE

REPUBLIC OF SINGAPORE
NOTARY PUBLIC

GIVEN UNDER MY HAND AND SEAL ON 07/03/1996

PON SENG FAT
SENIOR ASST REGISTRAR OF COMPANIES AND BUSINESSES
SINGAPORE

REGISTRAR OF COMPANIES & BUSINESS
ACRA

Certified True Copy

Asst. Registrar of Companies & Business
Singapore

28 MAY 2013

CERTIFIED TRUE COPY

Secretary / Director

2 1 MAY 2010

THE COMPANIES ACT, CAP. 50

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM

AND

NEW ARTICLES OF ASSOCIATION
(Adopted by Special Resolution passed on 26 March, 2007)

OF

TRAFIGURA PTE LTD

Incorporated on the 7th day of March, 1996

Certified True Copy

NOTARY PUBLIC
Edward D Souza
N2017/0072
1 Apr 2017 – 31 Mar 2018
SINGAPORE

REPUBLIC OF SINGAPORE
NOTARY PUBLIC

ALLEN & GLEDHILL
ADVOCATES & SOLICITORS
SINGAPORE

FORM 9
THE COMPANIES ACT, CAP. 50
SECTION 19(4)

123

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GIVEN UNDER MY HAND AND SEAL ON 07/03/1996

PON SENG FAT
SENIOR ASST REGISTRAR OF COMPANIES AND BUSINESSES
SINGAPORE

NOTICE OF RESOLUTION

TRAFIGURA PTE LTD
(Co. Reg. No. 199601595D)
(the "Company")

At an Annual General Meeting of the Member of the Company duly convened and held at 501 Orchard Road, #16-02 Wheelock Place, Singapore 238880 on Wednesday, the 26th day of March 2007 at 11 a.m., the Special Resolution set out below was duly passed:-

SPECIAL RESOLUTION

ADOPTION OF NEW ARTICLES OF ASSOCIATION

RESOLVED by way of Special Resolution that the document attached hereto and initialled by a Director for the purpose of identification be and is hereby adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company.

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THE COMPANIES ACT, CAP. 50

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

of

TRAFIGURA PTE LTD

1. The name of the Company is "TRAFIGURA PTE LTD".

2. The Registered Office of the Company will be situate in the Republic of Singapore.

3. The objects for which the Company is established are:-

(1) To carry on the business of trading, whether as principal or agent, in all types of crude oil, petroleum products and petrochemicals, metals, grain, coffee and other commodities, ores, concentrates, and other raw materials for metals production, currencies, options, negotiable instruments and financial instruments and to transact and do all matters and things incidental thereto including, but not limited to, the transportation of such products; and without prejudice to the generality of the foregoing, buy, sell or otherwise deal in crude oil and petroleum products, metals, grain, coffee and other commodities, raw materials, currencies, options, negotiable instruments and financial instruments, of all kinds and descriptions.

(2) To undertake and carry on and execute all kinds of commercial, trading and other operations including but not limited to receiving money and valuables as deposit, or for safe custody, or otherwise, collecting and transmitting, coins, metals, raw materials, commodities, currencies and securities, managing property and transacting all kinds of business commonly transacted by commodity, option and futures merchants.

(3) To carry on the business of broking of, proprietary trading in, and clearing of, all types of derivative contracts and commodities contracts and options,

whether on a spot, prompt, cash, forward, deferred or future basis whether as principal or agent.

(4) To carry on any other business which may seem to the Company capable of being conveniently carried on in connection with its business or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.

(5) To acquire and undertake the whole or any part of the business, property, and liabilities of any person or company carrying on any business which the Company is authorised to carry on, or possessed of property suitable for the purposes of the Company.

(6) To apply for, purchase, or otherwise acquire any patents, patent rights, copyrights, trade marks, formulae, licences, concessions, and the like, conferring any exclusive or non-exclusive or limited right to use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company, or the acquisition of which may seem calculated directly or indirectly to benefit the Company; and to use, exercise, develop, or grant licences in respect of, or otherwise turn to account, the property, rights, or information so acquired.

(7) To amalgamate or enter into partnership or into any arrangement for sharing of profits, union of interest, co-operation, joint adventure, reciprocal concession, or otherwise, with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which the Company is authorised to carry on or engage in, or any business or transaction capable of being conducted so as directly or indirectly to benefit the Company.

(8) To take, or otherwise acquire, and hold shares, debentures, or other securities of any other company.

(9) To enter into any arrangements with any government or authority, supreme, municipal, local, or otherwise, that may seem conducive to the Company's objects, or any of them; and to obtain from any such government or authority any rights, privileges, and concessions which the Company may think it desirable to obtain; and to carry out, exercise, and comply with any such arrangements, rights, privileges, and concessions.

(10) To establish and support or aid in the establishment and support of associations, institutions, funds, trusts, and conveniences calculated to benefit employees or directors or past employees or directors of the Company or its predecessors in business, or the

dependants or connections of any such persons; and to grant pensions and allowances, and to make payments towards insurance; and to subscribe or guarantee money for charitable or benevolent objects, or for any exhibition, or for any public, general, or useful object.

(11) To promote any other company or companies for the purpose of acquiring or taking over all or any of the property, rights, and liabilities of the Company, or for any other purpose which may seem directly or indirectly calculated to benefit the Company.

(12) To purchase, take on lease or in exchange, hire, or otherwise acquire any movable or immovable property and any rights or privileges which the Company may think necessary or convenient for the purposes of its business, and in particular any land, buildings, easements, machinery, plant, and stock-in-trade.

(13) To construct, improve, maintain, develop, work, manage, carry out, or control any buildings, works, factories, mills, roads, ways, tramways, railways, branches or sidings, bridges, reservoirs, water-courses, wharves, warehouses, electric works, shops, stores, and other works, and conveniences which may seem calculated directly or indirectly to advance the Company's interest; and to contribute to, subsidize, or otherwise assist or take part in the construction, improvement, maintenance, development, working, management, carrying out, or control thereof.

(14) To guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company.

(15) To lend and advance money or give credit to any person or company and on such terms as may be considered expedient, and either with or without security; and to secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company, and otherwise to assist any person or company.

(16) To borrow or raise or secure the payment of money in such manner as the Company may think fit and to secure the same or the repayment or performance of any debt, liability, contract, guarantee or other engagement incurred or to be entered into by the Company in any way and in particular by the issue of debentures perpetual or otherwise, charged upon all or any of the Company's property (both present and future), including its uncalled capital; and to purchase, redeem, or pay off any such securities.

(17) To invest and deal with the money of the Company not immediately required in such manner as may from time to time be thought fit.

(18) To remunerate any person or company for services rendered, or to be rendered, in placing or assisting to place or guaranteeing the placing of any of the shares in the Company's capital or any debentures, or other securities of the Company, or in or about the organization, formation, or promotion of the Company or the conduct of its business.

(19) To draw, make, accept, endorse, discount, execute, and issue promissory notes, bills of exchange, bills of lading, and other negotiable or transferable instruments.

(20) To sell or dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit, and in particular for shares, debentures, or securities of any other company having objects altogether or in part similar to those of the Company.

(21) To adopt such means of making known and advertising the business and products of the Company as amy seem expedient.

(22) To apply for, secure, acquire by grant, legislative enactment, assignment, transfer, purchase, or otherwise, and to exercise, carry out, and enjoy any charter, licence, power, authority franchise, concession, right, or privilege, which any Government or authority or any corporation or other public body may be empowered to grant; and to pay for, aid in, and contribute towards carrying the same into effect; and to appropriate any of the Company's shares, debentures, or other securities and assets to defray the necessary costs, charges, and expenses thereof.

(23) To apply for, promote, and obtain any statute, order, regulation, or other authorisation or enactment which may seem calculated directly or indirectly to benefit the Company; and to oppose any bills, proceedings, or applications which may seem calculated directly or indirectly to prejudice the Company's interests.

(24) To procure the Company to be registered or recognized in any country or place outside the Republic of Singapore.

(25) To sell, improve, manage, develop, exchange, lease, dispose of, turn to account, or otherwise deal with all or any part of the property and rights of the Company.

(26) To issue and allot fully or partly paid shares in the capital of the Company in payment or part payment of any movable or immovable property purchased or otherwise acquired by the Company or any services rendered to the Company.

(27) To distribute any of the property of the Company among the members in kind or otherwise but so that no distribution amounting to a reduction of capital shall be made without the sanction required by law.

(28) To take or hold mortgages, liens, and charges to secure payment of the purchase price, or any unpaid balance of the purchase price, of any part of the Company's property of whatsoever kind sold by the Company, or any money due to the Company from purchasers and others.

(29) To undertake and transact all kinds of agency or secretarial business and also to undertake and execute any trusts, the undertaking whereof may seem desirable, and either gratuitously or otherwise.

(30) To transact any lawful business in aid of the Republic of Singapore in the prosecution of any war or hostilities in which the Republic of Singapore is engaged.

(31) To carry out all or any of the objects of the Company and do all or any of the above things in any part of the world and either as principal, agent, contractor, or trustee, or otherwise, and by or through trustees or agents or otherwise, and either alone or in conjunction with others.

(32) To do all such other things as are incidental or conducive to the attainment of the objects and the exercise of the powers of the Company.

PROVIDED ALWAYS that nothing herein contained shall be deemed to empower the Company to carry on the business of banking or insurance.

AND IT IS HEREBY DECLARED that the word "company" in this Memorandum when not referring to this Company shall be deemed to include any - corporation partnership association club or other body of persons whether incorporated or not and wherever incorporated or domiciled and whether now existing or hereafter to be formed AND further that unless the context or subject matter is inconsistent therewith words signifying the singular number shall be deemed and taken to include the plural and vice versa AND further that the objects specified in each of the paragraphs in this Memorandum shall be regarded as independent objects, and accordingly, shall be in no wise limited or restricted (except when otherwise expressed in such paragraph), by reference to the objects indicated in any other

paragraph or the name of the Company, but may be carried out in as full and ample a manner and construed in as wide a sense as if each of the said paragraphs defined the objects of a separate, distinct and independent company.

4. The liability of the members is limited.

5. The original capital of the Company is $100,000/- divided into 100,000 shares of $1/- each, and the Company shall have power to increase or reduce the capital to consolidate or subdivide the shares into shares of larger or smaller amounts, and to issue all or any part of the original or any additional capital as fully paid or partly paid shares and with any special or preferential rights or privileges or subject to any special terms or conditions, and either with or without any special designation, and also from time to time to alter, modify, commute, abrogate or deal with any such rights, privileges, terms, conditions or designations in accordance with the regulations for the time being of the Company.

WE, the several persons whose names, addresses and occupations are subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association and respectively agree to take the number of shares in the capital of the Company set opposite our respective names:-

NAMES, ADDRESSES AND OCCUPATIONS OF SUBSCRIBERS	Number of shares taken by each Subscriber.
SHARMINI CHITRAN NO. 26 JALAN INSAF SINGAPORE 578019 SINGAPOREAN ADVOCATE & SOLICITOR	ONE (1) ORDINARY
TAN SU MAY 27 HOLLAND HILL #04-07 SINGAPORE 278741 SINGAPOREAN ADVOCATE & SOLICITOR	ONE (1) ORDINARY
TOTAL NUMBER OF SHARES TAKEN	TWO (2) ORDINARY

Dated this 6th day of March 1996

Witness to the above signatures:-

TAN LING LING SELENE
Advocate & Solicitor,
c/o Allen & Gledhill,
Advocates & Solicitors,
36 Robinson Road,
#18-01 City House,
Singapore 068877

PRIVATE COMPANY LIMITED BY SHARES

NEW ARTICLES OF ASSOCIATION

OF

TRAFIGURA PTE LTD

(Adopted by Special Resolution passed on 26th March 2007)

PRELIMINARY

1. The regulations contained in Table "A" in the Fourth Schedule to the Act shall not apply to the Company, but the following shall, subject to repeal, addition and alteration as provided by the Act or these Articles, be the regulations of the Company. Table "A" not to apply.

2. In these Articles, if not inconsistent with the subject or context, the words standing in the first column of the Table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof: Interpretation.

WORDS		MEANINGS
"The Act"	..	The Companies Act, Cap. 50 or any statutory modification, amendment or re-enactment thereof for the time being in force or any and every other act for the time being in force concerning companies and affecting the Company and any reference to any provision of the Act is to that provision as so modified, amended or re-enacted or contained in any such subsequent Companies Act.
"These Articles"	..	These Articles of Association or other regulations of the Company for the time being in force.
"The Company"	..	The abovenamed Company by whatever name from time to time called.

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"Auditors"	..	The auditors for the time being of the Company.
"Director"	..	Includes any person acting as a Director of the Company and includes any person duly appointed and acting for the time being as an Alternate Director.
"Directors"	..	The Directors for the time being of the Company or such number of them as have authority to act for the Company.
"Dividend"	..	Includes bonus.
"Member"	..	A Member of the Company, except that, where the Act requires, excludes the Company where it is a member by reason of its holding of its shares as treasury shares.
"Month"	..	Calendar month.
"Office"	..	The Registered Office of the Company for the time being.
"Paid Up"	..	Includes credited as paid up.
"Register"	..	The Register of Members.
"Seal"	..	The Common Seal of the Company or in appropriate cases the Official Seal or duplicate Common Seal.
"Secretary"	..	The Secretary or Secretaries appointed under these Articles and shall include any person entitled to perform the duties of Secretary temporarily.
"Singapore"	..	The Republic of Singapore.
"Statutes"	..	The Act and every other Act for the time being in force concerning companies and affecting the Company.
"S$"	..	The lawful currency of Singapore.
"Writing" and "Written"	..	Includes printing, lithography, typewriting and any other mode of representing or reproducing words in a visible form.
"Year"	..	Calendar Year.

Words denoting the singular number only shall include the plural and vice versa.

Words denoting the masculine gender only shall include the feminine gender.

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Words denoting persons shall include corporations.

A reference in these Articles to "holders" of shares or a class of shares shall, except where otherwise provided, exclude the Company in relation to shares held by it as treasury shares.

A reference in these Articles to the Directors shall, in the case where the Company has only one Director, be construed as a reference to that Director.

A reference in these Articles to the doing of any act by two or more Directors shall, in the case where the Company has only one Director, be construed as the doing of that act by that Director.

Any reference in these Articles to any enactment is a reference to that enactment as for the time being amended or enacted.

Save as aforesaid, any word or expression used in the Act and the Interpretation Act, Cap. 1 shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

The headnotes and marginal notes are inserted for convenience only and shall not affect the construction of these Articles.

BUSINESS

3. Subject to the provisions of the Act, any branch or kind of business which by the Memorandum of Association of the Company or these Articles is expressly or by implication authorised to be undertaken by the Company may be undertaken by the Directors at such time or times as they shall think fit, and further may be suffered by them to be in abeyance, whether such branch or kind of business may have been actually commenced or not, so long as the Directors may deem it expedient not to commence or proceed with such branch or kind of business.

Any branch of business either expressly or by implication authorised may be undertaken by Directors.

PRIVATE COMPANY

4. The Company is a private company, and accordingly:

Limited number of members and restrictions on the transfer of shares.

(a) the number of the Members (not including persons who are in the employment of the Company or of its subsidiary and persons who having been formerly in the employment of the Company or of its subsidiary were while in the employment and have continued after the determination of that employment to be Members) shall be limited to fifty. Provided that for the purposes of this provision where two or more persons hold one or more shares in the Company jointly they shall be treated as a single Member; and

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(b) the right to transfer the shares of the Company shall be restricted in the manner hereinafter appearing.

SHARES

5. (a) Save to the extent permitted by the Act, none of the funds of the Company or of any subsidiary thereof shall be directly or indirectly employed in the purchase or subscription of or in loans upon the security of the Company's shares.

Prohibition against financial assistance.

(b) Notwithstanding the provisions of Article 5(a) but subject to the Act, the Company may purchase or otherwise acquire its issued shares on such terms and in such manner as the Company may from time to time think fit. If required by the Act, any share that is so purchased or acquired by the Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by the Company. On the cancellation of a share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

6. Save as provided by Section 161 of the Act, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to the provisions of these Articles, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and at such time as the Company in General Meeting may approve.

Issue of Shares.

7. The rights attached to shares issued upon special conditions shall be clearly defined in the Memorandum of Association of the Company or these Articles. Without prejudice to any special right previously conferred on the holders of any existing shares or class of shares but subject to the Act and these Articles, shares in the Company may be issued by the Directors and any such shares may be issued with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital or otherwise as the Directors may determine.

Special Rights.

8. The Company shall not exercise any right in respect of treasury shares other than as provided by the Act. Subject thereto, the Company may deal with its treasury shares in the manner authorised by, or prescribed pursuant to, the Act.

Treasury Shares.

9. If at any time the share capital is divided into different classes, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, be varied or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of shares of the class and to every such Special Resolution the provisions of Section 184 of the Act shall with such adaptations as are necessary apply. To every such separate General Meeting the provisions of these Articles relating to

Variation of rights.

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General Meetings shall mutatis mutandis apply. Provided Always That:

(a) the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll, but where the necessary majority for such a Special Resolution is not obtained at the Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of the Meeting shall be as valid and effectual as a Special Resolution carried at the Meeting; or

(b) where all the issued shares of the class are held by one person, the necessary quorum shall be one person and such holder of shares of the class present in person or by proxy or by attorney may demand a poll.

Creation or issue of further shares with special rights.

10. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles as are in force at the time of such issue, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

Power to pay commission and brokerage.

11. The Company may pay commissions or brokerage on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commission or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

Power to charge interest on capital.

12. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or the provisions of any plant which cannot be made profitable for a long period, the Company may, subject to the conditions and restrictions mentioned in the Act pay interest on so much of the share capital as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.

Exclusion of equities.

13. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the registered holder.

Joint holders.

14. If two or more persons are registered as joint holders of any share, any one of such persons may give effectual receipts for any dividend payable in respect of such share and the joint holders of a share shall, subject to the provisions of the Act, be severally as well as jointly liable for the payment of

all instalments and calls and interest due in respect of such shares. Such joint holders shall be deemed to be one Member and the delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

Fractional part of a share.

15. No person shall be recognised by the Company as having title to a fractional part of a share or otherwise than as the sole or a joint holder of the entirety of such share.

Payment of instalments.

16. If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same.

Share certificates.

17. The certificate of title to shares in the capital of the Company shall be issued under the Seal in such form as the Directors shall from time to time prescribe and shall bear the autographic or facsimile signatures of at least one Director and the Secretary or some other person appointed by the Directors, and shall specify the number and class of shares to which it relates and the amount paid and amount (if any) unpaid thereon. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Auditors.

Entitlement to certificate.

18. Every person whose name is entered as a Member in the Register shall be entitled within two months after allotment or within one month after the lodgment of any transfer to one certificate for all his shares of any one class or to several certificates in reasonable denominations each for a part of the shares so allotted or transferred. Where a Member transfers part only of the shares comprised in a certificate or where a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the Member shall pay a fee not exceeding S$2/- for each such new certificate as the Directors may determine.

New certificates may be issued.

19. If any certificate or other document of title to shares or debentures be worn out or defaced, then upon production thereof to the Directors, they may order the same to be cancelled and may issue a new certificate in lieu thereof. For every certificate so issued there shall be paid to the Company a fee not exceeding S$2/- as the Directors may determine. Subject to the provisions of the Act and the requirements of the Directors thereunder, if any certificate or document be lost or destroyed or stolen, then upon proof thereof to the satisfaction of the Directors and on such indemnity as the Directors deem adequate being given, and on the payment of a fee not exceeding S$2/- as the Directors may determine, a new certificate or document in lieu thereof shall be given to the person entitled to such lost or destroyed or stolen certificate or document.

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RESTRICTION ON TRANSFER OF SHARES

20. Subject to the restrictions of these Articles, any Member may transfer all or any of his shares, but every transfer must be in writing and in the usual common form, or in any other form which the Directors may approve. The instrument of transfer of a share shall be signed both by the transferor and by the transferee, and by the witness or witnesses thereto and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Shares of different classes shall not be comprised in the same instrument of transfer.

Form of Transfer.

21. All instruments of transfer which shall be registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same.

Retention of Transfers.

22. No share shall in any circumstances be transferred to any infant or bankrupt or person of unsound mind.

Infant, bankrupt or unsound mind.

23. The Directors may, in their absolute discretion, decline to register any transfer of shares on which the Company has a lien or to a person of whom they do not approve but shall in such event, within one month after the date on which the transfer was lodged with the Company send to the transferor and transferee notice of the refusal. If the Directors refuse to register a transfer they shall within one month of the date of application for the transfer by notice in writing to the applicant state the facts which are considered to justify the refusal to register the transfer.

Directors' power to decline to register.

24. The Directors may decline to register any instrument of transfer unless:

Instrument of transfer.

(a) such fee not exceeding S$2/- or such other sum as the Directors may from time to time require under the provisions of these Articles, is paid to the Company in respect thereof; and

(b) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors may appoint accompanied by a certificate of payment of stamp duty (if any), the certificates of the shares to which the transfer relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do.

25. The Company shall provide a book to be called "Register of Transfers" which shall be kept under the control of the Directors, and in which shall be entered the particulars of every transfer of shares.

Register of Transfers.

26. The Register may be closed at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty days in any Year.

Closure of Register.

TRANSMISSION OF SHARES

27. In case of the death of a Member, the survivor or survivors, where the deceased was a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing herein shall release the estate of a deceased Member (whether sole or joint) from any liability in respect of any share held by him.

Transmission on death.

28. Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may, upon producing such evidence of title as the Directors shall require, be registered himself as holder of the share upon giving to the Company notice in writing of his desire or transfer such share to some other person. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by such Member.

Persons becoming entitled on death or bankruptcy of Member may be registered.

29. Save as otherwise provided by or in accordance with these Articles a person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share except that he shall not be entitled in respect thereof to exercise any right conferred by membership in relation to Meetings of the Company until he shall have been registered as a Member in respect of the share.

Rights of unregistered executors and trustees.

30. There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any shares, such fee not exceeding S$2/- as the Directors may from time to time require or prescribe.

Fee for registration of probate etc.

CALLS ON SHARES

31. The Directors may from time to time make such calls as they think fit upon the Members in respect of any moneys unpaid on their shares and not by the terms of the issue thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine.

Calls on shares.

32. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

Time when made.

33. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum due from the day appointed for payment thereof to the time of actual payment at such rate not exceeding ten per cent per annum as the Directors determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

Interest on calls.

34. Any sum which by the terms of issue of a share becomes payable upon allotment or at any fixed date, shall for all purposes of these Articles be deemed to be a call duly made and payable on the date, on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Sum due on allotment.

35. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payments.

Power to differentiate.

36. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish, so far as the same shall extend, the liability upon the shares in respect of which they are made, and upon the moneys so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned the Company may pay interest at such rate not exceeding eight per cent per annum as the Member paying such sum and the Directors agree upon.

Payment in advance of calls.

FORFEITURE AND LIEN

37. If any Member fails to pay in full any call or instalment of a call on the day appointed for payment thereof, the Directors may at any time thereafter serve a notice on such Member requiring payment of so much of the call or instalment as is unpaid together with any interest and expenses which may have accrued.

Notice requiring payment of calls.

38. The notice shall name a further day (not being less than fourteen days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call was made will be liable to be forfeited.

Notice to state time and place.

39. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof be forfeited by a resolution of the Directors to that effect. Such

Forfeiture on non-compliance with notice.

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forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The Directors may accept a surrender of any share liable to be forfeited hereunder.

40. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto, or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such person as aforesaid.

Sale of shares forfeited.

41. A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were payable by him to the Company in respect of the shares with interest thereon at eight per cent per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such moneys in respect of the shares and the Directors may waive payment of such interest either wholly or in part.

Rights and liabilities of Members whose shares have been forfeited or surrendered.

42. The Company shall have a first and paramount lien and charge on every share (not being a fully paid share) registered in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof for all calls and instalments due on any such share and interest and expenses thereon but such lien shall only be upon the specific shares in respect of which such calls or instalments are due and unpaid and on all dividends from time to time declared in respect of the shares. The Directors may resolve that any share shall for some specified period be exempt from the provisions of this Article.

Company's lien.

43. The Company may sell in such manner as the Directors think fit any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen days after notice in writing stating and demanding payment of the sum payable and giving notice of intention to sell in default, shall have been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy. To give effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser thereof.

Sale of shares subject to lien.

44. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall be paid to the person entitled to the shares at the date of the sale.

Application of proceeds of such sales.

45. A statutory declaration in writing that the declarant is a Director

Title to shares

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of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof together with the certificate of proprietorship of the share under Seal delivered to a purchaser or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, surrender, sale, re-allotment or disposal of the share.

forfeited or surrendered or sold to satisfy a lien.

ALTERATION OF CAPITAL

46. Subject to any special rights for the time being attached to any existing class of shares, any new shares in the Company shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine subject to the provisions of these Articles and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.

Rights and privileges of new shares.

47. Unless otherwise determined by the Company in General Meeting any new shares shall before issue be offered in the first instance to all the then holders of any class of shares in proportion as nearly as may be to the number of existing shares to which they are entitled. In offering such shares in the first instance to all the then holders of any class of shares the offer shall be made by notice specifying the number of shares offered and limiting the time within which the offer if not accepted will be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company and the Directors may dispose of or not issue any such shares which by reason of the proportion borne by them to the number of holders entitled to any such offer or by reason of any other difficulty in apportioning the same cannot, in the opinion of the Directors, be conveniently offered under this Article.

Issue of new shares to Members.

48. Except so far as otherwise provided by the conditions of issue or by these Articles all new shares shall be subject to the provisions of these Articles with reference to allotments, payment of calls, liens, transfers, transmissions, forfeiture and otherwise.

New shares otherwise subject to provisions of Articles.

49. The Company may by Ordinary Resolution:

Power to consolidate and subdivide shares.

(a) consolidate and divide all or any of its shares;

(b) subdivide its shares or any of them (subject nevertheless

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to the provisions of the Act). Provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and

(c) subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.

50. The Company may by Special Resolution reduce its share capital in any manner and with and subject to any incident authorised and consent required by law.

Power to reduce capital.

Without prejudice to the generality of the foregoing, upon cancellation of a share purchased or otherwise acquired by the Company pursuant to these Articles and the Act, the number of issued shares of the Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly.

STOCK

51. The Company may by Ordinary Resolution convert any paid up shares into stock and may from time to time by like resolution reconvert any stock into paid up shares.

Power to convert into stock.

52. The holders of stock may transfer the same or any part thereof in the same manner and subject to the same Articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit but no stock shall be transferable except in such units as the Directors may from time to time determine.

Transfer of stock.

53. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by the number of stock units which would not if existing in shares have conferred that privilege or advantage; and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

Rights of stockholders.

54. All such of the provisions of these Articles as are applicable to paid up shares shall apply to stock and the words "share" and "shareholder" or similar expressions herein shall include "stock" or "stockholder".

Interpretation.

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GENERAL MEETINGS

55. (a) Unless otherwise determined by the Company in accordance with Section 175A of the Act, the Company shall in each Year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that Year and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next: provided that so long as the Company holds its First Annual General Meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year.

Annual General Meeting.

(b) All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

Extraordinary General Meetings.

56. The time and place of any General Meeting shall be determined by the Directors.

Time and place.

57. The Directors may, whenever they think fit, convene an Extraordinary General Meeting and Extraordinary General Meetings shall also be convened on such requisition or, in default, may be convened by such requisitionists, as provided by Section 176 of the Act. If at any time there are not within Singapore sufficient Directors capable of acting to form a quorum at a meeting of Directors, any Director may convene an Extraordinary General Meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

Calling of Extraordinary General Meetings.

NOTICE OF GENERAL MEETINGS

58. Subject to the provisions of the Act, at least fourteen days' notice in writing (exclusive both of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every General Meeting shall be given in the manner hereinafter mentioned to such persons (including the Auditors) as are under the provisions herein contained and the Act entitled to receive notice from the Company. Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:

Notice of Meetings.

(a) in the case of an Annual General Meeting by all the Members entitled to attend and vote thereat; and

(b) in the case of an Extraordinary General Meeting by that number or majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights of all the Members having a right to vote at that General Meeting.

Provided also that the accidental omission to give notice to, or the non-receipt by any person entitled thereto, shall not invalidate the

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proceedings at any General Meeting.

59. (a) Every notice calling a General Meeting shall specify the place and the day and hour of the Meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Member. Contents of notice.

(b) In the case of an Annual General Meeting, the notice shall also specify the Meeting as such.

(c) In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of the business; and if any resolution is to be proposed as a Special Resolution or as requiring special notice, the notice shall contain a statement to that effect.

60. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say: Routine business.

(a) declaring dividends;

(b) reading, considering and adopting the balance sheet, the reports of the Directors and Auditors, and other accounts and documents required to be annexed to the balance sheet;

(c) appointing Auditors and fixing the remuneration of Auditors or determining the manner in which such remuneration is to be fixed; and

(d) fixing the remuneration of the Directors proposed to be paid under Article 88.

PROCEEDINGS AT GENERAL MEETINGS

61. No business shall be transacted at any General Meeting unless a quorum is present. Save as herein otherwise provided, two Members shall form a quorum save that: Quorum.

(a) in the event of a corporation being beneficially entitled to the whole of the issued shares in the capital of the Company one person representing such corporation shall be a quorum and shall be deemed to constitute a Meeting and, if applicable, the provisions of Section 179 of the Act shall apply; and

(b) in the event the Company has only one Member, the Company may pass a resolution by that Member recording the resolution and signing the record in

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accordance with the provisions of Section 184G of the Act.

For the purpose of this Article, "Member" includes a person attending by proxy or by attorney or as representing a corporation which is a Member.

Adjournment if quorum not present.

62. If within half an hour from the time appointed for the Meeting a quorum is not present, the Meeting if convened on the requisition of Members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place, or to such other day and at such other time and place as the Directors may determine, and if at such adjourned Meeting a quorum is not present within fifteen minutes from the time appointed for holding the Meeting, the Meeting shall be dissolved. No notice of any such adjournment as aforesaid shall be required to be given to the Members.

General Meeting via conference telephone, video conference telephone or similar communications equipment.

63. Subject to the provisions of the Act, the Members may participate in a General Meeting by means of a conference telephone or a video conference telephone or similar communications equipment by which all persons participating in the General Meeting are able to hear and be heard by all other Members without the need for a Member to be in the physical presence of another Member(s) and participation in the General Meeting in this manner shall be deemed to constitute presence in person at such meeting. The Members participating in any such General Meeting shall be counted in the quorum for such General Meeting and subject to there being a requisite quorum under these Articles, all resolutions agreed by the Members in such General Meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Members duly convened and held. A General Meeting conducted by means of a conference telephone or a video conference telephone or similar communications equipment as aforesaid is deemed to be held at the place agreed upon by the Members attending the General Meeting, provided that at least one of the Members present at the General Meeting was at that place for the duration of the General Meeting.

Voting.

64. Subject to any additional requirements as may be imposed by the Act, all resolutions of the Members shall be adopted by a simple majority vote of the Members present and voting.

Resolutions by written means.

65. Subject to the provisions of the Act:

(a) a Special Resolution may be passed by written means if the resolution indicates that it is a Special Resolution and if it has been formally agreed on any date by one or more Members who on that date represent at least 75 per cent. of the total voting rights of all Members who on that date would have the right to vote on that resolution at a General Meeting of the Company; and

(b) an Ordinary Resolution is passed by written means if the resolution does not indicate that it is a Special

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Resolution and if it has been formally agreed on any date by one or more Members who on that date represent a majority of the total voting rights of all Members who on that date would have the right to vote on that resolution at a General Meeting of the Company.

A Special or Ordinary Resolution passed by written means may consist of several documents in the like form each signed by one or more of the Members who have the right to vote on that resolution at a General Meeting of the Company.

Chairman.

66. The Chairman of the Board of Directors shall preside as Chairman at every General Meeting. If there be no such Chairman or if at any Meeting he be not present within ten minutes after the time appointed for holding the Meeting or be unwilling to act, the Members present shall choose some Director to be Chairman of the Meeting or, if no Director be present or if all the Directors present decline to take the Chair, one of their number present, to be Chairman.

Adjournment.

67. The Chairman may, with the consent of any Meeting at which a quorum is present (and shall if so directed by the Meeting) adjourn the Meeting from time to time (or *sine die*) and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place. When a Meeting is adjourned for thirty days or more or *sine die*, notice of the adjourned Meeting shall be given as in the case of the original Meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned Meeting.

Method of voting.

68. At any General Meeting a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll be (before or on the declaration of the result of the show of hands) demanded:

(a) by the Chairman; or

(b) by at least one Member present in person or by proxy or by attorney or in the case of a corporation by a representative and entitled to vote at the meeting.

Provided Always that no poll shall be demanded on the election of a Chairman or on a question of adjournment. Unless a poll be so demanded (and the demand be not withdrawn) a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll may be withdrawn.

Taking a poll.

69. If a poll be duly demanded (and the demand be not withdrawn) it shall be taken in such manner (including the use of ballot or voting papers) as the Chairman may direct and the result of a poll shall be deemed to be the resolution

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of the Meeting at which the poll was demanded. The Chairman may, and if so requested shall, appoint scrutineers and may adjourn the Meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

70. If any votes be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same Meeting or at any adjournment thereof and not in any case unless it shall in the opinion of the Chairman be of sufficient magnitude.

Votes counted in error.

71. In the case of equality of votes, whether on a show of hands or on a poll, the Chairman of the Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

Chairman's casting vote.

72. A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately.

Time for taking a poll.

73. The demand for a poll shall not prevent the continuance of a Meeting for the transaction of any business, other than the question on which the poll has been demanded.

Continuance of business after demand for a poll.

VOTES OF MEMBERS

74. Subject to these Articles and to any special rights or restrictions as to voting attached to any class of shares hereinafter issued on a show of hands every Member entitled to vote who is present in person or by proxy or attorney or in the case of a corporation by a representative shall have one vote and on a poll every such Member shall have one vote for every share of which he is the holder.

Voting rights of Members.

75. Where there are joint registered holders of any share any one of such persons may vote and be reckoned in a quorum at any Meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto and if more than one of such joint holders be so present at any Meeting that one of such persons so present whose name stands first in the Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.

Voting rights of joint holders.

76. A Member of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorders may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney. Provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight hours before the time appointed for holding the Meeting.

Voting rights of Members of unsound mind.

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77. Subject to the provisions of these Articles and the Act every Member shall be entitled to be present and to vote at any General Meeting either personally or by proxy or by attorney or in the case of a corporation by a representative and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. Right to vote

78. No objection shall be raised to the qualification of any voter except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered and every vote not disallowed at such Meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the Meeting whose decision shall be final and conclusive. Objections.

79. On a poll votes may be given either personally or by proxy or by attorney or in the case of a corporation by its representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way. Votes on a poll.

80. An instrument appointing a proxy shall be in writing and: Appointment of proxies.

(a) in the case of an individual shall be signed by the appointor or by his attorney; and

(b) in the case of a corporation shall be either under the common seal or signed by its attorney or by an officer on behalf of the corporation.

The Directors may, but shall not be bound to, require evidence of the authority of any such attorney or officer.

81. A proxy need not be a Member. Proxy need not be a Member.

82. An instrument appointing a proxy or the power of attorney or other authority, if any, must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the Meeting not less than forty-eight hours before the time appointed for the holding of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used and in default shall not be treated as valid unless the Directors otherwise determine. Deposit of proxies.

83. An instrument appointing a proxy shall be in the following form with such variations if any as circumstances may require or in such other form as the Directors may accept and shall be deemed to include the right to demand or join in demanding a poll, to move any resolution or amendment thereto and to speak at the meeting: Form of proxies.

TRAFIGURA PTE LTD

"I/We,

"of
"a Member/Members of the abovenamed Company
"hereby appoint
"of
"or whom failing
"of
"to vote for me/us and on my/our behalf
"at the (Annual, Extraordinary or Adjourned,
"as the case may be) General Meeting of
"the Company to be held on the day
"of and at every adjournment thereof.
"As Witness my/our hand this day of ."

An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the Meeting as for the Meeting to which it relates and need not be witnessed.

Intervening death or insanity of principal not to revoke proxy.

84. A vote given in accordance with the terms of an instrument of proxy (which for the purposes of these Articles shall also include a power of attorney) shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy was given. Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.

Corporations acting by representatives.

85. Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any Meeting of the Company or of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Articles (but subject to the Act) be deemed to be present in person at any such Meeting if a person so authorised is present thereat.

DIRECTORS

Number of Directors.

86. Subject to the other provisions of Section 145 of the Act, there shall be at least one Director who is ordinarily resident in Singapore and there shall be no maximum number.

Qualification.

87. A Director need not be a Member and shall not be required to hold any share qualification unless and until otherwise determined by the Company in General Meeting but shall be entitled to attend and speak at General Meetings.

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88. Subject to Section 169 of the Act, the remuneration of the Directors shall be determined from time to time by the Company in General Meeting, and shall be divisible among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for the proportion of remuneration related to the period during which he has held office.

Remuneration of Directors.

89. The Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

Travelling Expenses.

90. Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside his ordinary duties as a Director, may, subject to Section 169 of the Act, be paid such extra remuneration as the Directors may determine.

Extra Remuneration.

91. (a) Other than the office of Auditor, a Director may hold any other office or place of profit under the Company and he or any firm of which he is a member may act in a professional capacity for the Company in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from transacting or entering into any arrangement with the Company either as vendor, purchaser or otherwise nor shall such transaction or arrangement or any transaction or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director so transacting or being so interested be liable to account to the Company for any profit realised by any such transaction or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established.

Power of Directors to hold office of profit and to transact with Company.

(b) Every Director shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests of the Directors in transactions or proposed transactions with the Company or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director. Subject to such disclosure, a Director shall be entitled to vote in respect of any transaction or arrangement in which he is interested and he shall be taken into account in ascertaining whether a quorum is present.

Directors to observe Section 156 of the Act.

92. (a) A Director may be or become a director of or hold any office or place of profit (other than as Auditor) or be otherwise interested in any company in which the Company may be interested as vendor, purchaser, shareholder or otherwise and unless otherwise agreed shall not be accountable for any fees, remuneration or other benefits received by him as a director or officer of or by virtue of his interest in such other company.

Holding of office in other companies.

(b) The Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such Director may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

Directors may exercise voting power conferred by Company's shares in another company.

MANAGING DIRECTORS

93. The Directors may from time to time appoint one or more of their body to be Managing Director or Managing Directors of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their places.

Appointment of Managing Directors.

94. A Managing Director shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company and if he ceases to hold the office of Director for any cause he shall ipso facto and immediately cease to be a Managing Director.

Resignation and removal of Managing Director.

95. Subject to Section 169 of the Act, the remuneration of a Managing Director shall from time to time be fixed by the Directors and may, subject to these Articles, be by way of salary or commission or participation in profits or by any or all of these modes.

Remuneration of Managing Director.

96. The Directors may from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these Articles by the Directors as they may think fit and may confer such powers for such time and to be exercised on such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Power of Managing Director.

VACATION OF OFFICE OF DIRECTORS

97. The office of a Director shall be vacated in any one of the following events, namely:

Vacation of office of Director.

(a) if he becomes prohibited from being a Director by reason of any order made under the Act; or

(b) if he ceases to be a Director by virtue of any of the provisions of the Act or these Articles; or

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(c) subject to Section 145 of the Act, if he resigns by writing under his hand left at the Office; or

(d) if he has a receiving order made against him or suspends payments or compounds with his creditors generally; or

(e) if he is found lunatic or becomes of unsound mind.

APPOINTMENT AND REMOVAL OF DIRECTORS

98. The Company may by Ordinary Resolution remove any Director before the expiration of his period of office, notwithstanding anything in these Articles or in any agreement between the Company and such Director.

Removal of Directors.

99. The Company may by Ordinary Resolution appoint another person in place of a Director removed from office under the immediately preceding Article.

Appointment in place of Director removed.

100. The Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these Articles.

Directors' power to fill casual vacancies and to appoint additional Director.

ALTERNATE DIRECTORS

101. (a) Any Director may at any time by writing under his hand and deposited at the Office or by telefax sent to the Secretary appoint any person to be his Alternate Director and may in like manner at any time terminate such appointment. Any appointment or removal by telefax shall be confirmed as soon as possible by letter, but may be acted upon by the Company meanwhile.

Appointment of Alternate Directors.

(b) A Director or any other person may act as an Alternate Director to represent more than one Director and such Alternate Director shall be entitled at Directors' meetings to one vote for every Director whom he represents in addition to his own vote if he is a Director.

(c) The appointment of an Alternate Director shall ipso facto determine on the happening of any event which if he were a Director would render his office as a Director to be vacated and his appointment shall also determine ipso facto if his appointor ceases for any reason to be a Director.

(d) An Alternate Director shall be entitled to receive notices of meetings of the Directors and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally, if his appointor is absent from Singapore or is otherwise unable to act as such Director, to perform all functions of his appointment as a Director (except the power to appoint an Alternate Director) and to sign any resolution in accordance with the provisions of Article 107.

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(e) An Alternate Director shall not be taken into account in reckoning the minimum or maximum number of Directors allowed for the time being under these Articles but he shall be counted for the purpose of reckoning whether a quorum is present at any meeting of the Directors attended by him at which he is entitled to vote. Provided that in the event the Company has more than one Director, he shall not constitute a quorum under Article 104 if he is the only person present at the meeting notwithstanding that he may be an Alternate to more than one Director.

(f) An Alternate Director may be repaid by the Company such expenses as might properly be repaid to him if he were a Director and he shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company.

(g) An Alternate Director shall not be required to hold any share qualification.

PROCEEDINGS OF DIRECTORS

Meetings of Directors.

102. (a) The Directors may meet together for the despatch of business, adjourn or otherwise regulate their meetings as they think fit. Subject to the provisions of these Articles, questions arising at any meeting shall be determined by a majority of votes and in case of an equality of votes the Chairman of the meeting shall have a second or casting vote.

(b) The Directors may participate in a meeting of the Directors by means of a conference telephone or a video conference telephone or similar communications equipment by which all persons participating in the meeting are able to hear and be heard by all other participants without the need for a Director to be in the physical presence of another Director(s) and participation in the meeting in this manner shall be deemed to constitute presence in person at such meeting. The Directors participating in any such meeting shall be counted in the quorum for such meeting and subject to there being a requisite quorum under these Articles, all resolutions agreed by the Directors in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened and held. A meeting conducted by means of a conference telephone or a video conference telephone or similar communications equipment as aforesaid is deemed to be held at the place agreed upon by the Directors attending the meeting, provided that at least one of the Directors present at the meeting was at that place for the duration of the meeting.

(c) In the case of a meeting which is not held in person, the fact that a Director is taking part in the meeting must be made known to all the other Directors taking part, and no Director may disconnect or cease to take part in the meeting unless he makes known to all other Directors taking part that he is

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ceasing to take part in the meeting.

103. A Director may and the Secretary on the requisition of a Director shall at any time summon a meeting of the Directors.

Convening meetings of Directors.

104. In the event the Company has more than one Director, the quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed at any other number shall be two. Notwithstanding the foregoing, in the event the Company has only one Director, that Director shall form the quorum and may pass a resolution by recording the resolution and signing the record. A meeting of the Directors at which a quorum is present shall be competent to exercise all the powers and discretions for the time being exercisable by the Directors.

Quorum.

105. The continuing Directors may act notwithstanding any vacancies in their body. If and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles, any Member may summon a General Meeting for the purpose of appointing Directors.

Proceedings in case of vacancies.

106. The Directors may from time to time elect a Chairman and if desired a Deputy Chairman and determine the period for which he is or they are to hold office. The Deputy Chairman will perform the duties of the Chairman during the Chairman's absence for any reason. The Chairman and in his absence the Deputy Chairman shall preside as Chairman at meetings of the Directors but if no such Chairman or Deputy Chairman be elected or if at any meeting the Chairman and the Deputy Chairman be not present within five minutes after the time appointed for holding the same, the Directors present shall choose one of their number to be Chairman of such meeting.

Chairman of Directors.

107. A resolution in writing signed by a majority of the Directors for the time being and being not less than are sufficient to form a quorum shall be as effective as a resolution passed at a meeting of the Directors duly convened and held, and may consist of several documents in the like form each signed by one or more of the Directors. Provided that, where a Director has appointed an Alternate Director, the Director or (in lieu of the Director) his Alternate may sign. The expressions "in writing" and "signed" include approval by any such Director by telefax or any form of electronic communication approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors.

Resolutions in writing.

108. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on them by the Directors.

Power to appoint committees.

109. The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions of these Articles regulating the meetings and proceedings of the Directors, so far as the

Proceedings at committee meetings.

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same are applicable and are not superseded by any regulations made by the Directors under the last preceding Article.

110. All acts done by any meeting of Directors or of a committee of Directors or by any person acting as Director shall as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any such Director or person acting as aforesaid or that they or any of them were or was disqualified or had vacated office or were not entitled to vote be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.

Validity of acts of Directors in spite of some formal defect.

GENERAL POWERS OF THE DIRECTORS

111. The business and affairs of the Company shall be managed by or under the direction of the Directors. The Directors may exercise all such powers of the Company as are not by the Statutes or by these Articles required to be exercised by the Company in General Meeting. The Directors shall not carry into effect any proposals for selling or disposing of the whole or substantially the whole of the Company's undertaking or property unless those proposals have been approved by the Company in General Meeting. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Directors by any other Article.

General powers of Directors to manage Company's business.

112. The Directors may from time to time by power of attorney under the Seal appoint any company, firm or person or any fluctuating body of persons whether nominated directly or indirectly by the Directors to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with such attorney as the Directors may think fit and may also authorise any such attorney to subdelegate all or any of the powers, authorities and discretions vested in him.

Power to appoint attorneys.

113. All cheques, promissory notes, drafts, bills of exchange, and other negotiable or transferable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by Resolution determine.

Signature of cheques and bills.

BORROWING POWERS

114. Subject as hereinafter provided and to the provisions of the Statutes, the Directors may borrow or raise money from time to time for the purpose of the Company or secure the payment of such sums as they think fit and may secure the repayment or payment of such sums by mortgage or charge upon all or any of the property or assets of the Company or by the issue of debentures or otherwise as they may think fit.

Directors' borrowing powers.

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SECRETARY

115. The Secretary or Secretaries shall and a Deputy or Assistant Secretary or Secretaries may be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit, and any Secretary, Deputy or Assistant Secretary so appointed may be removed by them, but without prejudice to any claim he may have for damages for breach of any contract of service between him and the Company. The appointment and duties of the Secretary or Secretaries shall not conflict with the provisions of the Act and in particular Section 171 thereof. Secretary.

SEAL

116. (a) The Directors shall provide for the safe custody of the Seal, which shall only be used by the authority of the Directors or a committee of Directors authorised by the Directors in that behalf, and every instrument to which the Seal shall be affixed shall (subject to the provisions of these Articles as to certificates for shares) be signed by such person or persons as shall be duly authorised by the Directors. Seal.

(b) The Company may exercise the powers conferred by the Act with regard to having an Official Seal for use abroad, and such powers shall be vested in the Directors. Official Seal.

(c) The Company may have a duplicate Common Seal as referred to in Section 124 of the Act which shall be a facsimile of the Common Seal with the addition on its face of the words "Share Seal". Share Seal.

AUTHENTICATION OF DOCUMENTS

117. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office, the local manager and other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. Power to authenticate documents.

118. A document purporting to be a copy of a resolution of the Directors or an extract from the minutes of a meeting of Directors which is certified as such in accordance with the provisions of the last preceding Article shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Directors. Certified copies of resolution of the Directors.

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DIVIDENDS AND RESERVES

119. The Company may by Ordinary Resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of the Company, or in excess of the amount recommended by the Directors.

Payment of dividends.

120. Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:

Apportionment of dividends.

(a) all dividends in respect of shares shall be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and

(b) all dividends shall be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.

For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.

121. If and so far as in the opinion of the Directors the profits of the Company justify such payments; the Directors may pay the fixed preferential dividends on any class of shares carrying a fixed preferential dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and subject thereto may also from time to time pay to the holders of any other class of shares interim dividends thereon of such amounts and on such dates as they may think fit.

Payment of preference and interim dividends.

122. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.

Dividends not to bear interest.

123. The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or in connection therewith.

Deduction for debts due to Company.

124. The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Retention of dividends on shares subject to lien.

125. The Directors may retain the dividends payable on shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member or

Retention of dividends on shares pending

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which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same.

transmission.

126. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.

Unclaimed dividends.

127. The Company may, upon the recommendation of the Directors, by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one or more of such ways; and the Directors shall give effect to such Resolution and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

Payment of dividend in specie.

128. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto, or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder to any one of such persons or to such persons and such address as such persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

Dividends payable by cheque.

129. A transfer of shares shall not pass the right to any dividend declared on such shares before the registration of the transfer.

Effect of transfer.

RESERVES

130. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalising dividends or for any other

Power to carry profit to reserve.

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purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested.

131. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also without placing the same to reserve carry forward any profits which they may think it not prudent to divide.

Manner of dealing with reserves.

BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

132. The Company may, upon the recommendation of the Directors, by Ordinary Resolution:

Power to issue free bonus shares and/or to capitalise profits.

(a) issue bonus shares for which no consideration is payable to the Company to the Members holding shares in the Company in proportion to their then holdings of shares; and/or

(b) capitalise any sum for the time being standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution, provided that such sum be not required for paying the dividends on any shares carrying a fixed cumulative preferential dividend and accordingly that the Directors be authorised and directed to appropriate the sum resolved to be capitalised to the Members holding shares in the Company in the proportions in which such sum would have been divisible amongst them had the same been applied or been applicable in paying dividends and to apply such sum on their behalf either in or towards paying up the amounts (if any) for the time being unpaid on any shares held by such Members respectively, or in paying up in full unissued shares or debentures of the Company, such shares or debentures to be allotted and distributed and credited as fully paid up to and amongst such Members in the proportion aforesaid or partly in one way and partly in the other.

133. Whenever such a Resolution as aforesaid shall have been passed, the Directors may do all acts and things considered necessary or expedient to give effect to any such bonus issue and/or capitalisation with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for any such bonus issue or capitalisation

Power of Directors to give effect to bonus issues and/or capitalisations.

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and matters incidental thereto and any agreement made under such authority shall be effective and binding on all such Members.

MINUTES AND BOOKS

134. The Directors shall cause minutes to be made in books to be provided for the purpose: Minutes.

(a) of all appointments of officers made by the Directors;

(b) of the names of the Directors present at each meeting of Directors and of any committee of Directors;

(c) of all Resolutions and proceedings at all Meetings of the Company and of any class of Members, of the Directors and of committees of Directors;

(d) in the event the Company has only:-

(i) one Director, of all duly signed records of Resolutions passed, and all declarations made, by that Director; and

(ii) one Member, of all duly signed records of Resolutions passed by that Member.

135. The Directors shall duly comply with the provisions of the Act and in particular the provisions with regard to registration of charges created by or affecting property of the Company with regard to keeping a Register of Directors and Secretaries, the Register, a Register of Mortgages and Charges and a Register of Directors' Share and Debenture Holdings and with regard to the production and furnishing of copies of such Registers and of any Register of Holders of Debentures of the Company. Keeping of Registers, etc.

136. Any register, index, minute book, book of accounts or other book required by these Articles or by the Act to be kept by or on behalf of the Company may be kept either by making entries in bound books or by recording them in any other manner. In any case in which bound books are not used, the Directors shall take adequate precautions for guarding against falsification and for facilitating discovery. Form of registers, etc.

ACCOUNTS

137. The Directors shall cause to be kept such accounting and other records as are necessary to comply with the provisions of the Act and shall cause those records to be kept in such manner as to enable them to be conveniently and properly audited. Directors to keep proper accounts.

138. Subject to the provisions of Section 199 of the Act, the books of accounts shall be kept at the Office or at such other place or places as Location and inspection.

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the Directors think fit within Singapore. No Member (other than a Director or the holding company of the Company) shall have any right of inspecting any account or book or document or other recording of the Company except as is conferred by law or authorised by the Directors or by an Ordinary Resolution of the Company.

139. Subject to and in accordance with the provisions of the Act, the Directors shall cause to be prepared and to be laid before the Company in General Meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as may be necessary.

Presentation of accounts.

140. A copy of every balance sheet and profit and loss account which (or which but for Section 201C of the Act) is to be laid before a General Meeting of the Company (including every document required by the Act to be annexed thereto) together with a copy of every report of the Auditors relating thereto and of the Directors' report shall (a) not less than fourteen days before the date of the Meeting or (b) if a resolution under Section 175A of the Act is in force, not less than twenty-eight days before the end of the period allowed for the laying of those documents, be sent to every Member of, and every holder of debentures (if any) of, the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or of these Articles. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of a share in the Company or the several persons entitled thereto in consequence of the death or bankruptcy of the holder or otherwise but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

Copies of accounts.

AUDITORS

141. Unless the Company is exempted under the provisions of the Act, Auditors shall be appointed and their duties regulated in accordance with the provisions of the Act. Every Auditor of the Company shall have a right of access at all times to the accounting and other records of the Company and shall make his report as required by the Act.

Appointment of Auditors.

142. Subject to the provisions of the Act, all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment.

Validity of acts of Auditors in spite of some formal defect.

143. The Auditors shall be entitled to attend any General Meeting and to receive all notices of and other communications relating to any General Meeting to which any Member is entitled and to be heard at any General Meeting on any part of the business of the Meeting which concerns them as Auditors.

Auditors' right to receive notices of and attend at General Meetings.

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NOTICES

144. (a) Any notice may be given by the Company to any Member in any of the following ways:

Service of notice.

(i) by delivering the notice personally to him; or

(ii) by sending it by prepaid mail to him at his registered address in Singapore or where such address is outside Singapore by prepaid air-mail; or

(iii) by sending a telefax containing the text of the notice to him at his registered fax number in Singapore or where such fax number is outside Singapore to such fax number outside Singapore or to any other address as might have been previously notified by the Member concerned to the Company; or

(iv) by sending an electronic communication containing the text of the notice in the manner provided in the Act.

(b) Any notice or other communication served under any of the provisions of these Articles on or by the Company or any officer of the Company may be tested or verified by telefax or telephone or such other manner as may be convenient in the circumstances but the Company and its officers are under no obligation so to test or verify any such notice or communication.

145. All notices and documents (including a share certificate) with respect to any shares to which persons are jointly entitled shall be given to whichever of such persons is named first on the Register and notice so given shall be sufficient notice to all the holders of such shares.

Service of notices in respect of joint holders.

146. Any Member with a registered address shall be entitled to have served upon him at such address any notice to which he is entitled under these Articles.

Members shall be served at registered address.

147. A person entitled to a share in consequence of the death or bankruptcy of a Member or otherwise upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also an address for the service of notice, shall be entitled to have served upon him at such address any notice or document to which the Member but for his death or bankruptcy or otherwise would be entitled and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid any notice or document delivered or sent by post to or left at the registered address of any Member in

Service of notices after death etc. on a Member.

pursuance of these Articles shall (notwithstanding that such Member be then dead or bankrupt or otherwise not entitled to such share and whether or not the Company has notice of the same) be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder.

148. (a) Any notice given in conformity with Article 144 shall be deemed to have been given at any of the following times as may be appropriate:

When service effected.

(i) when it is delivered personally to the Member, at the time when it is so delivered;

(ii) when it is sent by prepaid mail to an address in Singapore or by prepaid air-mail to an address outside Singapore, on the day following that on which the notice was put into the post; and

(iii) when the notice is sent by telefax or electronic communication, on the day it is so sent or transmitted.

(b) In proving such service, sending or transmission, it shall be sufficient to prove that the letter containing the notice or document was properly addressed and put into the post as a prepaid letter or air-mail letter as the case may be or that a telefax or the electronic communication was properly addressed and transmitted in the manner provided in the Act.

149. Any notice on behalf of the Company or of the Directors shall be deemed effectual if it purports to bear the signature of the Secretary or other duly authorised officer of the Company, whether such signature is printed or written.

Signature on notice.

150. When a given number of days' notice or notice extending over any other period is required to be given the day of service shall not, unless it is otherwise provided or required by these Articles or by the Act, be counted in such number of days or period.

Day of service not counted.

151. (a) Notice of every General Meeting shall be given in the manner hereinbefore authorised to:

Notice of General Meeting.

(i) every Member;

(ii) every person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the Meeting; and

(iii) the Auditors.

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(b) No other person shall be entitled to receive notices of General Meetings.

152. The provisions of Articles 144, 148, 149 and 150 shall apply mutatis mutandis to notices of meetings of Directors or any committee of Directors.

Notice of meetings of Directors or any committee of Directors.

WINDING UP

153. If the Company is wound up (whether the liquidation is voluntary, under supervision, or by the Court) the liquidator may, with the authority of a Special Resolution, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds and may for such purpose set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of Members as the liquidator with the like authority thinks fit and the liquidation of the Company may be closed and the Company dissolved but so that no Member shall be compelled to accept any shares or other securities in respect of which there is a liability.

Distribution of assets in specie.

INDEMNITY

154. Subject to the provisions of the Act, every Director, Auditor, Secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto and in particular and without prejudice to the generality of the foregoing no Director, Manager, Secretary or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or left or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happen through his own negligence, wilful default, breach of duty or breach of trust.

Indemnity of Directors and officers.

SECRECY

155. No Member shall be entitled to require discovery of or any information respecting any detail of the Company's trade or any matter which may be in the nature of a trade secret, mystery of trade or secret process which may

Secrecy.

relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interest of the Members of the Company to communicate to the public save as may be authorised by law.

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Co. Reg. No. 199601595D

THE COMPANIES ACT, CAP. 50

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM

AND

NEW ARTICLES OF ASSOCIATION
(Adopted by Special Resolution passed on 26 March, 2007)

OF

TRAFIGURA PTE LTD

Incorporated on the 7th day of March, 1996

ALLEN & GLEDHILL
ADVOCATES & SOLICITORS
ONE MARINA BOULEVARD #28-00
SINGAPORE 018989

TELEPHONE NO: 68907188

LODGED IN THE OFFICE OF THE ACCOUNTING AND CORPORATE REGULATORY AUTHORITY, SINGAPORE.

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D)

Date: 13/11/2017

The Following Are The Brief Particulars of :

Registration No.	199601595D
Company Name.	TRAFIGURA PTE LTD
Former Name if any	
Incorporation Date.	07/03/1996
Company Type	PRIVATE COMPANY LIMITED BY SHARES
Status	Live Company
Status Date	07/03/1996

Principal Activities

Activities (I)	COMMODITY AND FUTURES BROKERS AND DEALERS (66124)
Description	
Activities (II)	OTHER HOLDING COMPANIES (64202)
Description	

Capital

Issued Share Capital (AMOUNT)	Number of Shares *	Currency	Share Type
6100002	6100002	SINGAPORE, DOLLARS	ORDINARY
322950389	115010000	UNITED STATES OF AMERICA, DOLLARS	ORDINARY

* Number of Shares includes number of Treasury Shares

Paid-Up Capital (AMOUNT)	Number of Shares	Currency	Share Type
6100002		SINGAPORE, DOLLARS	ORDINARY
322950389		UNITED STATES OF AMERICA, DOLLARS	ORDINARY

Certified True Copy

NOTARY PUBLIC Edward D Souza N2017/0072 1 Apr 2017 – 31 Mar 2018 SINGAPORE

REPUBLIC OF SINGAPORE NOTARY PUBLIC

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D)

Date: 13/11/2017

COMPANY HAS THE FOLLOWING ORDINARY SHARES HELD AS TREASURY SHARES

Number Of Shares	Currency

Registered Office Address	10 COLLYER QUAY #29-00 OCEAN FINANCIAL CENTRE SINGAPORE (049315)
Date of Address	01/10/2015
Date of Last AGM	17/03/2015
Date of Last AR	24/12/2015
Date of A/C Laid at Last AGM	30/09/2014
Date of Lodgment of AR, A/C	24/12/2015

Audit Firms

NAME
ERNST & YOUNG LLP

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
200202251	17/05/2002		All Monies	BNP PARIBAS
200202574	10/06/2002		All Monies	STANDARD CHARTERED BANK
C200507310	24/11/2005		All Monies	ING BANK N.V.
C200602541	20/04/2006		All Monies	SUMITOMO MITSUI BANKING CORPORATION SINGAPORE BRANCH
C200602542	20/04/2006		All Monies	SUMITOMO MITSUI BANKING CORPORATION SINGAPORE BRANCH
C200606379	22/09/2006		All Monies	UNITED OVERSEAS BANK LIMITED

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D)

Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C200606741	02/10/2006		All Monies	STANDARD CHARTERED BANK
C200608114	30/11/2006		All Monies	CALYON
C200700296	12/01/2007		All Monies	NATIXIS
C200700297	12/01/2007		All Monies	NATIXIS
C200802277	06/03/2008		All Monies	OVERSEA-CHINESE BANKING CORPORATION LIMITED
C200804950	30/05/2008		All Monies	COMMERZBANK AKTIENGESELLSCHAFT, LONDON BRANCH
C200807115	31/07/2008		All Monies	MIZUHO BANK, LTD.
C200807116	31/07/2008		All Monies	MIZUHO BANK, LTD.
C200807117	31/07/2008		All Monies	MIZUHO BANK, LTD.
C200807118	31/07/2008		All Monies	MIZUHO BANK, LTD.
C200808503	12/09/2008		All Monies	COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., LONDON BRANCH
C200808522	12/09/2008		All Monies	COOPERATIEVE CENTRALE RAIFFEISEN BOOERENLEENBANK BA., (TRADING AS RABOBANK INTL), SINGAPORE BRANCH
C200808522	12/09/2008		All Monies	COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. (TRADING AS RABOBANK INTL), LONDON BRANCH
C200809301	09/10/2008		All Monies	NATIXIS
C200809742	23/10/2008		All Monies	DEUTSCHE BANK AG, AMSTERDAM BRANCH

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D)

Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C200901086	17/02/2009		All Monies	NATIONAL BANK OF GREECE S.A.
C200901088	17/02/2009		All Monies	NATIONAL BANK OF GREECE S.A.
C200902668	08/05/2009		All Monies	SOCIETE GENERALE,PARIS
C200904714	30/07/2009		All Monies	RAIFFEISEN BANK INTERNATIONAL AG
C200904717	30/07/2009		All Monies	RAIFFEISEN BANK INTERNATIONAL AG
C200904796	04/08/2009		All Monies	RAIFFEISEN BANK INTERNATIONAL AG
C200904797	04/08/2009		All Monies	RAIFFEISEN BANK INTERNATIONAL AG
C200905264	24/08/2009		All Monies	SOCIETE GENERALE
C200905464	01/09/2009	UNITED STATES OF AMERICA, DOLLARS	75000000	CALYON
C200907243	10/11/2009		All Monies	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
C200907512	18/11/2009		All Monies	WESTPAC BANKING CORPORATION
C200907526	19/11/2009	UNITED STATES OF AMERICA, DOLLARS	75000000	CALYON
C201000640	19/01/2010		All Monies	ABN AMRO BANK N.V. AMSTERDAM BRANCH
C201001412	12/02/2010		All Monies	NATIONAL BANK OF GREECE S.A.
C201001415	12/02/2010		All Monies	NATIONAL BANK OF GREECE S.A.

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D)

Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201001418	12/02/2010		All Monies	NATIONAL BANK OF GREECE S.A.
C201002893	07/04/2010		All Monies	CREDIT AGRICOLE (SUISSE) SA
C201002894	07/04/2010		All Monies	CREDIT AGRICOLE (SUISSE) SA
C201002896	07/04/2010		All Monies	CREDIT AGRICOLE (SUISSE) SA
C201002898	07/04/2010		All Monies	CREDIT AGRICOLE (SUISSE) SA
C201002900	07/04/2010		All Monies	CREDIT AGRICOLE (SUISSE) SA
C201002902	07/04/2010		All Monies	CREDIT AGRICOLE (SUISSE) SA
C201002903	07/04/2010		All Monies	CREDIT AGRICOLE (SUISSE) SA
C201003444	26/04/2010		All Monies	ING BANK N.V.
C201003764	07/05/2010		All Monies	NATIXIS
C201003767	07/05/2010		All Monies	NATIXIS
C201003768	07/05/2010		All Monies	NATIXIS
C201005536	01/07/2010		All Monies	COMMERZBANK AKTIENGESELLSCHAFT, LONDON BRANCH
C201006101	16/07/2010		All Monies	WESTPAC BANKING CORPORATION
C201006169	20/07/2010		All Monies	STANDARD CHARTERED BANK
C201006481	28/07/2010		All Monies	THE BANK OF TOYKO-MITSUBISHI UFJ, LTD.
C201006483	28/07/2010		All Monies	THE BANK OF TOYKO-MITSUBISHI UFJ, LTD.

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Part-III

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Business Profile (Company) of TRAFIGURA PTE LTD (199601596D)

Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201008921	01/10/2010		All Monies	STANDARD CHARTERED BANK
C201010438	03/11/2010		All Monies	UNICREDIT BANK AG
C201010440	03/11/2010		All Monies	UNICREDIT BANK AG
C201012532	23/12/2010		All Monies	BANK OF COMMUNICATIONS CO., LTD
C201012677	29/12/2010		All Monies	BNP PARIBAS
C201100831	18/01/2011		All Monies	DBS BANK LTD.
C201101919	15/02/2011		All Monies	CHINATRUST COMMERCIAL BANK CO., LTD.
C201101921	15/02/2011		All Monies	CHINATRUST COMMERCIAL BANK CO., LTD.
C201102896	09/03/2011		All Monies	BNP PARIBAS
C201104208	05/04/2011		All Monies	NATIXIS
C201105053	21/04/2011		All Monies	UBS AG
C201105056	21/04/2011		All Monies	UBS AG
C201105068	21/04/2011		All Monies	UBS AG
C201105060	21/04/2011		All Monies	UBS AG
C201105063	21/04/2011		All Monies	UBS AG
C201105069	21/04/2011		All Monies	UBS AG
C201106344	26/05/2011		All Monies	UNION DE BANQUES ARABES ET FRANCAISES-UBAF
C201106397	27/05/2011		All Monies	COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. ("RABOBANK NEDERLAND")

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D) Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201106402	27/05/2011		All Monies	COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. ("RABOBANK NEDERLAND")
C201106403	27/05/2011		All Monies	COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. ("RABOBANK NEDERLAND")
C201107964	01/07/2011		All Monies	NATIONAL AUSTRALIA BANK LIMITED
C201110284	18/08/2011		All Monies	SOCIETE GENERALE
C201110641	25/08/2011		All Monies	THE ROYAL BANK OF SCOTLAND N.V.
C201111188	08/09/2011		All Monies	BNP PARIBAS
C201111189	08/09/2011		All Monies	BNP PARIBAS
C201111506	14/09/2011		All Monies	SOCIETE GENERALE
C201112828	12/10/2011		All Monies	ICICI BANK UK PLC
C201112831	12/10/2011		All Monies	ICICI BANK UK PLC
C201112833	12/10/2011		All Monies	ICICI BANK UK PLC
C201114174	10/11/2011		All Monies	ING BANK N.V.
C201202370	01/03/2012		All Monies	THE ROYAL BANK OF SCOTLAND N.V.
C201204507	25/04/2012		All Monies	STANDARD CHARTERED BANK
C201204508	25/04/2012		All Monies	STANDARD CHARTERED BANK
C201204510	25/04/2012		All Monies	STANDARD CHARTERED BANK
C201204511	25/04/2012		All Monies	STANDARD CHARTERED BANK

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D) Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201204512	25/04/2012		All Monies	STANDARD CHARTERED BANK
C201205557	21/05/2012		All Monies	COMMERZBANK AKTIENGESELLSCHAFT
C201205558	21/05/2012		All Monies	COMMERZBANK AKTIENGESELLSCHAFT
C201205913	30/05/2012		All Monies	BANQUE DE COMMERCE ET DE PLACEMENTS S.A.
C201207067	27/06/2012		All Monies	KBC BANK N.V.
C201207084	27/06/2012		All Monies	KBC BANK N.V.
C201208288	24/07/2012		All Monies	SOCIETE GENERALE
C201209205	14/08/2012		All Monies	BANK CIC (SWITZERLAND) LTD.
C201209816	29/08/2012		All Monies	BNP PARIBAS
C201209820	29/08/2012		All Monies	BNP PARIBAS
C201211602	09/10/2012		All Monies	BHF-BANK AKTIENGESELLSCHAFT
C201211590	09/10/2012		All Monies	BHF-BANK AKTIENGESELLSCHAFT
C201211834	15/10/2012		All Monies	SOCIETE GENERALE, LONDON BRANCH
C201211838	15/10/2012		All Monies	SOCIETE GENERALE, LONDON BRANCH
C201212205	23/10/2012		All Monies	RAIFFEISEN BANK INTERNATIONAL AG
C201212206	23/10/2012		All Monies	RAIFFEISEN BANK INTERNATIONAL AG
C201212207	23/10/2012		All Monies	RAIFFEISEN BANK INTERNATIONAL AG

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D) Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201212208	23/10/2012		All Monies	RAIFFEISEN BANK INTERNATIONAL AG
C201213604	23/11/2012		All Monies	ICICI BANK LIMITED
C201214748	14/12/2012		All Monies	BNP PARIBAS
C201214999	20/12/2012		All Monies	BNP PARIBAS
C201215161	26/12/2012		All Monies	BANK LEUMI (UK) PLC
C201215159	26/12/2012		All Monies	BANK LEUMI (UK) PLC
C201215160	26/12/2012		All Monies	BANK LEUMI (UK) PLC
C201300135	03/01/2013		All Monies	GOLDMAN SACHS INTERNATIONAL
C201300386	09/01/2013		All Monies	COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. (TRADING AS RABOBANK INTL), LONDON BRANCH
C201300506	11/01/2013		All Monies	COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. (TRADING AS RABOBANK INTL), LONDON BRANCH
C201302451	08/02/2013		All Monies	COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. ("RABOBANK NEDERLAND, RABOBANK INTERNATIONAL")
C201303620	07/03/2013		All Monies	NATIXIS
C201303675	08/03/2013		All Monies	UNICREDIT BANK AG
C201303709	08/03/2013		All Monies	UNICREDIT BANK AG
C201304024	19/03/2013		All Monies	ING BELGIQUE, BRUXELLES, SUCCURSALE DE GENEVE

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D) Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201304338	26/03/2013		All Monies	ING BELGIQUE, BRUXELLES, SUCCURSALE DE GENEVE
C201304356	26/03/2013		All Monies	DEUTSCHE BANK AG, AMSTERDAM BRANCH
C201304424	27/03/2013		All Monies	BANQUE CANTONALE DE GENEVE
C201304425	27/03/2013		All Monies	BANQUE CANTONALE DE GENEVE
C201304426	27/03/2013		All Monies	BANQUE CANTONALE DE GENEVE
C201304427	27/03/2013		All Monies	BANQUE CANTONALE DE GENEVE
C201304794	05/04/2013		All Monies	BNP PARIBAS (SUISSE) SA
C201304795	05/04/2013		All Monies	BNP PARIBAS (SUISSE) SA
C201304931	10/04/2013		All Monies	STANDARD CHARTERED BANK
C201305135	15/04/2013		All Monies	CITIBANK N.A.
C201305134	15/04/2013		All Monies	CHINA CONSTRUCTION BANK CORPORATION - JOHANNESBURG BRANCH
C201305738	26/04/2013		All Monies	CHINA CONSTRUCTION BANK CORPORATION - JOHANNESBURG BRANCH
C201307367	31/05/2013		All Monies	FIRST GULF BANK PJSC
C201307975	12/06/2013		All Monies	GOLDMAN SACHS INTERNATIONAL
C201308789	28/06/2013		All Monies	NATIXIS
C201309623	16/07/2013		All Monies	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D)

Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201309627	16/07/2013		All Monies	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
C201310777	06/08/2013		All Monies	NATIXIS
C201310779	06/08/2013		All Monies	NATIXIS
C201311034	13/08/2013		All Monies	BNP PARIBAS
C201311469	21/08/2013		All Monies	NATIXIS, SHANGHAI BRANCH
C201311910	30/08/2013		All Monies	SOCIETE GENERALE
C201312476	11/09/2013		All Monies	CITIBANK N.A., LONDON BRANCH
C201312531	12/09/2013		All Monies	CHINA CONSTRUCTION BANK CORPORATION - JOHANNESBURG BRANCH
C201313053	25/09/2013		All Monies	ABN AMRO BANK N.V. AMSTERDAM BRANCH
C201313053	25/09/2013		All Monies	ABN AMRO BANK N.V.
C201313383	02/10/2013		All Monies	SOCIETE GENERALE
C201313386	02/10/2013		All Monies	SOCIETE GENERALE
C201313589	07/10/2013		All Monies	SOCIETE GENERALE
C201313729	09/10/2013		All Monies	COMMONWEALTH BANK OF AUSTRALIA, LONDON BRANCH
C201313730	09/10/2013		All Monies	COMMONWEALTH BANK OF AUSTRALIA, LONDON BRANCH
C201313730	09/10/2013		All Monies	COMMONWEALTH BANK OF AUSTRALIA
C201313881	12/10/2013		All Monies	CITIBANK N.A., LONDON BRANCH

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D) Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201313882	12/10/2013		All Monies	CITIBANK N.A., LONDON BRANCH
C201313905	14/10/2013		All Monies	UNICREDIT BANK AG
C201313921	14/10/2013		All Monies	SOCIETE GENERALE
C201314176	21/10/2013		All Monies	SOCIETE GENERALE
C201314611	29/10/2013		All Monies	STANDARD CHARTERED BANK
C201314612	29/10/2013		All Monies	STANDARD CHARTERED BANK
C201315882	27/11/2013		All Monies	CITIBANK INTERNATIONAL PLC
C201315882	27/11/2013		All Monies	CITIBANK N.A.
C201315882	27/11/2013		All Monies	CITIBANK EUROPE PLC
C201315974	29/11/2013		All Monies	SOCIETE GENERALE
C201317259	20/12/2013		All Monies	CREDIT SUISSE (SCHWEIZ) AG
C201317363	23/12/2013		All Monies	STANDARD CHARTERED BANK
C201317364	23/12/2013		All Monies	STANDARD CHARTERED BANK
C201317365	23/12/2013		All Monies	STANDARD CHARTERED BANK
C201403903	21/04/2014		All Monies	ABN AMRO BANK N.V.
C201404275	29/04/2014		All Monies	ABN AMRO BANK N.V. AMSTERDAM BRANCH
C201405867	12/06/2014	UNITED STATES OF AMERICA, DOLLARS	225000000	SOCIETE GENERALE

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D) Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201405868	12/06/2014	UNITED STATES OF AMERICA, DOLLARS	225000000	SOCIETE GENERALE
C201406115	19/06/2014		All Monies	NATIXIS
C201406992	10/07/2014		All Monies	ING BELGIUM, BRUSSELS, GENEVA BRANCH
C201407614	22/07/2014		All Monies	ING BELGIUM, BRUSSELS, GENEVA BRANCH
C201407823	25/07/2014		All Monies	THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.
C201407824	25/07/2014		All Monies	DBS BANK LTD, LONDON BRANCH
C201408319	06/08/2014		All Monies	CITIBANK, N.A., LONDON BRANCH
C201408321	06/08/2014		All Monies	CITIBANK, N.A., LONDON BRANCH
C201408662	14/08/2014		All Monies	CITIBANK, N.A., LONDON BRANCH
C201409063	22/08/2014		All Monies	COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. ("RABOBANK NEDERLAND, RABOBANK INTERNATIONAL")
C201409069	22/08/2014		All Monies	COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. ("RABOBANK NEDERLAND, RABOBANK INTERNATIONAL")
C201410704	01/10/2014		All Monies	STANDARD BANK PLC
C201411159	14/10/2014		All Monies	CITIBANK, N.A., LONDON BRANCH
C201411234	14/10/2014		All Monies	COMMONWEALTH BANK OF AUSTRALIA

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D) Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201412620	12/11/2014		All Monies	ING BELGIUM, BRUSSELS, GENEVA BRANCH
C201412981	19/11/2014	UNITED STATES OF AMERICA, DOLLARS	500000000	SOCIETE GENERALE
C201412984	19/11/2014	UNITED STATES OF AMERICA, DOLLARS	500000000	SOCIETE GENERALE
C201412986	19/11/2014	UNITED STATES OF AMERICA, DOLLARS	500000000	SOCIETE GENERALE
C201413088	21/11/2014	UNITED STATES OF AMERICA, DOLLARS	500000000	SOCIETE GENERALE
C201413350	26/11/2014		All Monies	ICICI BANK UK PLC
C201414011	10/12/2014		All Monies	COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. ("RABOBANK NEDERLAND, RABOBANK INTERNATIONAL")
C201414643	22/12/2014		All Monies	KBC BANK N.V.
C201414886	26/12/2014		All Monies	DVB GROUP MERCHANT BANK (ASIA) LTD
C201414887	26/12/2014		All Monies	DVB GROUP MERCHANT BANK (ASIA) LTD
C201502399	16/02/2015		All Monies	DEUTSCHE BANK AG, AMSTERDAM BRANCH
C201502399	16/02/2015		All Monies	DEUTSCHE BANK AKTIENGESELLSCHAFT
C201503430	17/03/2015		All Monies	COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A. ("RABOBANK NEDERLAND, RABOBANK INTERNATIONAL")

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D) Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201503850	26/03/2015	UNITED STATES OF AMERICA, DOLLARS	650000000	STANDARD CHARTERED BANK
C201504297	07/04/2015		All Monies	NATIXIS
C201504345	08/04/2015		All Monies	DEUTSCHE BANK AKTIENGESELLSCHAFT
C201505830	20/05/2015		All Monies	FIRSTRAND BANK LIMITED (ACTING THROUGH ITS RAND MERCHANT BANK DIVISION)
C201505831	20/05/2015		All Monies	FIRSTRAND BANK LIMITED (ACTING THROUGH ITS RAND MERCHANT BANK DIVISION)
C201505833	20/05/2015		All Monies	FIRSTRAND BANK LIMITED (ACTING THROUGH ITS RAND MERCHANT BANK DIVISION)
C201505835	20/05/2015		All Monies	FIRSTRAND BANK LIMITED (ACTING THROUGH ITS RAND MERCHANT BANK DIVISION)
C201505837	20/05/2015		All Monies	FIRSTRAND BANK LIMITED (ACTING THROUGH ITS RAND MERCHANT BANK DIVISION)
C201505840	20/05/2015		All Monies	FIRSTRAND BANK LIMITED (ACTING THROUGH ITS RAND MERCHANT BANK DIVISION)
C201506265	02/06/2015		All Monies	CITIBANK, N.A., LONDON BRANCH
C201506267	02/06/2015		All Monies	CITIBANK, N.A., LONDON BRANCH
C201506654	11/06/2015		All Monies	DEUTSCHE BANK AG, AMSTERDAM BRANCH
C201506827	17/06/2015	UNITED STATES OF AMERICA, DOLLARS	150000000	STANDARD CHARTERED BANK

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D)

Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201506828	17/06/2015	UNITED STATES OF AMERICA, DOLLARS	150000000	STANDARD CHARTERED BANK
C201506829	17/06/2015	UNITED STATES OF AMERICA, DOLLARS	150000000	STANDARD CHARTERED BANK
C201508605	29/07/2015		All Monies	SOCIETE GENERALE
C201508606	29/07/2015		All Monies	SOCIETE GENERALE
C201511137	29/09/2015		All Monies	CREDIT AGRICOLE (SUISSE) SA
C201511139	29/09/2015		All Monies	CREDIT AGRICOLE (SUISSE) SA
C201511556	07/10/2015		All Monies	NATIONAL BANK OF ABU DHABI PJSC
C201511942	16/10/2015		All Monies	KBC BANK N.V.
C201512541	02/11/2015		All Monies	BARCLAYS BANK PLC
C201513037	16/11/2015		All Monies	DEUTSCHE BANK AG, AMSTERDAM BRANCH
C201513038	16/11/2015		All Monies	DEUTSCHE BANK AG, AMSTERDAM BRANCH
C201513039	16/11/2015		All Monies	DEUTSCHE BANK AG, AMSTERDAM BRANCH
C201513338	24/11/2015		All Monies	NATIXIS
C201601581	04/02/2016		All Monies	BANQUE CANTONALE VAUDOISE
C201601680	05/02/2016		All Monies	MALAYAN BANKING BERHAD
C201601687	05/02/2016		All Monies	SOCIETE GENERALE
C201601688	05/02/2016		All Monies	SOCIETE GENERALE

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D)

Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201601824	15/02/2016		All Monies	OVERSEA-CHINESE BANKING CORPORATION LIMITED
C201602723	08/03/2016		All Monies	AMSTERDAM TRADE BANK N. V.
C201602725	08/03/2016		All Monies	AMSTERDAM TRADE BANK N. V.
C201602727	08/03/2016		All Monies	AMSTERDAM TRADE BANK N. V.
C201602759	09/03/2016		All Monies	DB INTERNATIONAL TRUST (SINGAPORE) LIMITED
C201603767	06/04/2016		All Monies	QATAR NATIONAL BANK S.A. Q.
C201604597	04/05/2016		All Monies	CA INDOSUEZ (SWITZERLAND) SA
C201604645	06/05/2016		All Monies	QATAR NATIONAL BANK S.A. Q.
C201605295	26/05/2016		All Monies	NATIXIS
C201605336	26/05/2016		All Monies	COOPERATIEVE RABOBANK U.A., SINGAPORE BRANCH
C201605809	09/06/2016		All Monies	NATIXIS
C201607887	10/08/2016		All Monies	SUMITOMO MITSUI BANKING CORPORATION EUROPE LIMITED
C201607890	10/08/2016		All Monies	SUMITOMO MITSUI BANKING CORPORATION EUROPE LIMITED
C201607892	10/08/2016		All Monies	SUMITOMO MITSUI BANKING CORPORATION EUROPE LIMITED
C201608135	16/08/2016		All Monies	DEUTSCHE BANK, S.A.E.

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D) Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201609305	15/09/2016		All Monies	FIRSTRAND BANK LIMITED (ACTING THROUGH ITS RAND MERCHANT BANK DIVISION)
C201609626	23/09/2016		All Monies	SOCIETE GENERALE
C201609736	26/09/2016		All Monies	COOPERATIEVE RABOBANK U.A., SINGAPORE BRANCH
C201610237	07/10/2016	UNITED STATES OF AMERICA, DOLLARS	250000000	NEDBANK LIMITED
C201610309	10/10/2016		All Monies	CITIBANK N.A., SINGAPORE BRANCH
C201610310	10/10/2016		All Monies	CITIBANK N.A., SINGAPORE BRANCH
C201610724	24/10/2016	UNITED STATES OF AMERICA, DOLLARS	30000000	FIRSTRAND BANK LIMITED (ACTING THROUGH ITS RAND MERCHANT BANK DIVISION)
C201610728	24/10/2016	UNITED STATES OF AMERICA, DOLLARS	30000000	FIRSTRAND BANK LIMITED (ACTING THROUGH ITS RAND MERCHANT BANK DIVISION)
C201611184	04/11/2016		All Monies	STANDARD CHARTERED BANK
C201611505	15/11/2016		All Monies	CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK
C201611667	18/11/2016		All Monies	STANDARD CHARTERED BANK
C201611834	23/11/2016		All Monies	NEDBANK LIMITED, ACTING THROUGH ITS CORPORATE AND INVESTMENT BANKING DIVISION
C201611844	24/11/2016		All Monies	STANDARD CHARTERED BANK
C201612027	29/11/2016		All Monies	COOPERATIEVE RABOBANK U.A.

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D)

Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201612578	14/12/2016		All Monies	SUMITOMO MITSUI BANKING CORPORATION EUROPE LIMITED
C201612582	14/12/2016		All Monies	SUMITOMO MITSUI BANKING CORPORATION EUROPE LIMITED
C201612597	14/12/2016		All Monies	WESTPAC BANKING CORPORATION
C201612598	14/12/2016		All Monies	WESTPAC BANKING CORPORATION
C201612832	21/12/2016		All Monies	BANK OF CHINA LIMITED
C201700395	11/01/2017		All Monies	STANDARD CHARTERED BANK
C201700569	16/01/2017		All Monies	NEDBANK LIMITED, ACTING THROUGH ITS CORPORATE AND INVESTMENT BANKING DIVISION
C201700863	24/01/2017		All Monies	WESTPAC BANKING CORPORATION
C201700884	25/01/2017		All Monies	SBERBANK (SWITZERLAND) AG
C201700983	26/01/2017		All Monies	COOPERATIEVE RABOBANK U.A.
C201701203	03/02/2017		All Monies	STANDARD CHARTERED BANK
C201701788	21/02/2017		All Monies	CITIBANK N.A.
C201702171	06/03/2017		All Monies	STANDARD CHARTERED BANK
C201702266	08/03/2017		All Monies	WESTPAC BANKING CORPORATION
C201702714	23/03/2017		All Monies	CITIBANK N.A.

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D) Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201703226	06/04/2017		All Monies	SUMITOMO MITSUI BANKING CORPORATION, SINGAPORE BRANCH
C201703248	06/04/2017		All Monies	QATAR NATIONAL BANK S.A.Q.
C201703678	20/04/2017		All Monies	QATAR NATIONAL BANK (Q.P.S.C.)
C201703882	26/04/2017		All Monies	QATAR NATIONAL BANK (Q.P.S.C.)
C201703886	26/04/2017		All Monies	OVERSEA-CHINESE BANKING CORPORATION LIMITED
C201704219	03/05/2017		All Monies	ING BANK N.V.
C201705174	31/05/2017		All Monies	QATAR NATIONAL BANK (Q.P.S.C.)
C201705327	02/06/2017		All Monies	CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK
C201705810	15/06/2017		All Monies	COOPERATIEVE RABOBANK U.A.
C201706449	30/06/2017		All Monies	EMIRATES NBD PJSC
C201706904	11/07/2017		All Monies	STANDARD CHARTERED BANK
C201708253	15/08/2017	UNITED STATES OF AMERICA, DOLLARS	300000000	UNICREDIT BANK AG
C201708325	17/08/2017		All Monies	COOPERATIEVE RABOBANK U.A.
C201708340	17/08/2017		All Monies	SOCIETE GENERALE
C201708341	17/08/2017		All Monies	SOCIETE GENERALE
C201708347	17/08/2017		All Monies	SOCIETE GENERALE
C201708348	17/08/2017		All Monies	SOCIETE GENERALE

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D)

Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201708529	22/08/2017		All Monies	QATAR NATIONAL BANK (Q.P.S.C.)
C201709124	08/09/2017		All Monies	CITIBANK N.A.
C201709213	12/09/2017		All Monies	QATAR NATIONAL BANK (Q.P.S.C.)
C201709243	12/09/2017		All Monies	QATAR NATIONAL BANK (Q.P.S.C.)
C201709429	18/09/2017		All Monies	ING BANK N.V.
C201709684	25/09/2017		All Monies	STANDARD CHARTERED BANK
C201709783	26/09/2017		All Monies	OVERSEA-CHINESE BANKING CORPORATION LIMITED
C201709924	28/09/2017		All Monies	QATAR NATIONAL BANK (Q.P.S.C.)
C201709969	29/09/2017		All Monies	CITIBANK N.A.
C201710148	04/10/2017		All Monies	QATAR NATIONAL BANK (Q.P.S.C.)
C201710286	09/10/2017		All Monies	QATAR NATIONAL BANK (Q.P.S.C.)
C201710506	12/10/2017		All Monies	MIZUHO BANK LTD
C201710706	16/10/2017		All Monies	SUMITOMO MITSUI TRUST BANK, LIMITED SINGAPORE BRANCH
C201710761	17/10/2017		All Monies	GAZPROMBANK (SWITZERLAND) LTD
C201710763	17/10/2017		All Monies	GAZPROMBANK (SWITZERLAND) LTD
C201710945	24/10/2017		All Monies	EMIRATES NBD PJSC
C201710976	25/10/2017		All Monies	QATAR NATIONAL BANK (Q.P.S.C.)

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D) Date: 13/11/2017

Charges

Charge No.	Date Registered	Currency	Amount Secured	Chargee(s)
C201711112	27/10/2017		All Monies	QATAR NATIONAL BANK (Q.P.S.C.)
C201711132	27/10/2017		All Monies	EMIRATES NBD PJSC

Officers/Authorised Representative(s)

Name / Address	ID	Nationality / Position Held	Source of Address	Date of Appointment
WILLIAM JOHN JAEDE	G3348995T	AUSTRALIAN	ACRA	12/06/2017
37 NASSIM ROAD #09-02 NASSIM REGENCY SINGAPORE (258423)		Director		
MARTIN URDAPILLETA	G5420725K	ARGENTINIAN	ACRA	01/10/2015
2 CAIRNHILL CIRCLE #02-01 CAIRNHILL CREST SINGAPORE (229811)		Director		
JOSE MARIA LAROCCA	YA0708660	ITALIAN	ACRA	31/08/2012
CHEMIN DES PRINCES, 37 CH-1253 VANDOEUVRES, SWITZERLAND		Director		
MARSAC NICOLAS	G3285715P	FRENCH	ACRA	13/02/2017
18 MARINA BOULEVARD #26-09 MARINA BAY RESIDENCES SINGAPORE (018980)		Director		
EDMUNDO ABDON VIDAL CORNELIO	5968228	PERUVIAN	ACRA	15/03/2013
AV CLUB DE GOLF NO 8, VIA ROBLE NO 10, FRACC. VILLA MAGNA HUIXQUILUCAN, EDO. MEX. CP 52779		Director		
SEET SHU SHYAN CHRISTINE	S7825768G	SINGAPORE CITIZEN	OSCARS	01/10/2015

Authentication No. : J17057498L

INFORMATION RESOURCES

WHILST EVERY ENDEAVOR IS MADE TO ENSURE THAT INFORMATION PROVIDED IS UPDATED AND CORRECT. THE AUTHORITY DISCLAIMS ANY LIABILITY FOR ANY DAMAGE OR LOSS THAT MAY BE CAUSED AS A RESULT OF ANY ERROR OR OMISSION.

Business Profile (Company) of TRAFIGURA PTE LTD (199601595D) Date: 13/11/2017

Officers/Authorised Representative(s)

Name / Address	ID	Nationality / Position Held	Source of Address	Date of Appointment
27 ONAN ROAD SINGAPORE (424480)		Secretary		

Shareholder(s)

	Name / Address	ID	Nationality/Place of incorporation/Origin	Source of Address	Address Changed
1	TRAFIGURA TRADE INVESTMENTS B.V.	T12UF3938A	NETHERLANDS	ACRA	
	GUSTAV MAHLERPLEIN 102 1082 MA AMSTERDAM, THE NETHERLANDS				

Ordinary(Number)	Currency
6100002	SINGAPORE, DOLLARS

Ordinary(Number)	Currency
115010000	UNITED STATES OF AMERICA, DOLLARS

Abbreviation

UL - Local Entity not registered with ACRA

UF - Foreign Entity not registered with ACRA

AR - Annual Return

AGM - Annual General Meeting

A/C - Accounts

OSCARS - One Stop Change of Address Reporting Service by Immigration & Checkpoint Authority.

Note :

- The information contained in this Business Profile is extracted from lodgements filed by this entity with ACRA.

- The list of officers for this entity is available for online authentication within 30 days from the date of purchase of this Business Profile. Please scan the QR code available on the last page of this profile to access the authentication page. For more information, please visit www.acra.gov.sg.

Authentication No. : J17057498L

INFORMATION RESOURCES

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Business Profile (Company) of TRAFIGURA PTE LTD (199601595D) **Date: 13/11/2017**

FOR REGISTRAR OF COMPANIES AND BUSINESS NAMES
SINGAPORE

RECEIPT NO. : ACRA171113146885

DATE : 13/11/2017

This is computer generated. Hence no signature required.

Authentication No. : J17057498L

Annexure – F

Every year, Trafigura invests in high-quality infrastructure that supports our trade flows, such as import facilities, oil storage facilities, warehouses, ports and transport. Trafigura today owns US$ 48.6bn of assets.

In LNG, Trafigura has a diversified and growing mid-stream and downstream investment portfolio, which includes LNG terminals terminal development through its LNG infrastructure portfolio, valued at over $500m. This includes

- Development of the Gasport Phase 1 project, alongside its partners. Trafigura has played a key role in the development of the design, construction, commissioning and operational planning of the phase 1 terminal. In similar way, Trafigura is leading the development of Gasport 2 Project (CAPEX of US$ 130 million).
- Development of Teesside LNG Import terminal. Trafigura is solely developing the only FSRU based LNG import terminal in the United Kingdom. The terminal will be operational in Q4 2018 (Capex of US$ 50 million).
- Hamina, Finland – the development of a 0.16 mtpa small scale LNG terminal in the Baltic sea, for a total investment of US$ 80 M.

Besides LNG, Trafigura, through its ownership of Impala Terminals and Puma Energy, has a solid track record of investing in mid-stream infrastructure around the world with an investment program of more than $1 billion per annum. Impala Terminals is a multimodal logistics provider focused on export-driven emerging markets. We own and operate ports, terminals, warehouses and transport assets which together offer end-to-end logistics solutions for dry and liquid bulk cargoes, general cargo and containers. Trafigura is a 49.6% shareholder in Puma Energy, a global oil and petroleum products distribution company. The company manages over 20 million m3 throughput volumes via its network of 100 import and storage terminals across 47 countries on 5 continents.

Examples of some of our infrastructure investments and global operations of facilities around the world are contained in the attached annual reports and the 2017 Corporate Brochure which is attached as Annexure - P.

Trafigura has an in-house team of project development, design, construction and commissioning experts which are supported by a number of strategic relationships with industry leading engineering and construction companies globally providing additional technical support and expertise.

Besides above, Trafigura Pakistan has acquired the number of professional services by executing Service Agreement with Trafigura Pte Ltd.

TRAFIGURA PAKISTAN (PRIVATE) LIMITED

EC

SERVICES AGREEMENT

between

TRAFIGURA PTE LTD

as the Supplier

and

TRAFIGURA PAKISTAN (PRIVATE) LIMITED

as the Customer

SERVICES AGREEMENT

This Services Agreement (the "**Agreement**") is made on 1st day of October 2017

By and between:

(1) **TRAFIGURA PTE LTD**, a company incorporated and registered in Singapore under registration number 199601595D and having its registered office at 10 Collyer Quay, #29-00 Ocean Financial Centre Singapore 049315, Singapore, represented herein by two duly-authorised directors and hereinafter referred to as "**Supplier**"; and

(2) **TRAFIGURA PAKISTAN (PRIVATE) LIMITED** a company duly incorporated and existing under the laws of Pakistan under company number 010562, having its registered office at 4th Floor, State Life Building 1C, I.I. Chundrigar Road, Karachi, Pakistan, represented herein by two duly-authorised directors and hereinafter referred to as "**Customer**",

(each herein also referred to as a "**Party**" and jointly as the "**Parties**"),

The Parties agree as follows:

1. **Services Provided**

1.1 Supplier will provide to Customer:

1.1.1 one or more of the services that form part of the category of services in respect of which the box has been ticked on Annex A hereto (the "**Services**") which Services will be provided with reasonable care, skill and diligence; and

1.1.2 10 employees, who shall spend 100% of their contracted time with Supplier providing the Services to Customer.

1.2 Either Party may subcontract provision or receipt of any of the Services only in accordance with clause 6 of this agreement.

2. **Consideration**
Supplier will charge Customer for the Services on the basis of the cost to Supplier of providing these Services (including time spent, expenses incurred, and financial and depreciation costs) plus a profit margin of 10% (the "**Consideration**").

3. **Settlement**
The charges will be agreed between the Parties on an equitable basis, relative to the extent of the Services provided and in light of the costs and expenses incurred by Supplier in doing so. These charges shall be payable quarterly upon presentation of an invoice to Customer.

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4. **Duration and Termination**
This Agreement takes effect on 1 October 2017 (the "**Effective Date**").

This Agreement shall remain in force until it is terminated by either Party with three (3) months' prior written notice at any time.

5. **Taxes**
The Consideration is net of any withholding or value-added taxes.

6. **Subcontracting and Nominee Appointment**

6.1 Supplier may, at its own discretion, subcontract provision of any of the Services to other entities, and Supplier will include such costs in the amount it charges Customer, provided that Supplier shall remain liable to Customer for proper performance of the Services.

6.2 Customer may, at its own discretion, appoint one or more of its affiliated companies as nominee recipients of any of the Services, provided that Customer shall remain liable to Supplier for prompt payment of the Consideration when due and payable.

7. **Limitation of Liability**

7.1 Nothing in this Agreement limits or excludes either Party's liability for:

(a) death or personal injury caused by its negligence;

(b) its fraud or fraudulent misrepresentation; or

(c) any liability which cannot be limited or excluded by applicable law.

7.2 Subject to clause 7.1, neither Party shall be liable to the other Party, whether in contract, tort (including negligence), for breach of statutory duty or otherwise, arising under or in connection with this Agreement for:

7.2.1 loss of profits;

7.2.2 loss of sales or business;

7.2.3 loss of agreements or contracts;

7.2.4 loss of anticipated savings;

7.2.5 loss of or damage to goodwill;

7.2.6 loss of use or corruption of software, data or information; or

7.2.7 any indirect or consequential loss.

7.3 Subject to clause 7.1 and clause 7.2, the total liability of either Party to the other Party, whether in contract, tort (including negligence), for breach of statutory duty or otherwise, arising under or in connection with this Agreement shall be limited in respect of all claims (connected or unconnected) in any consecutive 12 (twelve)

month period, to the equivalent of the total charges due under this Agreement in respect of that 12 month period.

8. **Force Majeure**
Should a Party be prevented from carrying out its obligations arising out of this Agreement as a result of Force Majeure (as defined herein), such Party shall, upon giving prompt written notice to the other Party, be excused from the performance of its obligations during the pendency of such Force Majeure. The affected Party that is excused from performance by Force Majeure shall take all reasonable measures to resume performance or mitigate the effect of the Force Majeure at the earliest possible time.

"**Force Majeure**" shall mean any event beyond a Party's reasonable control which, despite that Party's exercise of reasonable efforts, it cannot overcome, including but not limited to, acts of God, public enemy, insurrections, riots, labor disputes, strikes, labor or material shortage, fire, explosions, floods, storms, embargoes, breakdown or damage to equipment or facilities (provided such equipment or facilities have been properly maintained), or acts of military or civil authority. The failure to settle any labor disputes or strike shall not be considered within the reasonable control of the Party suffering the dispute or strike.

9. **Waiver**
No failure or delay by either Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any right, power or privilege hereunder, unless the waiving Party makes or confirms the waiver in writing.

10. **Independent Entities**
The Parties hereto are independent entities and nothing contained in this Agreement shall be deemed or construed as creating a relationship of partnership, association, principal and agent or joint venture by or between the Parties. The Parties shall have no right or authority to assume or create any obligation or responsibility on behalf of the other Party or to bind the other Party in any manner whatsoever even if such actions are taken for the benefit of the other Party.

11. **Entire Agreement**
This Agreement sets forth all understandings between the Parties in respect of the subject matter hereof, and any prior contracts, understandings and representations, whether oral or written, relating to such arrangements are merged into and superseded by this Agreement.

12. **Amendments**
No amendments, changes or modifications to this Agreement shall be valid unless made in writing and signed by a duly authorized representative of each of the Parties hereto.

13. **Severability**
All clauses, subclauses and provisions of this Agreement shall be severable. If any one or more of such subsections or provisions is void or voidable, it shall be struck out and all other provisions shall remain, to the extent possible, unaffected and in full force and effect.

14. Headings

The headings contained in this Agreement are for convenience only and shall not affect the construction hereof.

15. Confidentiality

Each Party agrees to maintain in confidence, both during the term of this Agreement and thereafter, all confidential information relating to the business of the other Party, which it may become aware of in connection with Supplier providing Services under this Agreement. Each Party agrees not to use at any time, except for purposes of performing its obligations under this Agreement, any such confidential information and to return all same to the appropriate Party upon expiration or any termination of this Agreement.

16. Applicable Law

This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

17. Jurisdiction

Any dispute arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration under the LCIA Rules, which Rules are deemed to be incorporated by reference into this clause.

The number of arbitrators shall be one. The seat, or legal place, of arbitration shall be London.

18. Authority

Each Party represents and warrants that the respective individual signing below for and on behalf of such Party has the necessary approval and authority to bind such Party to this Agreement.

19. Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. It is the express intent of the Parties hereto to be bound by the exchange of signatures on this Agreement via facsimile or electronic mail via the portable document format (PDF).

(Signature page follows)

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IN WITNESS whereof this Agreement is signed by the respective duly authorized representatives of the Parties.

TRAFIGURA PTE LTD

By: _____ By: _____

Name: William John Jaede Name: Nicolas Marsac

Title: Director Title: Director

TRAFIGURA PAKISTAN (PRIVATE) LIMITED

By: _____ By: _____

Name: IMRAN YOUSUFZAI Name: AMEER ALI

Title: DIRECTOR Title: DIRECTOR

ANNEX A
(Description of services in Services Agreement)

Tick box as appropriate	Category	Detailed description (whereby the category of services may include any one or more of the below detailed services)

☑	"Support & Administration"	• Treasury support
		  ○ Assisting in raising payments through data entry and validation of key inputs such as name, account number, amount to be paid etc.
		  ○ Bank data reconciliations including that of bank entry charges and interest received from banks
		• Metal trading business support
		  ○ Entering data in specified formats and templates in documents that will later be developed and presented to banks by the main sellers as Letter of Credit presentations
		• Oil trading business support
		  ○ Reconciliation of bank charges and main business costs with regards to financing of trades
		• Assistance on payments to labs
		  ○ Entering data such as lab name, date of execution, value etc. based on transactions made by the main office / front office with labs
		  ○ Generating a booking number which is then approved by the front office based on which the India team generates payment orders
		• Fulfillment / operations support
		  ○ Entering details of counterparties including name, transaction type and value, in the invoices, based on data received from onshore operators
		  ○ Validating the details in the invoices
		  ○ Generating payment orders to pay counterparties for their services

- Accounts support
  - Setting up of new counterparties in the internal system
  - Bank reconciliation activities
  - Internal Trafigura company transactions' reconciliation activities
  - Other Accounts Payable support activities

☑	**"Information Technology"**	• Design and implementation of IT infrastructure and package software • Maintenance of IT infrastructure and package software • Design, creation, testing, implementation and maintenance of bespoke software
☑	**"Legal"**	• Drafting contracts and advising on contract negotiations • Advising on disputes • Advising on regulatory matters • Maintenance of corporate legal books and records • Drafting minutes, resolutions, declarations, agreements and other corporate documents

☑	**"Compliance"**	• Compliance related back-office support
		  ○ Screening new counterparty set-up requests
		  ○ Requests screened based on multiple compliance parameters including financial, ethical and business reputation of the counter-parties and findings presented
		  ○ Ongoing screening of existing counterparties to check for validation of their updated details with the main business' compliance requirements
		• Insurance support
		  ○ Creating insurance records on the third party website based on storage and voyage transactions of the main business
		  ○ Modifying the records in the website based on any changes done to transactions

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- Validation of bills received from third party insurance vendor with internal records
- Generating payment orders basis validated bills

- Risk management support
  - Data entry in excel files
  - Data validation using existing records matches
  - Rectifying system inaccuracies
  - Formatting the excel files

☑	**"Banking and other Financial Services"**	• Cash and financing management • Arranging banking matters for: - Obtaining letters of credit - Negotiating loans • Support in making hedging decisions and implementation of hedging decisions • Arrangement of insurance
☑	**"Credit"**	• Review of potential counterparties • Setting of credit limits • Monitoring of credit exposures against limits
☑	**"Logistics & Infrastructure"**	• Arranging transportation facilities to transport commodities around the world • Provision of office facilities • Design, implementation and maintenance of communications technologies
☑	**"Trade Support"**	• Advice in the performing of marketing techniques such as market surveys, market analysis and evaluation, marketing communications, identification of new markets and trends, collecting and dissemination of marketing information; • Support and advice in the field of product information and public relations; • Support and advice in selecting suppliers, distributors, and customers.
☑	**"Engineering"**	• Providing engineering and architectural studies and services for new or expanded physical plant layouts

- Training of staff in production, quality control, regulatory affairs, research and development, and management techniques
- Installation and start-up of new production facilities
- Location of new vendors/buyers for materials, equipment and services where not available locally.

☑ **"Human Resources"**

- Recruitment and evaluation of staff etc
- Training
- Staff Development
- Payroll administration

☑ **"Planning"**

- Prepare strategic plans

Annex-G

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Annexure – G

Estimated Volumes of Gas Transmitted, distributed or sold

Year	Phase 1 (Terminal 1) (mmcfd)	Phase 2 (Terminal 2) (mmcfd)	Todal Capacity (mmcfd)	Peak Daily Capacity (mmcfd)	Estimated Quantities (mmbtu)
2017-18	150	0	150	150	29,017,500
2018-19	150	600	750	750	116,070,000
2019-20	150	600	750	750	290,175,000
2020-21	150	600	750	750	290,175,000
2021-22	150	600	750	750	290,175,000
2022-23	150	600	750	750	290,175,000
2023-24	150	600	750	750	290,175,000
2024-25	150	600	750	750	290,175,000
2025-26	150	600	750	750	290,175,000
2026-27	150	600	750	750	290,175,000
2027-28	150	600	750	750	290,175,000
Total annual peak day natural gas requirement				**750**	**795,000**

TRAFIGURA PAKISTAN (PRIVATE) LIMITED

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Number and consumption details of Customers

Customer	MMSCFD	Annual Consumption in MMBTU	Remarks
Power (Firm)			
K - Electric			
BQPS-2	90	34,821,000	HOA Agreed
BQPS-3	150	58,035,000	KE through
BQPS-4	150	58,035,000	competive bidding
S. Total	**390**		
Power (As and When Available)			
Halmore Power	40	15,476,000	
Orient Power	40	15,476,000	These IPPS will be as
Saif Power	40	15,476,000	& when avaialble
Saphire Power	40	15,476,000	customers
KAPCO	270	104,463,000	
S. Total	**430**		
Power (New IPPs) (As & when Available)			
250 MW Omega Energy	40	15,476,000	
450 MW Kolachi	70	27,083,000	These IPPS will be as
250 MW Davis Energen	50	19,345,000	& when avaialble
217 MW Engro Energen	22	8,511,800	customers and some
235 MW Atlas Power	50	19,345,000	of them will be on
400 MW Pak Arab Energy	62	23,987,800	firm basis
235 MW Artisitic Fabric	45	17,410,500	
S. Total	**339**		
Fertilizer (As and when available)			
Pak-Arab (Fertilizer)	57	22,053,300	These will be as &
Fatima Fert (Formerly DH) (Fertilizer)	48	18,571,200	when available
S. Total	**105**		
CNG (As and when available)	100	38,690,000	HOA Agreed
General Industry (As & when Available)	950	367,555,000	These will be as &
Cement (As and when available)	36	13,928,400	when available
Total	**2350**		

TRAFIGURA PAKISTAN (PRIVATE) LIMITED

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Annexure – H

Trafigura is one of the world's leading independent commodity trading and logistics houses. We are the largest independent trader, in 2017 we delivered 8,1 mtpa of LNG to our customers. Trafigura has achieved significant growth year-on-year to become the world's largest independent trader of LNG. The LNG team, based in Geneva, Singapore and Houston, works closely with our regional offices as well as our other commodity desks. The figure below provides an overview of the growth of LNG sales over the last 5 years.

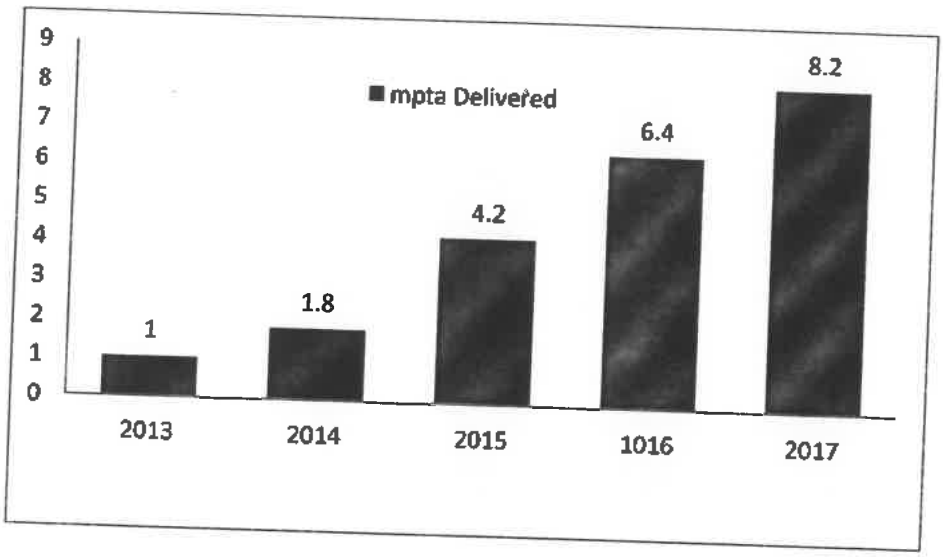

Figure 1: LNG sales by financial year Oct-Sept

Trafigura's LNG trading activity is well diversified globally, with a focus on Latin America, Europe, Middle East, Africa and Asia and Trafigura has established an extensive network of relationships with over 100 Master Sales & Purchase Agreements executed. Trafigura is currently supplying approximately half of the Egyptian total LNG requirements and is one of the largest suppliers into Argentina. Our strong position in the Middle East allows us to be a regular supplier to Dubai, Pakistan, Kuwait, Jordan, Japan, South Korea, China, Singapore and Malaysia.

Trafigura controls commercial LNG storage in Kochi, India and has a license to trade and export LNG in Spain, as well as Terminal Access Agreements in various European terminals, has allowed us to become the largest buyer of reloaded LNG from Europe.

Trafigura has access to a diverse portfolio of LNG supplies over various tenures to support the growth of its LNG business which when combined with our storage positions and significant activity in the spot market provides both supply security and flexibility to manage Pakistan's requirements.

Trafigura is the largest charterer of LNG vessels, as shown by Fearnleys report (see figure below). This underpins Trafigura's ability to competitively manage its LNG supply obligations any market circumstances.

TRAFIGURA PAKISTAN (PRIVATE) LIMITED
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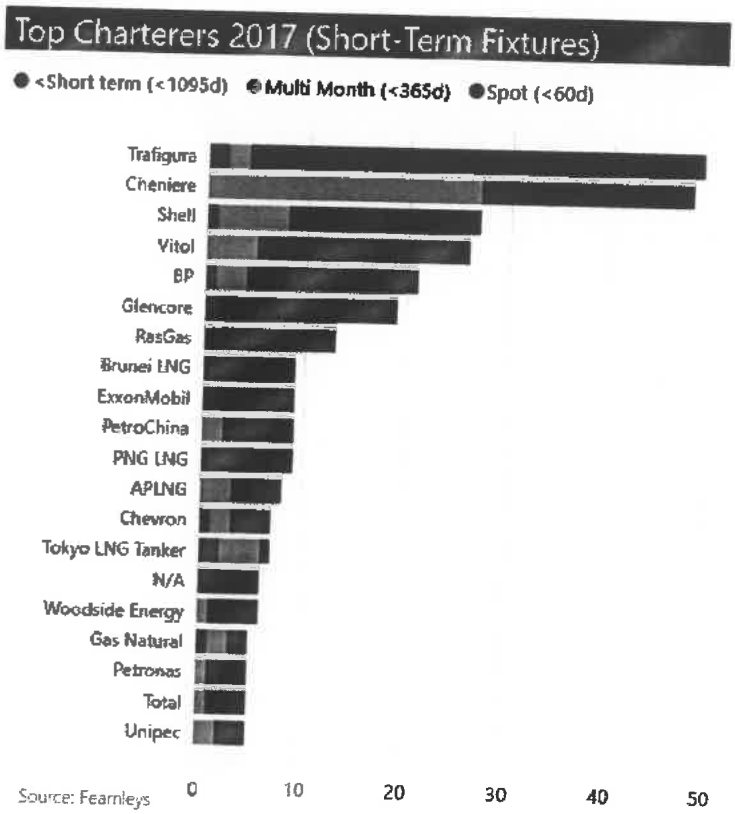

Figure 2: Top Charterers 2017

Trafigura has also further expanded its natural gas trading capabilities in Europe, the US and Mexico and today is the largest exporter of pipeline natural gas from the US to Mexico supplying over 1.5 Bcfd.

The figure below provides a pictorial overview of the diversification of Trafigura's LNG supply and delivery destinations, controlled infrastructure and global offices.

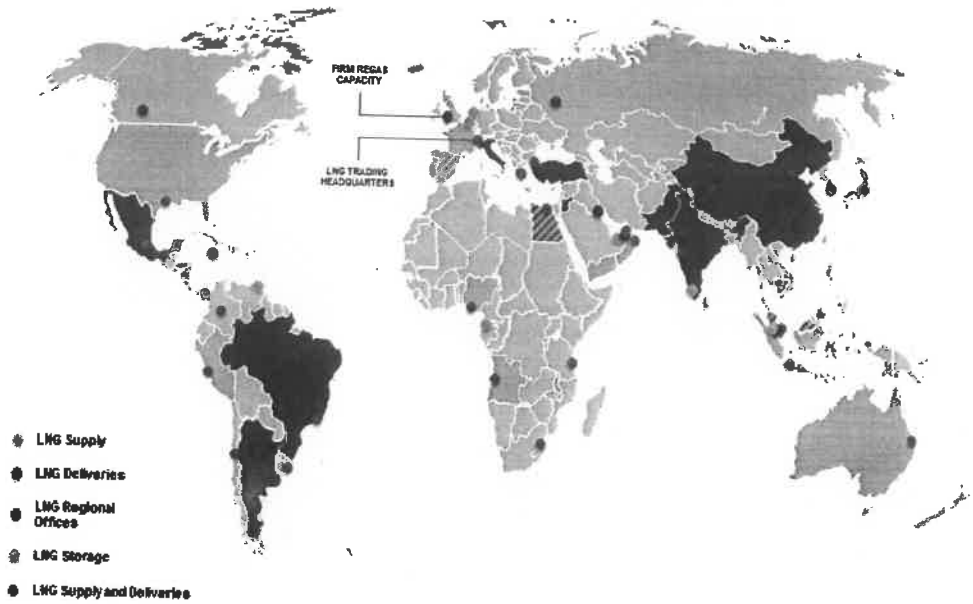

Figure 3: Trafigura's global LNG network

TRAFIGURA PAKISTAN (PRIVATE) LIMITED
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Annexure – I

Health and Safety

We provide a safe and healthy workplace for all employees, contractors and visitors. We identify hazards, risks and unsafe behaviours. Where these cannot be eliminated they are appropriately mitigated.

Our approach

Health and safety is of the utmost importance to the Trafigura Group. The protection and wellbeing of our employees, suppliers, contractors, partners and the communities within which we operate are non-negotiable priorities. We regard strong health and safety performance as fundamental for our sustained commercial success.

Our goal is to eliminate fatalities and prevent occupational injuries and disease. We have a robust, targeted approach. We work hard to eradicate risks or keep them to a minimum, whether they relate to our employees or to others carrying out or overseeing duties on our behalf. We comply with national and international health and safety laws and the specific requirements outlined in our HSEC Policy and HSEC Business Principles. We are meeting these commitments through strong governance at Group and operating levels, supported by external assurance. We focus on skills development and risk management, and share good practice across the organisation.

Trafigura HSEC Principles are attached for reference.

TRAFIGURA PAKISTAN (PRIVATE) LIMITED
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HEALTH AND SAFETY

Our goal is 'zero harm'. The health and safety of our employees, suppliers, contractors and business partners is paramount. We are committed to building a safety culture across the business in which the value of safety is embedded at every level of the workforce.

We believe a safe and healthy work environment is a basic human right recognised in national and international law including United Nations' and International Labour Organisation's conventions. Trafigura is committed in its operations and activities to compliance with relevant national and international health and safety laws.

1. We will provide a safe and healthy workplace for all employees, contractors and visitors.

2. We will identify hazards, risks and unsafe conditions and behaviours. Where these cannot be eliminated, they will be appropriately mitigated.

3. We will maintain appropriate health and safety management systems that:
   a. Identify, evaluate and mitigate work-related risk to as lower level as reasonably practicable;
   b. Require the reporting and investigation of work-related accidents, incidents, illnesses and near-misses; keeping records; determining root-cause and contributing factors; and taking remedial measures to prevent their recurrence;
   c. Enable robust management and reporting on health and safety management performance;
   d. Require that the planning, design and operation of all our facilities or operations explicitly address and include health and safety standards, procedures and processes;
   e. Empower all workers to stop work or any operation if they consider the health and safety risks or hazards faced to be unacceptable;
   f. Provide employees and visitors with appropriate personal protective equipment (PPE) at no cost to the individual and ensure users are trained in its use;
   g. Make potable water, sanitary facilities and first aid facilities available in the workplace where practicable to do so;
   h. Provide measures to prepare for and effectively respond to crises, emergencies and incidents;
   i. Evaluate progress, periodically assess performance and act on the results of these assessments; and
   j. Ensure that competent staff and sufficient resources are provided to implement these principles.

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HUMAN RIGHTS AND LABOUR PRACTICES

We recognise our responsibility to respect the rights of people involved in our operations and strive to safeguard human dignity. We comply with local labour laws and regulations. We are committed to respecting internationally recognised human rights. We engage constructively with relevant stakeholders on human rights issues associated with our business and develop adequate measures for the prevention, mitigation and, where appropriate, remediation of adverse impacts.

1. We promote respect, fairness, non-discrimination, equal opportunity, training and development opportunities, and diversity within and outside our workplace.

2. We recognise internationally agreed human rights, including labour rights, as outlined in the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. We support the UN Guiding Principles on Business and Human Rights.

3. We support and promote the creation of decent jobs, the participation of local labourers, suppliers, contractors and communities and/or the provision of training and development.

4. We assess actual and potential human rights impacts of our activities and business relationships and seek to:
   a. Avoid causing or contributing to adverse human rights impacts through our own activities, and address such impacts when they occur;
   b. Prevent or mitigate adverse human rights impacts that are caused by our business relationships and are directly linked to our activities.

5. We maintain the safety and security of our people and operations while ensuring respect for human rights, avoiding human rights harm through our security arrangements, including through misuse of our equipment and facilities, and take steps to avoid complicity in such abuses by private and public security personnel.

6. We maintain and support the fundamental rights at work of our employees and the elimination of discrimination in respect of employment and occupation.

7. We maintain appropriate internal management systems and organisational arrangements that:
   a. Effectively identify and respond to human rights risks of our activities;
   b. Clearly inform our business partners of our expectations with regards to human rights;
   c. Implement controls that ensure human rights risks are avoided or mitigated to the maximum reasonable level;
   d. Require the reporting and investigation of human rights abuses in line with Trafigura's 'Incident Reporting and Investigation Guidelines';
   e. Keep records of identified impacts, either real or perceived, and take remedial measures to avoid or mitigate their recurrence.

8. We will establish grievance mechanisms for individuals who may be affected adversely by our operations and will promote their access to remedy.

9. We will engage in voluntary partnerships and initiatives to strengthen our understanding of human rights and how they interface with our business.

10. We will communicate on our efforts to support and respect human rights and our evolving approach to identify and address human rights risks within our business context.

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COMMUNITY RELATIONS

We interact with and impact communities around us every day. We recognise the important social and economic role we play within local operating contexts where we conduct business and the value of developing strong and enduring relationships with local communities and stakeholders. Effective community consultation and engagement is critical to understanding the issues and priorities of those touched by our activities and towards building long-term trusting relationships.

1. We aim to be respectful neighbours and engage objectively with communities where we work. We respect human rights and contribute to the long term social and economic development of the local communities affected by, and associated with, our operations.

2. We seek to increase positive impacts on communities while working to avoid actual and potential negative social, environmental and economic impacts on communities, by:
   a. Assessing human rights, environmental and economic risk, as appropriate;
   b. Mitigating risks and the potential impacts to the community arising from our business activities in an appropriate manner;
   c. Promoting local procurement, recruitment, spending and cooperation.

3. We identify, consult and engage in dialogue with affected and potentially affected communities and key stakeholders in a transparent and culturally appropriate way, paying specific attention to disadvantaged, marginalised, excluded and vulnerable individuals and groups.

4. We enable local communities and stakeholders to raise concerns pertaining to our business activities, build an understanding of what is important to them and will analyse and respond appropriately to these.

5. We establish or participate in grievance mechanisms for those communities which are likely to be impacted by our operations or projects.

6. We communicate on our efforts to protect and support the communities where we work in an adequate form and frequency and in ways accessible to the intended audiences.

7. We provide support to community projects through investment of resources and expertise as appropriate.

ENVIRONMENT

We are committed to minimising the impact of our activities on the environment. We support policies that address the need to meet the demands of society without compromising the ability of future generations to meet their own needs. We will provide efficient and effective means of delivering secure, affordable energy and vital natural resources.

We are committed to minimising the impact from our business operations on the natural environment and will seek to ensure full compliance with applicable national and international e nvironmental law.

1. We will maintain appropriate environmental management systems that:
   a. Require that the planning, design and operation of all facilities or operations explicitly address and include environmental standards, procedures and processes;
   b. Identify, and then minimise the risks to the natural environment from our work and operations using the Best Available Techniques (BAT) principles;
   c. Set targets and indicators to enable robust management and reporting on environmental impacts, improvement measures and achieved performance;
   d. Ensure that competent staff and sufficient resources are provided to prevent, mitigate or minimise damage to the natural environment;
   e. Empower workers to stop work or any operation if they consider environmental risks or hazards to be unacceptable;
   f. Require the reporting and investigation of work-related environmental incidents and near-misses; keeping records; determining root-cause and contributing factors; and taking remedial measures to avoid or mitigate their recurrence;
   g. Evaluate progress, periodically assess performance and act on the results of these assessments.

2. We endeavour to make our operations as resource efficient as possible, including through the use of BAT.

3. We will progressively implement measures to improve the environmental performance of our operations, by seeking to:
   a. Improve energy efficiency and the efficient use of natural resources such as water;
   b. Reduce greenhouse gas emissions intensity and collaborate with others to contribute to climate protection;
   c. Increase reuse and recycling;
   d. Reduce the generation of hazardous and non-hazardous waste materials; and
   e. Reduce emissions to air, water and land.

4. We will assess our impacts on biodiversity and ecosystem services and endeavour to avoid net losses and minimise impacts, including through use of the Environmental and Social Impact Assessment (ESIA) process.

5. We will have emergency procedures in place to deal with environmental incidents.

6. We will conduct impact assessments for projects or activities that have the potential to impact the environment and affect communities in accordance with international standards including, but not limited to, the International Finance Corporation (IFC) Performance Standards.

7. We will communicate with stakeholders to ensure they are informed about our environmental performance and relevant environmental risks that may impact them.

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TRAFIGURA

2017 ANNUAL REPORT

TRAFIGURA GROUP PTE. LTD.

ADVANCING TRADE

Financial and business highlights[1]

Group revenue

$136.4bn

Combined volume of commodities traded[2]

325.9mmt

Gross profit

$2.2bn

Total assets

$48.6bn

Oil and Petroleum Products revenue as a percentage of Group revenue

69%

Oil and Petroleum Products total volume traded

256.0mmt

Gross profit margin

1.6%

Total non-current assets

$8.1bn

Metals and Minerals revenue as a percentage of Group revenue

31%

Metals total volume traded

15.3mmt

Net profit

$0.887bn

Shareholders' equity

$6.0bn

Minerals total volume traded

54.6mmt

EBITDA[3]

$1.6bn

Average number of employees over year[4]

3,935

1 Trafigura's financial year runs from 1 October 2016 to 30 September 2017

2 Million metric tonnes.

3 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 expense.

4 Employee numbers exclude MATSA and Porto Sudeste employees as these assets are deconsolidated from Trafigura's balance sheet.

Cover image:
Ore storage inside warehouse at MATSA mine near Seville, Spain.

ADVANCING TRADE

Global trade brings the world closer together.

It grows 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 increase prosperity by advancing trade.

Find out more about our role in Advancing Trade:
www.trafigura.com

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The 2017 Annual Report is complemented by our 2017 Responsibility Report which reflects on Trafigura's progress in implementing responsible business practices and sets out metrics assessing our performance in managing our social and environmental impacts.

For further information please visit www.trafigura.com/responsibility

Trafigura at a glance

Trafigura's core business is physical trading and logistics; our assets and investments complement and enhance these activities. With 62 offices in 35 countries, Trafigura's network is truly global.

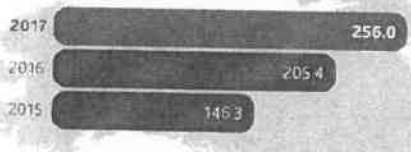
Trading activities

Oil and Petroleum Products

In a fragmented market where no single company has a dominant position, we are one of the world's largest traders by volume of oil and petroleum products. Trafigura is one of the few oil and petroleum products traders with global presence and comprehensive coverage of all major markets. The Oil and Petroleum Products Division is supported by offices across the world including in Calgary, Geneva, Houston, Johannesburg, Mexico City, Montevideo, Moscow, Mumbai, Qingdao and Singapore.

Oil and Petroleum Products (total volume traded)

256.0mmt

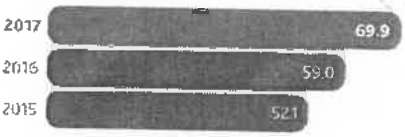


Metals and Minerals

We are one of the world's largest metals and minerals traders. We negotiate offtake and supply agreements with miners and smelters and invest in logistics through our subsidiary, Impala Terminals, to improve market access for our clients. The Metals and Minerals Division is supported by offices across the world including in Geneva, Johannesburg, Lima, Mexico City, Montevideo, Mumbai, Santiago, Shanghai, Singapore and Stamford.

Metals and Minerals (total volume traded)

69.9mmt

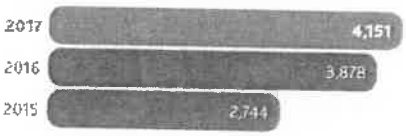


Shipping and Chartering[1]

Our Shipping and Chartering desk is closely integrated into Trafigura's business model, providing freight services to commodity trading teams internally and trading freight externally in the professional market. Operations are based in regional offices in Athens, Geneva, Houston, Montevideo and Singapore. All post-fixture operations are managed from our Athens office.

Shipping and Chartering (fixtures)

4,151



1 Profit/loss relevant to Shipping and Chartering are consolidated with Oil and Petroleum Products/Metals and Minerals trading activities

Global presence and key subsidiaries

Impala Terminals

Impala Terminals is a multimodal logistics provider focused on export-driven emerging markets. It owns and operates ports, port terminals, warehouses and transport assets. It has particular expertise in providing efficient logistic solutions in challenging environments and hard to reach locations.

Mining Group

The Mining Group manages mining operations, develops projects, conducts technical audits of existing and potential partner projects and provides advisory and support services to Trafigura's trading desks, trading partners and Galena Asset Management.

Galena Asset Management

Galena Asset Management provides investors with specialised alternative investment solutions through its investments in real assets and private equity funds. It operates independently, but benefits from the Group's insights into the global supply and demand of commodities.

Chief Executive's Statement

A resilient business model generating profit through the cycle

Jeremy Weir, Chief Executive Officer

I am pleased to present Trafigura Group's 2017 Annual Report. This was another year of strong trading performance on a global scale, in which our company transacted more business with more customers in more geographies than at any time in its nearly 25 years of existence. In commodity markets that are more competitive and transparent than ever, these results demonstrate the benefits of our scale, our resilient and diversified business model, and our ability to generate profit consistently throughout the economic cycle.

The backdrop for the year was a robust global economy in which, for the first time since the global financial crisis, real GDP was expanding markedly in all key regions. This drove strong growth in demand for all the commodities we trade, and paved the way in some of them for a tighter balance between supply and demand and a consequent increase in volatility. However, while the trend was clear across commodities, the progress was uneven. In particular, the oil and refined product markets were still characterised for much of the year by oversupply and relatively low volatility, reducing margins and arbitrage trading opportunities.

Strong performance on volume, revenue and profit

In this mixed environment, Trafigura turned in a strong performance. Profit for the year was USD887 million, 9 percent below the level of USD975 million recorded in 2016, but broadly in line with profits registered in each of the last five years. Gross profit was USD2,239 million, just 2 percent below the year-ago figure of USD2,291 million. Our gross margin for the year was 1.6 percent, down from 2.3 percent recorded in 2016.

EBITDA, which we see as a more precise measure of operating performance since it strips out investment gains and impairments, was USD1,580 million, 3 percent below the figure of USD1,628 million recorded in 2016. Meanwhile profit attributable to owners of the company, excluding non-controlling interests, was USD97 million (13 percent) higher than in the previous year at USD848 million compared to USD751 million.

Highlights of the year included:

- Significant growth in volumes handled by both our trading divisions, Oil and Petroleum Products and Metals and Minerals, reinforcing our position as a top-tier trader across these markets and in all important geographies. It was especially pleasing to see our global reach increasing, for example through our establishment of a leading position in exporting crude oil and refined products from the US and the doubling of volumes sold into and out of India over the year.
- A 39 percent increase in revenue to USD136,421 million from USD98,098 million, reflecting increased volumes and higher commodity prices.
- A good profit performance in all our trading books, and a near-equal contribution to gross profit by both trading divisions. Metals and Minerals had an exceptionally strong year across the board from non-ferrous concentrates to refined metals and bulk minerals; in Oil and Petroleum Products, profit was lower than last year owing to reduced market volatility and resultant margin compression.
- Significant further progress in building our newer books, from liquefied natural gas to coal and iron ore. In LNG, Trafigura established itself as a leading independent trader some years ago and we extended this lead in 2017. In coal, this was the year where our investment in building a strong team over recent years generated significant returns.

- Continued investment in industrial assets that support access to trading flows. I am pleased to report our investment in the world-class Indian refining and distribution business Essar Oil and through Galena Private Equity Resources Fund into Terrafame, the Finnish nickel, cobalt and zinc producer. During the year we also announced support for a large order for oil tankers that will be used, when delivered, to carry Trafigura oil cargoes as well as to capture value from rising asset prices. These investments are good examples of our strategy of working with third-party investors to take advantage of opportunities while containing our own balance sheet exposure.
- Continuing progress in building value from prior investments, including our Porto Sudeste joint venture with Mubadala Investment Company in Brazil and our multimodal port and transport assets in Colombia, both of which ramped-up operations further during the year. We also provided financing, offtake and supply support arrangements for with the smelting group Nyrstar, in which Trafigura holds a 24.6 percent stake.
- An ongoing focus on efficiency, cost management and reduction of capital expenditure. Despite the volume increases, we managed to keep general and administrative expenses at the same level as the previous year. We were able to renew and increase our credit facilities at tighter yields – especially important at a time when our need for working capital has increased owing to higher volumes and prices – and returned to the debt capital markets in a limited way. As a result of all these activities, our ratio of adjusted debt to net equity fell to 1.35x at year-end from 1.48x a year earlier and 1.56x at the end of 2015.

Scale, efficiency and diversification

These strong results underline three important points about our business. First, it is positioned to perform almost regardless of conditions in commodity markets and the global economy, as demonstrated in successive annual results during and since the global financial crisis of 2008/9. As a service provider to the global resources industry and as a counterparty to the world's leading banks, we pride ourselves on consistency and reliability of execution. In 2017 we delivered again.

Second, now more than ever commodities trading is a business where global scale and scope count. In the past few years we have dramatically expanded the business relationships we maintain on all six continents. These range from the oil producers of the Eagle Ford shale to the private refineries of China and India. They include fast-growing and liberalising markets for refined products and gas across Asia, Africa and Latin America, and miners, smelters and end-users of non-ferrous metals and bulk minerals in both north and south.

Crucially, maintaining this network depends on the quality and expertise of our people, and their capacity for teamwork, which I believe to be unrivalled in the industry. In addition, we have enhanced our financial strength by developing strong relationships with our banking network and growing our capital market issuance, which enables us to grow our trading volumes and invest in industrial assets that support the trading business. As importantly, we have invested significant amounts in systems, technology and infrastructure to help us operate efficiently at scale, including our important mid- and back-office support hubs in Shanghai, Mumbai and Montevideo.

These capabilities and relationships give us the ability to keep growing volume without adding cost and thus to maintain profitability in physical commodity markets that are by definition subject to constant margin attrition. Few other firms have the capacity to do this, which is why we are confident that we will continue to expand our market share and presence in the coming years.

Third, we are particularly confident in the benefits of diversification in our business across commodities where we have specialist knowledge. The oil and metals markets generally move according to distinct dynamics. In previous years, a strong profit performance in oil accompanied weaker results in metals and minerals. This year, oil margins have been under pressure owing to market conditions, while the metals business has turned in its best performance in years. This diversification helps to produce a stable overall profit stream and mitigates risk.

Outlook: positioned for further growth

As we look to 2018, we are optimistic about the opportunities we see for further developing our business, for a number of reasons.

First is the balance between supply and demand in the markets we trade, which should create greater volatility. We believe that for the first time in many years, commodities markets are being driven by events on both the demand side and the supply side.

The outlook for global economic growth and for commodity demand remains strong across the board. At the same time we see potential supply deficits emerging in various commodities in the short to medium term, owing to significant under-investment in developing new mining and oil production projects and to policy-driven production cuts in China.

In oil, we believe a supply deficit is likely to emerge in 2019 as production capacity fails to keep pace with rising demand. The zinc market already has a supply shortfall and a deficit is expected to emerge in copper by 2019; even aluminium, a market plagued by over-supply for many years, is tightening due to Chinese cutbacks.

Over the longer term, the prospects are at least as enticing as a result of the structural changes underway in the global economy including technological innovation and efforts to combat climate change. In 2017, we responded to these developments by establishing an in-house Strategic Research Group to consider the broad implications for our business.

The expected growth of electric vehicle (EV) sales has considerable implications for metals markets. Copper is already one clear beneficiary, but if as expected EVs account for an increasingly significant proportion of a growing global vehicle fleet from 2025, it will drive sharp rises in demand for nickel and cobalt. That provides a very promising environment for our growing cobalt and nickel trading activity and for our successful commercial collaboration with Terrafame in Finland.

On the energy side, too, a world that is seeking to reduce its reliance on fossil fuels over the longer term will create significant opportunities for us, for example in developing flexible supply models for power utilities enabling them to switch between coal, gas and renewables.

I strongly believe Trafigura is well positioned to profit from all these developments, thanks to the robust capabilities of our people, the strong pipeline of talent we continue to develop, our access to deep financial resources, and our capacity to target attractive asset investment opportunities. If so, there is every prospect that our strong performance in 2017 will be matched or exceeded next year.

Jeremy Weir,
Chief Executive Officer

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Marketplace review

The Global Market Environment

Following a year of political surprises in 2016, the 2017 fiscal year saw a return to supply and demand fundamentals in commodity markets, driven by a synchronized global economic recovery.

Saad Rahim, Chief Economist and Head of Analysis.

For the first time since before the global financial crisis, the major economies of the world all appear to be growing in sync, resulting in strong demand for commodities. This demand has in turn been faced with supply constraints, the result of: voluntary cuts in the case of oil; policy-led supply cuts as in coal and aluminium; labour disputes and other temporary outages as seen in copper; and finally the impact of under-investment in the case of zinc. We believe the theme of under-investment is likely to be a critical feature of markets going forward, one worth examining in detail later in this section.

As a result of the divergent directions of supply and demand, prices of the commodities traded by Trafigura almost all ended the fiscal year higher, by 10-35 percent depending on the specific commodity. Nickel was the only exception, ending the fiscal year flat, albeit seeing a 20 percent move up since then. However, the price movements were by no means a uniform march upwards, with some major moves over the course of the year. Iron ore prices were a prime example of this, increasing by 70 percent from the start of the fiscal year before falling back to end the year up just 11 percent from last October. Oil prices, on two separate occasions during the year, dipped to 15 percent below the start of the fiscal year, ultimately ending up about 15 percent (since the end-year they have increased by a further 10 percent). Despite these swings, commodity prices overall ended the 2017 fiscal year up significantly, and that momentum appears to be continuing through into our current year, driven by an increasingly favourable supply and demand environment. Looking ahead, we continue to view commodity markets as healthy and expanding, suggesting strong, continuing growth for our business.

Global macroeconomic environment

A decade on from the start of global financial crisis, the global economy is firing on all cylinders. The IMF projects that real GDP is growing at a rate of over 3.5 percent per year, with 2017 growth 0.5 percent higher than 2016. This level of growth has not been seen since the recovery phase immediately after the crisis, and has been a major driving factor in the recovery in commodity prices seen over the year.

One key difference during 2017 compared to recent years has been the relative strength of China. Chinese growth surprised to the upside this year, and growth was of a much healthier tenor as it was less credit-driven and more organic. In 2016 the Chinese authorities injected approximately USD3 trillion of new credit into the economy, but this year has seen much more targeted injections of fresh credit. The authorities have focused on three main overlapping areas: reducing excess industrial capacity; improving air quality; and shifting debt growth into non-corporate sectors. While the overall level of Chinese debt remains an area of concern in global markets, China has been taking decisive steps to address the issue.

A critical step in this process has been addressing unprofitable overcapacity in sectors such as steel, aluminium and coal, sectors including some of the most heavily indebted companies in the country. The reduction in loss-making capacity has seen margins among remaining producers improve materially, helping bring down debt ratios and boost profitability. In addition, these sectors have contributed to poor air quality, and as such a reduction in capacity should in turn help with the emissions problem. Over a three- to five-year period starting last year, China aims to remove the equivalent of 10 percent of global steel and coal output, while aluminium production curbs this year alone will remove some 7 percent of global output, albeit on a more temporary basis. As such, although the traditional narrative of China and commodity markets is one of demand, China has played a major role on the supply side this year as well.

Of course China's impact on the demand side remains alive and well. The Chinese real estate sector in particular is for many commodities the single most important sector globally in terms of direct demand impact, and the market was encouraged to see Chinese real estate prices, activity and sales all continue the positive trends of 2016, after a contraction in 2015.

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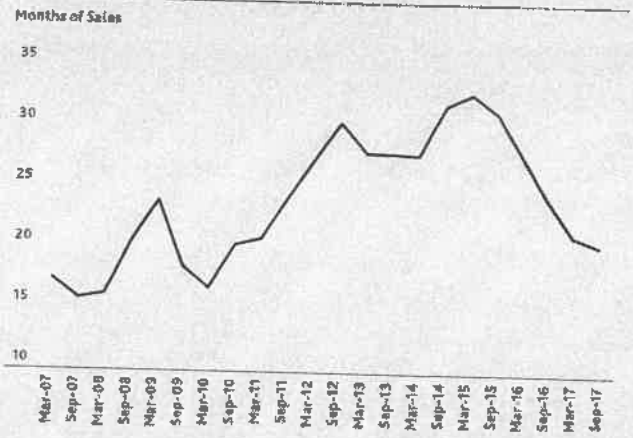
Residential Floorspace Inventory – China



Source: China NBS, Trafigura Research

Growth in the US appears to have held up well over our fiscal year, although there are now signs that activity may be reaching a cyclical peak. The economy has continued its multi-year trend of strong jobs growth, with the result that unemployment is now back down to 4.1 percent, a far cry from the 10 percent it reached in 2009. With an improved labour market, we have seen consumption continue to hold up, albeit at a reduced level compared with recent years. Part of the reason for the slowdown in consumption, and an area to watch for the coming fiscal year, has been rising interest rates, in particular the 2-year Treasury rate (the main consumer rate). A near-quadrupling of this rate has had, as might be expected, an impact on vehicle sales, credit growth, consumer delinquencies and all the other signs associated with a rising interest burden on the consumer.

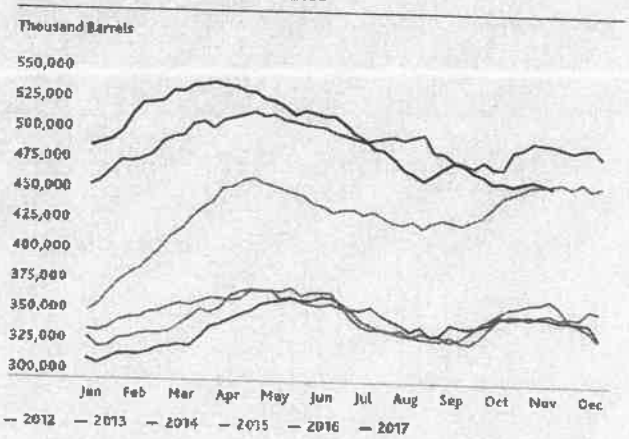
Of particular note has been the European story. After years of struggling merely to recover the ground lost first from the financial crisis and then from the Eurozone crisis, Europe reported healthy results across the board this year. A euro that weakened almost to parity with the US dollar halfway through our fiscal year certainly helped to a degree, but that dynamic has since reversed, leaving the USD more than 15 percent weaker just six months later. This suggests that other factors were at work, namely a much stronger domestic consumption and investment environment, driven by an improved unemployment picture and the strongest capital expenditure numbers in a decade.

Japan continues its growth story from last year, with businesses spending at the highest levels in over a decade. South Korea, an excellent proxy for the health of world trade, has seen exports rebound 20-40 percent from the contractionary period of 2015-16. And finally emerging economies are looking much more robust as well. India has recovered from the dual shocks of demonetization and then sales tax reform, and is on much stronger structural footing, while Brazil has halted the trend of deep contraction caused by recent political events. Emerging markets have also been generally helped by rising commodity prices.

Global energy markets

The dominant story in oil markets over the past year has been the agreement by OPEC and key non-OPEC producers to cut production by just short of 1.8 million barrels per day. This was the first agreed cut by OPEC in eight years, and also the first time since 2001 that both OPEC and non-OPEC producers participated in a cut. It was necessary due to the persistent glut in oil inventories, which had risen to record levels globally, particularly in the OECD economies. Crude oil stocks in the US alone had swelled by over 300 million barrels over historical averages. Crude oil was also building up in floating storage (aboard tankers), both driven by and exacerbating the market condition known as contango, whereby current prices are lower than prices in the future.

Crude Oil Stocks – United States



Source: DOE, Trafigura Research

Demand growth in 2017 was slightly weaker than the previous year but nonetheless strong by historical standards. India, which alone had accounted for over 25 percent of global oil demand growth the previous year, saw demand affected in the early part of the year by the regulatory changes mentioned above, but even there growth ended the period on a strong note. Chinese growth was slightly below expectations, but nonetheless added approximately 600,000 barrels per day versus the previous year. In the US, growth moderated as the year went on after ending 2016 on a strong note. The surprise was Europe, where strong macroeconomic growth propelled rising demand in key product markets. As emerging markets rode the rising commodity price wave, they too saw demand improve, as industrial activity and investment picked up.

But even strong demand and a coordinated production cut proved no match for the inexorable tide of rising US production. This reflected aggressive innovation, cost-cutting and productivity growth among US shale producers.

Rapid growth in US production outweighed the OPEC cut for most of the fiscal year, leading to inventories continuing to bulge into the first few months of the 2017 calendar year. On the other hand, OPEC members, particularly Saudi Arabia, surprised many market participants by showing much greater discipline than expected in applying the agreed production cuts. As a result prices for sour/Middle Eastern grades moved higher, followed eventually by the entire global complex. As the year progressed, inventories have finally come back down, in some cases to below the levels of even a few years ago.

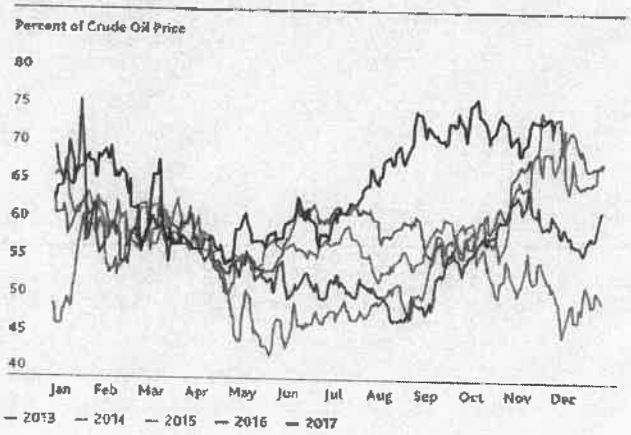
Marketplace review

Products were also bid up, in particular when hurricanes affected the US refining system, leading to shortages of key fuels. The cumulative result was that oil prices traded in a fairly narrow band for most of the year, but as we exited our fiscal year, oil prices were up close to 15 percent versus the start of the year.

Global refined product and refinery margins remained well supported through 2017, with the primary market theme being structurally unavailable refining capacity. The combination of deferred maintenance in Venezuela and Mexico, civil conflict in Libya, Iraq, Yemen and Syria and reduction of runs to match domestic crude availability in Brazil have effectively removed 2.5 million barrels per day of existing refining capacity from the global market. This effectively vanished capacity is stimulating product prices and sending an elevated margin signal to incentivise higher utilisation from marginal capacity in the US, Europe and India.

Petroleum product markets experienced another solid year of demand growth supported by healthy GDP recovery in Europe, continued US gasoline demand growth due to low prices and increased SUV sales, double-digit vehicle sales growth in India and industrial fuel demand stimulated by China's 'One Road, One Belt' initiative. Despite healthy demand for the core petroleum transportation fuels (gasoline, jet fuel, diesel) the emerging demand growth star of the petroleum complex is liquefied petroleum gases or LPG (propane and butane). After several years of global LPG oversupply and low prices as a side effect of US drilling activity, LPG demand growth has surged and is likely to exceed 500,000 barrels per day over the course of 2017.

Propane-Crude Oil Price Ratio



Source: Argus, Platts, Trafigura Research

LNG markets this year also saw surprisingly strong demand growth, mitigating a major supply increase – although the supply story was not without its hiccups, as new projects in Australia faced delays and outages during the ramp-up phase. This calendar year we have seen LNG supply rise 12 percent, while demand rose 13 percent. In total, liquefaction capacity should grow by 17 percent in 2017-18, or some 60 million tonnes, with the US (36 percent), Australia (44 percent) and Russia (18 percent) making the largest contributions.

On the other side of the equation, Asian demand grew very robustly this year, due in part to cold weather but also to a strong macroeconomic environment boosting electricity demand and industrial activity, and to environmental policies favouring a switch to gas from other fuels.

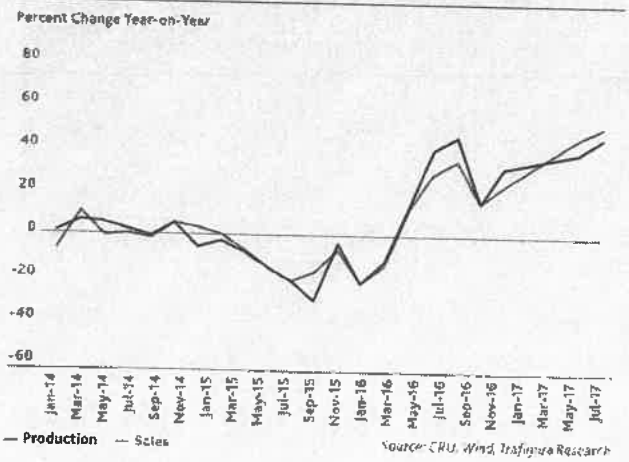
Global non-ferrous metals markets

Non-ferrous metals experienced a stronger year than energy markets. Most metals, with the exception of nickel, reached heights that would have been near-unthinkable at the start of the fiscal year, with copper touching USD7,000/tonne, zinc topping USD3,100/tonne, aluminium closing in on USD2,200/tonne and lead near USD2,500/tonne (all prices as of FY 2017 end). These levels were between 20 percent (lead) and 35 percent (copper and zinc) higher than at the start of the fiscal year, with aluminium in the middle. Nickel was a laggard, although since the close of the fiscal year has appreciated markedly on the back of a brighter outlook for usage in electric vehicles. As in energy, the story is of robust economic growth and increased demand combining with supply curtailments or shortfalls to create tighter balances.

However, for most of the fiscal year, copper prices seemed to have outrun market fundamentals. Prices had started to move up in October of last year, as Chinese macro data started surprising to the upside. The US presidential election triggered a sharp move upwards, followed by a steady climb thereafter. Supply disruptions, which had been significant in 2014-16, declined sharply in 2017.

Copper demand was boosted by the recovery in Chinese real estate and by an accelerated build-out of the Chinese electricity grid, as well as continued buoyancy in global auto sales. An important indicator for the health of the global copper market is Chinese air conditioning sales, which in some recent years have accounted for between 5 and 10 percent of global copper demand; as the chart shows, sales rebounded strongly this year.

Household Air Conditioning Production and Sales – China

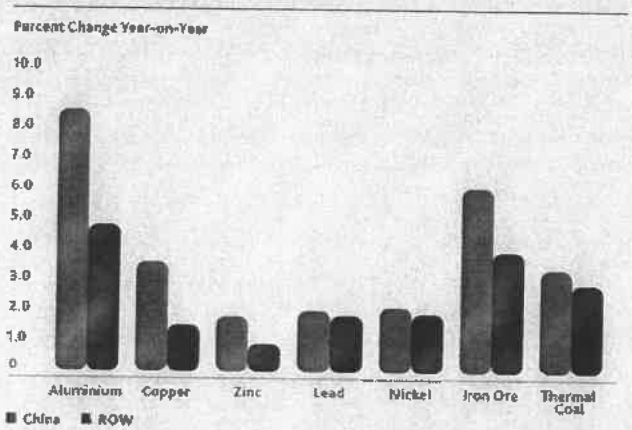


Source: CRU, Wind, Trafigura Research

Copper's early price rally was based on promises of major stimulus and infrastructure spending in the US, neither of which had materialised by fiscal year-end. The other major driver of prices of copper and other commodities over the year was the weakening US dollar; as the USD fell, commodity prices generally rose, as might be expected. Finally, as prices rose, an important secondary impact was felt in the shifting composition of copper supply, with much of the increase in demand met with copper scrap rather than cathode.

In the zinc market, as at the end of FY 2016, supply deficits outweighed all other considerations and drove prices higher. Mine supply is tight as a result of the closure of major mines last year and the decision by some producers to voluntarily shut-in material production capacity. Tightness in concentrate markets drove treatment charges (TCs) significantly lower, with spot TCs touching historical lows. Profitability at smelters suffered, with many having to cut output as concentrate stocks reached perilously low levels. Yet demand remained strong in the face of robust Chinese construction activity and global auto sales.

Metals and Bulks Demand Growth



The market is thus now beginning to drawdown stocks of refined metal. While this will eventually lead to smelter restarts, the market will remain tight for some time.

Lead markets remain similarly tight, with similar dynamics in play. Concentrate tightness led to record low stock levels, and TCs for clean units have fallen from nearly USD200 in mid-2015 to as low as USD20 at the end of the fiscal year. Chinese smelters have seen even lower levels around USD50, and are getting back to break-even only through the return on by-products. Demand continued to grow as automotive battery demand, particularly in China, held up well over the year.

Aluminium was in the headlines all year due to the announcement of impending smelter capacity reductions in China. Some of these closures are temporary, to reduce emissions during the winter heating months, but other closures targeted illegally built or otherwise unauthorised smelters. Total capacity targeted appears to be around 3.5 million tonnes per year, equivalent to over 5 percent of global supply.

Here again relatively robust demand ran up against tighter supply. Growth in vehicle sales, coupled with an increasing focus on lighter-weight vehicles, particularly in the OECD, continued to boost global aluminium demand.

Nickel prices moved in a +/- 15 percent range for most of the year, reflecting fluctuations in supply, and ended almost exactly flat at around USD10,300 per tonne.

Towards the end of the fiscal year, increasing optimism concerning electric vehicle adoption rates pushed nickel prices higher. Nickel will almost certainly be one of the key metals used in electric vehicle production, but years of under-investment mean that the world is likely to find itself constrained in terms of future supply to meet these needs.

Global bulk markets

Iron ore markets experienced a wild ride, rising 70 percent from the start of the fiscal year to March 2017. The run-up started due to the closure last September of 40-60mtpa of illegal induction furnace capacity in China. These plants used steel scrap as a raw material feed and when they closed, the legal mills stepped up to fill the gap, driving a significant uplift in iron ore demand, a widening spread between prices of higher and lower grades and a buildup of stocks. A subsequent wave of destocking drive prices back down and iron ore ended the financial year at about USD70 per tonne.

Coal presented a mirror-image to iron ore. After a minor rally following the US presidential election, prices remained essentially flat to early summer. At that point, prices started a steady march upwards, ending the fiscal year up approximately 25 percent. The main drivers here seemed to be weather, higher economic activity, and supply outages and shortfalls in some major producers.

Conclusion

Trafigura's 2017 financial year saw a continuation and strengthening of many of the trends we saw in 2016. Our view last year was that markets were becoming more balanced and that stronger global consumer demand should help propel markets forward. The reality exceeded those expectations, with robust economic growth driving a sharp increase in demand for many commodities. On the other hand, supply constraints due to under-investment and to regulatory policy are increasingly making themselves felt. As a result we expect that 2018 will be the year that continued demand growth starts to run up against the hard facts of inadequate supply growth across a number of the key commodities.

Saad Rahim,
Chief Economist and Head of Analysis

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Chief Financial Officer's Statement

Profitable growth in physical trading across the board

Christophe Salmon, Chief Financial Officer

The Trafigura Group turned in another strong financial performance in 2017. Profit for the year was lower than in 2016 as a result of margin compression and competitive markets. But volumes grew strongly in both trading divisions and all our trading books made a positive P&L contribution, with Metals and Minerals performing especially well.

Group revenue

$136.4bn

Total non-current assets

$8.1bn

Gross profit

$2.2bn

Total assets

$48.6bn

Gross profit margin

1.6%

Shareholders' equity

$6.0bn

Net profit

$0.887bn

EBITDA[1]

$1.6bn

In the years since publishing its first public Annual Report in 2013, Trafigura has prided itself on delivering a broadly consistent profit performance in its core physical trading business. Stripping out the impact of financial items such as one-off gains and impairments, the company has recorded annual net profits within a range between USD850 million and USD1.1 billion every year since 2012.

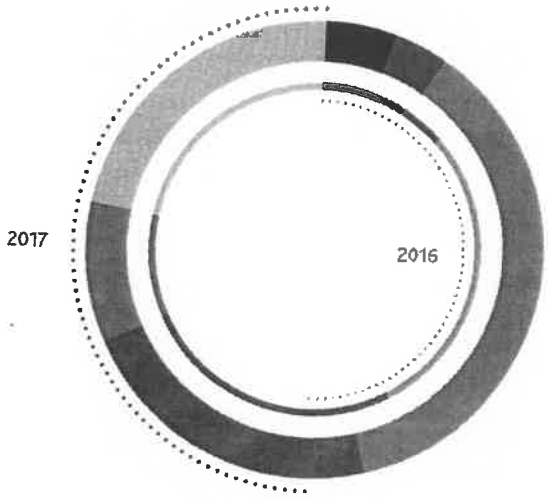
The 2017 financial year, ending 30 September 2017, was no exception, with profit for the year coming in at USD887 million, compared with the figure of USD975 million recorded in 2016. While that comparison shows a 9 percent fall from 2016 to 2017, profit attributable to owners of the company was higher, at USD848 million compared with USD751 million in 2016.

As important was the composition of our 2017 profit, with both trading divisions, Oil and Petroleum Products and Metals and Minerals, making roughly equal contributions to gross profit. This reflected an outstanding performance in metals and minerals on the one hand; and pressure on margins in oil trading on the other, against a backdrop of reduced price volatility and intense competition. But it underlined the resilience of our diversified business model to navigate the different commodity market cycles to which we are subject.

For Trafigura 2017 was also a year of financial discipline, in which capital expenditure came down significantly, we made further progress in reducing our leverage, and nevertheless we continued to invest in attractive industrial assets. We also managed to maintain and increase our financial liquidity by refinancing our revolving credit facilities on improved terms and by returning to the debt capital markets for the first time in two years.

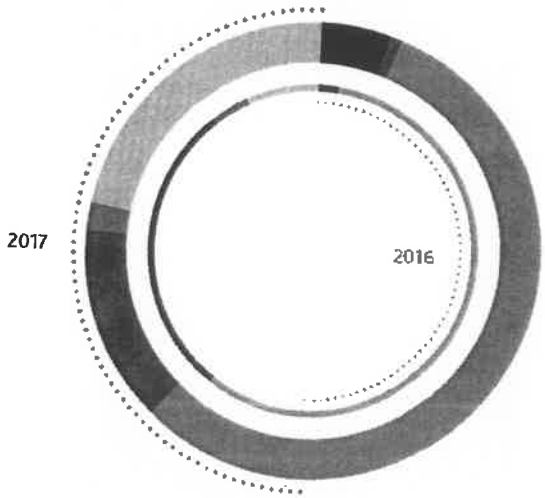
1 EBITDA (earnings before interest, tax, depreciation and amortisation) is operating profit excluding the share in results of equity-accounted investees, depreciation and amortisation, gains/losses on divestments of subsidiaries, equity-accounted investees and other investments, impairment losses and other operating income and expense.

Oil and Petroleum Products Revenue by geography (%)



	2017	2016
Middle East	5%	6%
Africa	4%	7%
Asia & Australia	37%	29%
Europe	22%	26%
Latin America	10%	10%
North America	22%	22%

Metals and minerals Revenue by geography (%)



	2017	2016
Middle East	5%	–
Africa	1%	2%
Asia & Australia	56%	58%
Europe	14%	29%
Latin America	2%	4%
North America	22%	7%

Profitability

Revenue in 2017 totalled USD136,421 million, an increase of 39 percent from the figure of USD98,098 million recorded in 2016. This reflected the continuing strong expansion of our traded volumes and a generally healthier commodity price environment. Total volume of commodities traded rose by 23 percent to 325.9 million tonnes from 264.4 million tonnes, with oil and petroleum products volumes rising 25 percent to 256.0 million tonnes, and metals and minerals volumes increasing 18 percent to 69.9 million tonnes.

Gross profit was USD2,239 million, a decrease of 2 percent from the figure of USD2,291 million recorded in 2016. This represented a gross profit margin of 1.6 percent compared to the margin of 2.3 percent registered in 2016; pressure on margins was especially intense in oil trading, reflecting intense competition and subdued price volatility. General and administrative expenses including staff costs were USD945 million, almost flat compared to 2016 despite the volume increases. This continuing cost containment shows that we have built a highly scalable business model, based in part on operating efficiencies enabled by our consolidated mid- and back-office support centres in Mumbai, Montevideo and Shanghai.

In divisional terms, the gross profit figure reflected a 22 percent decrease in gross profit in oil and petroleum products to USD1,139 million, and a 32 percent increase in gross profit in metals and minerals, with gross profit at USD1,100 compared to USD831 million in 2016. This was the first year in which the gross profit in metals and minerals exceeded USD1 billion, showing an exceptionally strong performance by that division after several years in which the contribution from oil trading to gross profit was preponderant. The fact that the two divisions made near-equal contributions underlines the benefits of diversification in our business model, featuring two groups of commodities whose market dynamics are generally uncorrelated.

From an operating profit perspective, we believe that EBITDA is the appropriate indicator to assess our performance given the amount of depreciation and amortisation that arises from our fixed asset portfolio. EBITDA in 2017 was USD1,580 million, compared to USD1,628 million the previous year, a decrease of 3 percent but still continuing a strong run of EBITDA performance in recent years.

Net financing costs this year totalled USD256 million, more than double the 2016 level. This mainly reflected the increased need for working capital created by higher volumes and commodity prices. Trafigura's financial income and expense line items include interest on cash balances and loans respectively, as well as interest from commercial operations.

Share of profit/(loss) of equity-accounted investees was a loss of USD232 million largely reflecting losses of USD318 million in relation to our equity investments in Porto Sudeste and Nyrstar partly offset by gains of USD82 million from Puma Energy and MATSA.

Capital allocation

In last year's Annual Report, we signalled that Trafigura had reached the end of an intensive cycle of investment in industrial and logistical assets that offer synergies with our physical trading business, and accordingly that capital expenditure was being reduced. This pattern was maintained in 2017, with capital expenditure coming in at USD391 million, a 48 percent reduction from the previous year. We expect capital expenditure to continue at or around this reduced level in coming years. But we also expect Trafigura to continue to invest in assets that offer opportunity, where appropriate with third-party investors.

Financial review

Assets

As at 30 September 2017, total assets amounted to USD48,607 million, an increase of 18 percent from the figure of USD41,230 million at the same date in 2016 – reflecting the significant increase in trading volumes during the year. Fixed and non-current assets were 5 percent lower at USD8,098 million compared to USD8,528 million a year earlier. The fall reflects an overall reduction in construction activity; the main investments during the year were in our existing Colombian multimodal port and transport project and in the construction of a splitter unit in Mexico. Equity-accounted investees were broadly flat at USD3,488 million. This reflected the net effect of acquisitions, disposals and income and losses from various investments, including our holdings in Puma Energy, MATSA, Porto Sudeste and Nyrstar. The number also included our share of an investment in Essar Oil Limited, owner of a major oil refinery and retail distribution network in India. In 2017, Trafigura's share in the consortium that made the investment amounted to USD270 million.

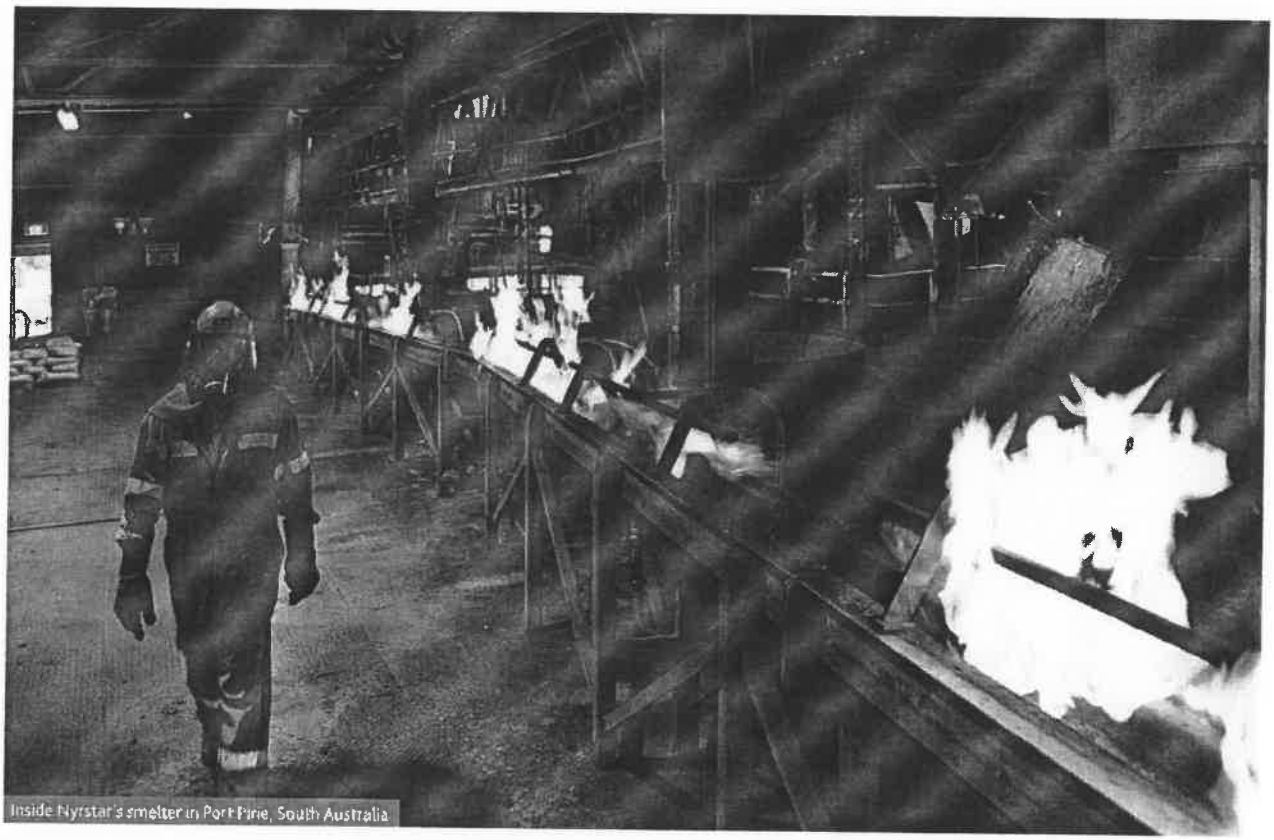
Prepayment increased from USD3,205.2 million to USD3,739.2 million year-on-year which reflects the role played by structured trade finance in supporting our access to greater trading volumes: the average duration of the prepayments has reduced as evidenced with the USD337 million decrease in prepayment of more than 12 months tenor. Loans receivable were 16 percent lower than last year at USD671 million.

Current assets rose by 24 percent to USD40,442 from USD32,702 million at the 2016 year-end. Inventories were 21 percent higher at USD13,927 million compared to USD11,538 a year earlier. Of the total inventories as of 30 September 2017, USD8,508 million were held in storage and USD5,404 million were in transit. In line with Trafigura's risk management policies, all stock was either presold or hedged at all times throughout the year.

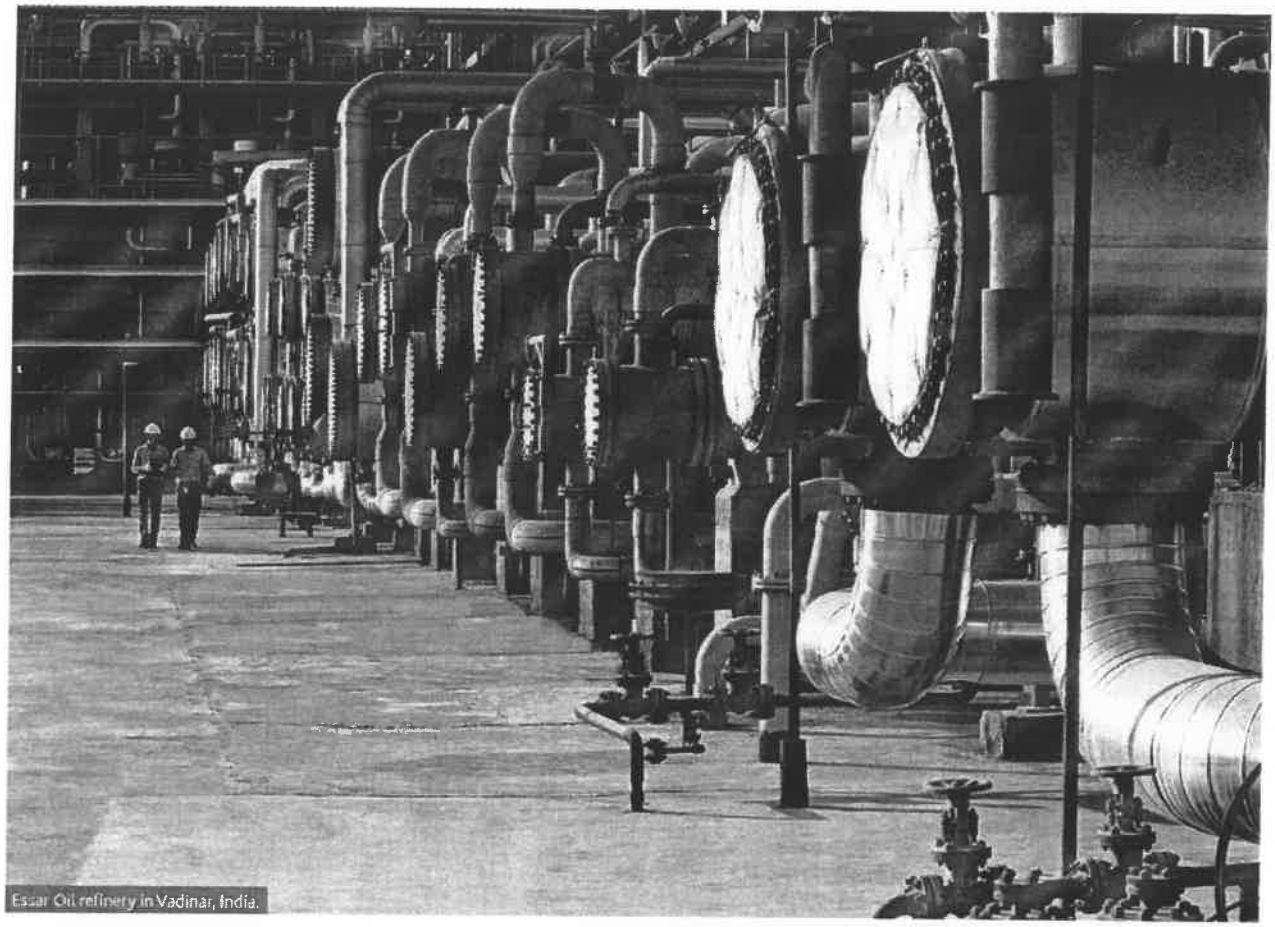
Group equity was USD6,385 million as of 30 September 2017, compared to USD5,847 million as at 30 September 2016. Current liabilities, including short-term bank borrowings, were up to USD34,274 million from the 2016 figure of USD27,652 million.

Cash flow

Operating cash flow before working capital changes was USD1,650 million in 2017, up from the figure of USD1,615 million in 2016. Trafigura believes its financial performance is best assessed on the basis of cash flow before working capital changes, since the level of working capital is predominantly driven by prevailing commodity prices and volumes variations are financed under the Group's self-liquidating finance lines: working capital needs increased by USD4,880 million (USD4,179 million in 2016) and were entirely financed by a parallel increase in short-term debt. Investing activities resulted in a net cash use of USD412 million compared to a net use of USD67 million in 2016. Net cash generated from financing activities was USD5,930 million compared to USD2,502 million in 2016. The overall balance of cash and cash equivalents as of 30 September 2017 was USD4,989 million, an increase of USD1,847 million from the figure of USD3,142 million at the same date the previous year.



Inside Nyrstar's smelter in Port Pirie, South Australia


Essar Oil refinery in Vadinar, India.

Public ratings

Trafigura does not hold a public rating and does not seek to obtain one. There are a number of reasons for this, including the fact that Trafigura's strategy has always been to obtain funding from stakeholders who understand its business model, rather than make investment decisions on the basis of a rating. In addition, holding a rating could cause Trafigura to take more short-term focused decisions in order to maintain a particular rating level. This would conflict with the Group's focus on long-term value creation and maintenance of a strong balance sheet. Trafigura has been highly successful in securing funding without a public rating and had access to over USD51 billion, as at 30 September 2017, in credit facilities from diverse funding sources.

Financial discipline is inherent to Trafigura's business and finance model due to its reliance on debt markets for capital and liquidity. Trafigura's significant expansion of its sources of financing over the years has been achieved on the basis of the Group maintaining an acceptable and sustainable credit standing, consistent with an investment grade profile. The Group's financial discipline is reinforced by the financial covenants provided to our unsecured lenders and is underlined by the strong support we receive from our banking group and investors.

Bank financing

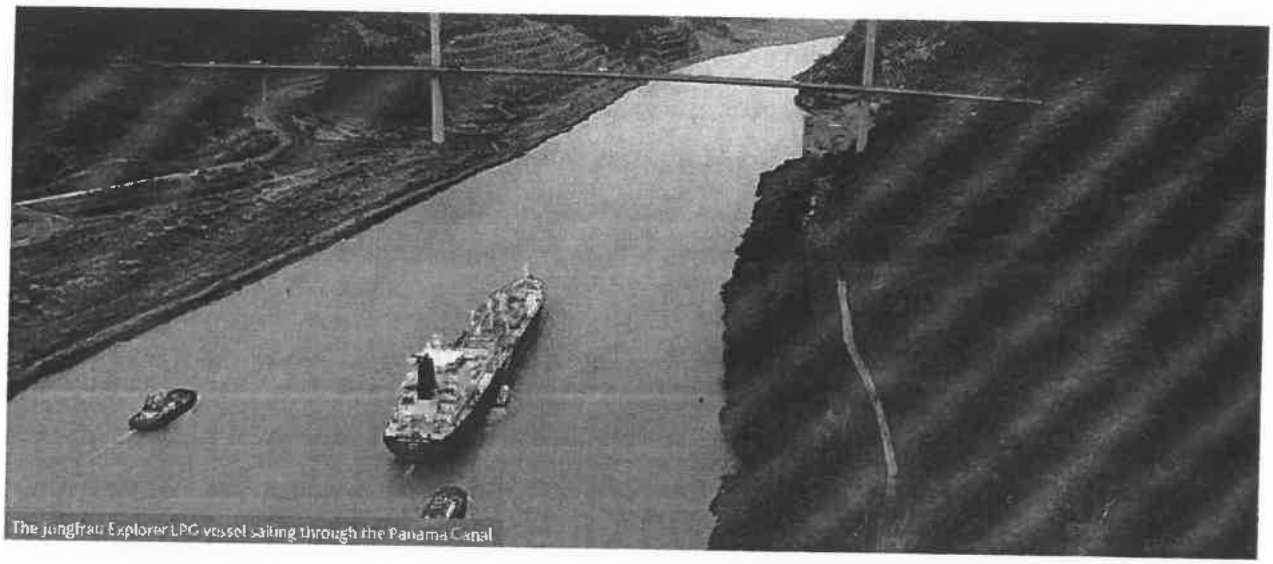
As a privately owned company, Trafigura funds itself primarily through the banking and debt capital markets, relying on a combination of diversified funding sources and strong banking relationships. For a number of years and throughout various commodity cycles and financial market environments, Trafigura has cemented strong relationships with its lending banks.

Trafigura's banking group remained stable and consisted, as at 30 September 2017, of 122 banks across the world. Cyclicality and volatility is a characteristic of many industries, not just commodities trading. Just as we rely on an open dialogue with our banking counterparties at times of increased stress or volatility within the banking market, likewise banks and investors rely on clear and comprehensive communication from Trafigura when increased commodity market volatility brings new questions to the fore. As such, Trafigura has significantly and demonstrably increased its transparency over the past few years, with very positive feedback indeed from its main stakeholders.

Access to deep and constant liquidity is a key reason for Trafigura's leading competitive position and we see communication with banks, financial stakeholders and trading counterparties as instrumental to maintaining this position. Trafigura sources funding from a number of markets: syndicated bank loans, securitisation markets, bond markets and trade finance. During our fiscal year, we have been focusing on growing our access to liquidity to meet our increasing working capital requirements resulting from the combined increase of commodity prices and volumes traded by the Group. As a result, we achieved an increase in our total available lines to reach USD51 billion, up from USD45 billion at the end of September 2016, with a significant portion coming from new transactional lines. Of those total current lines, there is approximately USD14.5 billion which remains unutilised, ensuring resilience during volatile market conditions.

As at 30 September 2017, the Group had USD8.7 billion (2016: USD8.5 billion) of committed unsecured syndicated loans of which USD2.2 billion (2016: USD3.2 billion) remained unutilised. The Group had USD4,989 million of cash and cash equivalents.

Financial review



The Jungfrau Explorer LPG vessel sailing through the Panama Canal

Over 2017, Trafigura refinanced both of its flagship revolving credit facilities (RCFs) in Europe and Asia, which represent the cornerstone of Trafigura's unsecured funding as well as a large proportion of the Group's banking pool. In October 2016, Trafigura refinanced its Asian RCF and term loan facilities (TLFs) for a value of USD1,665 million, with the support of 25 banks. As part of the transaction, the 2015 364-day USD RCF and one-year CNH TLF were both refinanced, along with the maturing three-year USD TLF from 2013.

The Asian RCF closing was followed in early 2017 by the refinancing of the European RCF which closed on 23 March 2017. Trafigura's refinancing strategy is reassessed every year in light of the prevailing market environment and this year, Trafigura took a slightly different approach to the exercise whereby only the 364-day USD RCF was refinanced, while the three-year USD RCF from the 2016 European RCF was extended by one year, resetting the maturity back to three years. The 364-day RCF refinancing closed at USD2,270 million, providing the Group with a net increase in liquidity of USD360 million. A total of 41 banks committed to the facility, including seven entirely new lenders to Trafigura.

Debt and capital markets issuance

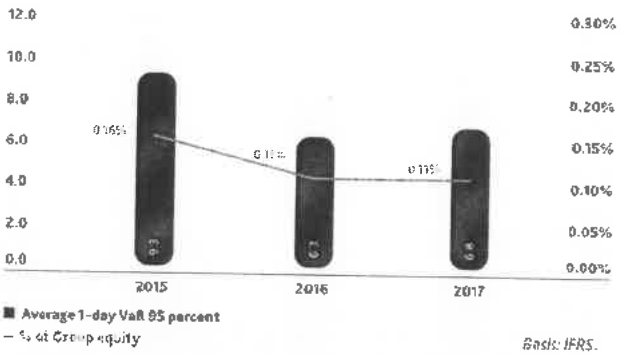
Over the past five years, Trafigura has increasingly sought financing outside of the traditional commodity trade finance loan markets to diversify funding sources, lengthen our maturity profile and allow us to continue to grow our access to funding in support of growth.

On 14 March 2017, Trafigura issued a second US Dollar denominated perpetual bond for a total of USD600 million. The Company also has an outstanding Singapore Dollar denominated perpetual bond. This new March 2017 issuance was priced at 6.875 percent and is listed on the Singapore Stock Exchange. It was very well received in Europe and Asia with a number of new accounts participating (close to 200 accounts in total) and an investor distribution of 39 percent from Asia and 61 percent from Europe. This issuance also saw increased participation by institutional investors which made up 55 percent of the allocation. The transaction confirmed Trafigura's ready access to the capital markets and has allowed the Group to further diversify its investor base and reinforce its balance sheet.

On 26 June 2017, Trafigura Securitisation Finance Plc (TSF), the receivables securitisation vehicle of the Group, issued a new series of public notes totalling USD500 million on the 144A/RegS Asset-Backed Securities (ABS) markets. With this issuance, TSF pre-emptively refinanced its 2014-1 notes, reaching maturity in October 2017. The new 2017 offering included a new feature with fixed-rate notes which attracted new investors, hence diversifying further the investor base of the programme in the ABS market. The transaction was very well received, with distribution in Europe and the US and participation from a total of 18 investors in the fixed and floating rate tranches.

Value at risk

(USD million)



Basis: IFRS.

The Value at Risk (VaR) metric is one of the various risk management tools that Trafigura uses to monitor and limit its market risk exposure. Trafigura uses an integrated VaR model which captures risks including commodity prices, interest rates, equity prices and currency rates (see further details in Note 27). During 2017, average 95 percent one-day VaR for derivative positions was USD6.8 million (2016: USD6.3 million) which represented less than 1 percent of Group equity.

Shareholder structure

Trafigura is owned by its management and about 600 of its senior employees, who are therefore focused on the long-term success of the business, promoting management depth and stability, and encouraging prudent risk management. The decision as to which employees may become shareholders is discretionary based on individual performance, seniority and future potential.

Trafigura has continuously built up its shareholders' equity since inception in 1993 and the Group retains profits to further increase its capital base. Any share buy-backs are subject to sufficient liquidity being available and to the company remaining compliant with financial covenants.

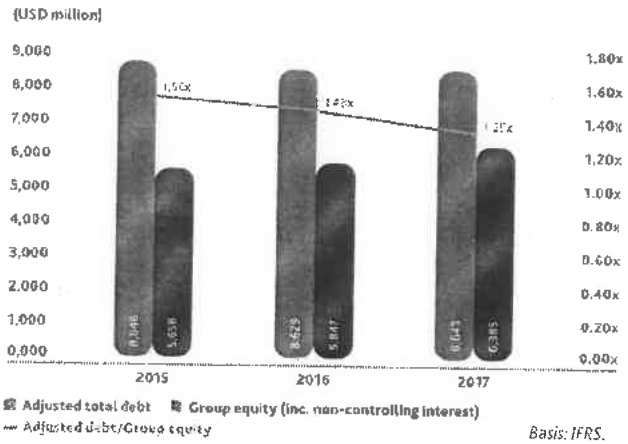
Leverage and adjusted debt

As a physical trading group, Trafigura relies on a specific funding model. As a result, one cannot apply the same financial analysis framework as for other, more typical industrial companies.

Banks and rating agencies have historically considered financial leverage after excluding some specific balance sheet items (e.g. inventories, securitisation), resulting in the use of adjusted debt as an overall leverage metric. The adjusted debt metric represents Trafigura's total long- and short-term debt less cash, deposits, readily marketable inventories, debt related to the Group's securitisation programme and the non-recourse portion of loans. This metric is a better measure of the Group's financial leverage than a simple gross debt metric. In particular, the following adjustments are made:

- The securitisation programme is taken out on the basis it is an entirely distinct legal entity from Trafigura with no recourse to the Group and is only consolidated into the financial statements in accordance with the Group's accounting rules.
- Cash and short-term deposits are deducted from debt.
- Pre-sold or hedged stock is deducted from debt. This reflects the great liquidity of the stock and the ease at which this could be converted to cash. As previously described, Trafigura's policy is to have 100 percent of stock hedged or pre-sold at all times.
- Non-recourse invoice discountings or portion of loans (for example non-recourse portions of bank financings used to extend prepayments to counterparties) are deducted from debt.

As at 30 September 2017 the ratio of adjusted net debt to Group equity stood at 1.35x, down from 1.48x at 30 September 2016. This steady reduction which started in 2015 reflects multiple initiatives to deleverage our balance sheet including disposing of non-core assets and reducing capex. We are committed to continuing to reduce the ratio in 2018, in line with our aim of ensuring the ratio does not stay significantly above 1.0x over the longer term.



Basis: IFRS.

Taxation

Trafigura operates in a multitude of jurisdictions and adheres to applicable local and international tax law in the countries in which it operates, including legislation on transfer pricing. The Group's tax policy is to pay appropriate tax according to work carried out in each jurisdiction, as determined by a functional analysis of operations using standard measures wherever possible, underpinned by reports prepared to fulfil local transfer pricing requirements. The Group's effective tax rate – the average rate at which consolidated pre-tax profits are taxed – varies from year to year according to circumstances, but in 2017 it was 8.4 percent (2016: 10.2 percent).

Outlook

As Jeremy Weir points out in his CEO statement, we see a positive outlook for the markets in which we trade, underpinned by increasing demand, tightening supply and the potential for greater price volatility. As such we believe the need for the marketing, logistics and risk management services we provide can only grow over the coming year.

Our financial strategy is to continue to strengthen our capacity to provide these services by optimising our liquidity position, securing the resources to provide our customers with financial solutions where required, and mustering capital to invest in attractive opportunities, either alone or in collaboration with third-party investors. Doing all this means maintaining access to ample liquidity and working capital from our global banking network and securitisation programme; continuing to access unsecured credit facilities for our corporate needs; and tapping the debt capital markets from time to time for any longer-term capital requirements.

After the 2017 financial year-end, we added a potentially powerful additional financing tool to our armoury with the launch of a USD470 million, non-recourse funding programme backed by inventories of crude oil and refined metals. This met an enthusiastic response from the banking and investment communities and will provide us with a supplementary source of working capital as well as helping our banks to cope with increasing regulatory capital constraints.

Last but not least, we will stick for the foreseeable future to the path of financial discipline, cost control and deleveraging charted in 2016 and 2017, while maintaining a close eye on counterparty credit risk. As for investment in assets, we are convinced the approach we have developed, of investing with counterparties and third-party investors to limit our balance sheet exposure, yield increasing benefits in 2018 and beyond.

Christophe Salmon,
Chief Financial Officer

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Performance review

Oil and Petroleum Products Trading

Trafigura consolidated its position as one of the world's leading traders of crude oil, refined products and natural gas in 2017, further boosting volumes in a difficult market.

José Larocca, Head of Oil and Petroleum Products Trading

Highlights

- Total volumes of oil and petroleum products traded exceed 5.3 million barrels per day.
- LNG volumes traded increase by 27 percent.

69%
Contribution to global revenue
(2016: 65 percent)

256.0mmt
Total volume traded
(2016: 205.4mmt)

Oil and Petroleum Product volumes traded (mmt)	2017	2016
Biodiesel	0.6	0.6
Bitumen	0.5	1.0
Condensates	1.6	2.0
Crude oil	103.6	85.9
Fuel oil	44.3	33.0
Gasoline	27.8	22.0
Liquefied natural gas (LNG)	8.1	6.4
Liquefied petroleum gas (LPG)	4.1	4.1
Middle distillates	40.4	36.4
Naphtha	16.9	14.0
Natural gas	7.9[1]	–
Total	256.0	205.4

1 Tonne of oil equivalent

Market environment and performance

The global markets for crude oil and refined products presented a much more challenging backdrop in 2017 than in the previous year. Many products were in chronic over-supply, and for significant periods of the year volatility was low. Markets however, remained fluid and dynamic, with all segments operating on a truly global basis and prone to rapid flow reversals and product substitutions.

It was a situation that played to Trafigura's strengths in global arbitrage and to our collaborative culture, with seamless information sharing between trading desks and across timezones. The division performed well in the circumstances, with volumes increasing by a further 25 percent year-on-year to more than 5.3 million barrels a day. However, fierce competition combined with the lack of volatility put margins under pressure and as a result the division's gross profit was reduced from the level reached in 2016.

Trafigura's strategy is not to build volume for its own sake but to seek critical mass across regions and product segments as a top-tier global player. Each of our trading books again made a positive contribution, confirming that we have the most diversified oil trading operation in the industry. We continued to add new capabilities, for example by adding natural gas trading in the US and Europe to our leading position in LNG. And uniquely in the industry, we frequently moved key personnel between desks and regions to disseminate best practice and maintain a fresh perspective on rapidly changing market conditions.

Regionally, we further strengthened our position as a leading exporter of crude, gasoline and distillates from the US and consolidated our position as one of the most active suppliers of crude to, and purchasers of, products from China. Performance in India was another highlight, with significant growth in product offtake from its world-class refineries, while we continued to do substantial business in Russia with Rosneft and other key players.

Looking ahead, we see difficult conditions continuing in the short term, but we believe the supply-demand balance should start to tighten significantly during 2018 given continuing robust growth in demand, the global drawdown in stocks as a result of OPEC's production curbs, and the effects of under-investment in the replacement of declining wells and the drilling of new ones. We will be well positioned to benefit from any consequent increase in volatility. While we see potential for further volume growth, for example in adding incremental volumes of crude into India and in continuing to build our arbitrage flows from the US, we can afford to focus on the most profitable opportunities going forward.

Essar Oil refinery in Vadinar, India.

Crude oil

The global crude oil market spent much of 2017 dealing with the repercussions of the landmark agreement by OPEC and Russia in December 2016 to set a production ceiling. Initial scepticism over the importance of this decision evaporated when it became clear that parties to the agreement were complying much more closely than had been the case in other recent OPEC attempts to curb output, thus removing at least one million barrels per day of supply from the market. While growing US shale production made up some of the gap, the OPEC move fundamentally changed market dynamics. Thanks to rising consumption of refined products, strong refining margins and record refinery run rates, demand for crude began to outstrip supply, precipitating a steady drawdown of global crude stocks and moving the price curve from a deep contango to backwardation. At the same time, the crude market saw a fundamental structural change, with the emergence of the US as a significant crude exporter dramatically increasing the global arbitrage opportunities in a manner similar to established trading patterns in refined products. The opportunity to export US crude to Asia, with notable buyers including China's independent refiners and, increasingly, Indian refiners, was particularly attractive for much of the year.

Trafigura was well positioned to take advantage of these changes. At the start of the year we reinforced the crude oil desk and our Houston office by transferring a number of traders experienced in refined products markets. We further developed our customer relationships with refiners and producers in all parts of the world. In the US we further developed our crude gathering business in Texas, supported by asset positions such as the Corpus Christi storage and export terminal where Trafigura has a minority stake and exclusive throughput rights. In Asia, we further strengthened our Singapore office and became the first trading company to open an office in Qingdao, the Chinese port city around which many of the private refiners are clustered. In India we established a new commercial team which grew our Indian business substantially.

In consequence Trafigura became both one of the leading exporters of US crude and the largest importer of US crude into Asia. Overall the volume of crude we handled rose year-on-year in 2017, but margins were squeezed by increasingly fierce competition, and trading opportunities were constrained by a relative lack of volatility for much of the year. Looking ahead, with the global crude market now closer to balance, we expect greater volatility to generate new opportunities for profitable trading. In particular, we expect the completion towards the end of the fiscal year of our investment alongside Rosneft and UCP in Essar Oil, owner of one of India's largest private oil refineries, to further reinforce our position in the global crude market.

Gasoline

For global gasoline markets, 2017 was, as expected, a challenging year. With refining margins strong, the market was periodically over-supplied, price volatility was low for much of the year and competition intense. However, the picture was not uniform, and the market did offer attractive trading opportunities. While the Atlantic basin fought high stock levels and over-supply for much of the year, Asia was much stronger, as a result of healthy demand growth and refinery outages in the Arabian Gulf region. This mismatch created global and regional arbitrage opportunities and helped to prevent global stocks building to the critical levels seen in 2016. Towards the end of our fiscal year, the market was thrown into turmoil by Hurricane Harvey, the first major hurricane to hit the US Gulf coast in nine years. With three million barrels per day of refinery capacity knocked offline, prices spiked in the Atlantic basin and large volumes of gasoline flowed from Northwest Europe to Mexico and the US East Coast to compensate.

Trafigura's gasoline trading desk was well positioned to respond to these developments, by moving nimbly and by virtue of being organised on a global basis with seamless communication between hub offices. After a number of senior personnel changes at the start of the year, the team was very focused on growing its global market share, and volumes handled increased by nearly 40 percent year-on-year. The biggest driver of this growth was an increased focus on markets east of Suez, while we also built our business significantly in the US, notably on the East Coast. Trading margins per barrel, on the other hand, were squeezed by competition and by the lack of price volatility in the first three fiscal quarters.

Looking ahead, we will remain focused on Asian markets, with the additional advantage afforded by Trafigura's equity investment in, and growing commercial relationship with, India's Essar Oil. We also plan to further increase our US footprint in 2018 and to rebuild supply volumes into West Africa. We expect the enhanced market volatility observed towards the end of the year to continue, partly as a result of uncertainty regarding energy and environmental policies in the US.

Performance review

Fuel oil

Fuel oil has been a challenging market for some time, with both supply and demand falling as the global refining industry focuses on higher-value products, as maritime consumption decreases with increasing efficiency in the global shipping fleet, and as natural gas replaces fuel oil in the power generation mix. These trends continued in 2017, with demand falling slightly less than supply, leading to a tighter supply-demand balance, rising prices and a move in the price curve by year-end from contango to backwardation. These were tough conditions for trading, not least because the loss of a contango price structure removed one of the revenue sources supporting our cost base.

The key strategic objective Trafigura's fuel oil trading desk set itself this year was that of consolidation after a transformational performance in 2016. We succeeded in consolidating our greatly expanded position in the fuel market and found additional opportunities for growth, with volume increasing by 34 percent. Physical trading margins however were sharply reduced and profits declined accordingly. The best growth opportunities were in Asia, where demand remains healthy. In Egypt, on the other hand – traditionally a major consumer – consumption fell sharply as natural gas replaced fuel oil for power generation.

Our number one priority looking forward is to reset our cost base for a backwardated market. We expect continued market tightness as the decline in supply continues to outpace that in demand – a trend that could be pronounced by increased consumption of fuel oil as a refinery feedstock as the supply-demand in the crude market tightens.

Middle distillates

The story of 2017 in trading of middle distillates was the growth of India as a centre both of supply and demand. India's growing domestic market for diesel, its super-efficient refining industry and its pivotal location on east-west shipping routes made Indian exports a crucial swing factor in the global market. As domestic diesel consumption exceeded forecasts for much of the year, India exported less diesel than expected, creating tightness in the Far East and pushing the global price curve from contango into backwardation. From August, the trend was exacerbated by the loss of refinery production on the US Gulf Coast due to the impact of Hurricane Irma, which took 25 million barrels out of the market. With demand for diesel and jet fuel continuing to grow worldwide, the consequence has been a significant drawdown of global middle distillate stocks through the year.

Trafigura is a top-three player in the middle distillates market which plays to our strengths in global arbitrage, and we grew volumes by a further 11 percent in 2017 on top of 25 percent growth in 2016. Market conditions, however, were fiercely competitive as an increasing number of players sought to establish a global footprint, which put pressure on margins, although Trafigura remains well positioned for this competition with its global presence.

We built significant capacity to serve the Indian market during the year with a new commercial team in Mumbai, while maintaining strength in our regional hub in Singapore. We continued our focus on the Chinese refining industry which is now producing significant quantities of low-sulphur diesel that can meet the most exacting quality specifications of western import markets. We also increased our presence in the global market for jet fuel which has been an important focus for us for some time.

More generally, 2017 saw Trafigura become a prime mover in the drive towards lower-sulphur diesel specifications around the world, delivering the first cargo to meet a new lower-sulphur diesel standard in Ghana, for example, and winning a tender to supply lower-sulphur specifications in Mozambique. We expect this trend to continue in 2018, with the Platts benchmark in Asia moving to 10 ppm and low-sulphur diesel thus becoming a global standard. Trafigura remains well positioned to maintain its leading role in this market over the coming year.

Naphtha

Trafigura maintained its leading position in global naphtha trading in 2017 and grew volumes further from what was already a record level in 2016. For much of the year the market was range-bound and stable, close to balance between supply and demand. Towards the end of the northern hemisphere summer, two developments brought volatility back into the market. Firstly, a spike in propane prices caused a structural shift in global petrochemical demand in favour of naphtha. Secondly, dynamics of the gasoline market during hurricane season in the US created distortions within the naphtha complex which our global team was able to help satisfy.

Trafigura is well placed to react quickly to market changes, leveraging our culture of close cooperation between trading desks and locations. We further strengthened and diversified customer relationships, and we continued to focus on using infrastructure assets where Trafigura has an interest, to build a reliable supply base. These include the Corpus Christi terminal and the 100,000 barrels per day throughput capacity splitter which is majority-owned and operated by Buckeye Partners LP, Puma Energy's Napa Napa refinery in Papua New Guinea and, following conclusion of our acquisition of a 24 percent stake in August, Essar Oil's Vadinar refinery in India. We expect these relationships to provide increasingly important support for further development of our buy-side customer base in 2018.

Condensates

The global condensates market was over-supplied for much of the year, owing to technical issues with some key splitters. However, underlying demand for condensate elsewhere remained generally strong, especially in the Far East, as splitters worked at close to full capacity to take advantage of robust aromatics and olefins margins. Towards the end of our financial year the supply-demand balance tightened as a result of unplanned production outages.

Trafigura is the largest independent global trader of condensates and our trading desk had a satisfactory year with profits and volumes remaining stable despite a challenging market. We maintained our position developing new markets for emerging condensates grades. In particular we increased exports from the US, where we continued to ship significant volumes of condensate and super light crude to Europe and the Far East from Buckeye's Corpus Christi storage and export terminal in Texas. We doubled splitter throughput capacities at Corpus Christi by agreeing exclusive access to an additional 50,000 barrel per day capacity splitter operated by Magellan Midstream.

Looking ahead, we are very optimistic for 2018, given our assets in the US and Asia as well as our strong relationships with key buyers, particularly in Asia.

LNG

During 2017 the LNG market continued its dramatic growth with production ramping-up notably in Australia, the US and Angola, which was met by a strong increase in Far East demand, particularly China. Another factor contributing to the growth of the market was the displacement of coal by gas in the power generation mix in Europe. The market reached new levels of liquidity, transparency, and competitiveness, as well as more integration with natural gas markets in the US and Europe.

Unfortunately, these improved conditions have yet to create sufficient momentum for the establishment of an internationally recognised price benchmark to trade and hedge against. In April 2017 Trafigura made its own contribution to the development of a transparent and liquid market by launching an initiative to promote a standard Master Sales and Purchase Agreement (MSPA) for LNG.

All these factors have helped Trafigura continue its profitable growth in LNG and maintain its position as the world's largest independent trader while also developing an important position in natural gas trading in the US and Europe (see separate article below). We expanded the global trading team to prepare for further growth and added strength in Singapore to reflect the increased geographical diversification of our LNG business and to sharpen our focus on the Asian market. We also invested in infrastructure, continued our work on an import facility that can accept floating storage and regasification units (FSRUs) in Teesside, North-Eastern England, and taking a minority stake in an FSRU project at Port Qasim, Pakistan. We expect these, along with the development of our natural gas trading activity in the US and Europe, to help drive further growth in the coming years.

Natural gas

Natural gas trading is a new business line for Trafigura, focused on the US and Europe with team members in Houston, Geneva and Kiev; and it has got off to a strong start.

In the US the year saw a shift in market dynamics, driven by the growth of shale gas production, rising LNG exports, the emergence of a new gas export route overland to Mexico and the continued market deregulation there. Trafigura aims to add value for its customers in each of these areas, and in our first full year of US trading we became one of the largest movers of gas in Texas with substantial volumes and significant storage assets.

In Europe the market is being reshaped by fuel switching, the arrival of new supplies of LNG, improvement of interconnectivity and by liberalisation of markets in Eastern European countries such as Ukraine. We became the first international trader to open an office in Kiev to support the growth of our Ukrainian business. Overall Trafigura's natural gas volumes grew to 7.9 million metric tonnes oil equivalent (mmtoe) in 2017.

Looking ahead, we expect European and US natural gas to become a substantial business for us, helped by synergies with our market-leading position in LNG and coal.

LPG

The LPG market was one of the fastest growing segments of the global petroleum products markets in 2017. Demand is surging because LPG is favoured by governments as providing a cleaner burn relative to other fossil fuels and is easily transportable in 3-5kg cylinders for use in home cooking and heating. Moreover the logistical costs have fallen dramatically: freight and export costs, for example have come down by almost USD200 per tonne in the past three years alone, making LPG more competitive on a British Thermal Unit (BTU) and volume basis with traditional liquid fuels for power generation, heating and cooking, and transportation.

The year was defined by a number of developments that presented exciting trading opportunities. First, Chinese LPG imports increased by two million tonnes, to feed domestic retail demand and a wave of new propane dehydrogenation plants. This diverted feedstock that would otherwise have gone to the chemical cracking pool in Japan, South Korea and Taiwan, forcing those countries to back-fill with naphtha and condensate. Second, exports from the Arabian Gulf fell as a result of OPEC production cuts. Third, partly offsetting that reduction, exports to Asia increased from the US as a result of the shale oil boom, and from West Africa and Europe.

Despite challenging conditions in part due to problems with contractual performance by commercial counterparties, Trafigura's LPG trading desk still turned in a respectable profit, albeit lower than in 2016. The key objective in 2017 was to increase our business east of Suez and especially in China, doubling down on our historically strong position in Northeast Asia. We increased exports from the US via the Corpus Christi export processing terminal and developed our global arbitrage business on the back of changing flows. At the same time, we made the most of the logistical opportunities afforded by our access to infrastructure and retail markets in West Africa, a net importer of butane and net exporter of propane.

Looking ahead, we expect LPG demand to continue increasing, both in domestic use and by replacing heavier feedstocks in power generation. Supply is also expected to grow rapidly thanks to higher prices, notably from US shale fields and gas fields offshore Australia and Southeast Asia. Trafigura is hiring additional LPG traders in China to penetrate what is likely to remain the world's fastest growing import market, and will look to continue to build share in other fast-growing markets such as India, Africa and Latin America.

Biodiesel

The continued low oil price environment continued to prevent discretionary blending of biodiesel. Uncertainty concerning regulatory matters in the US and Europe – ranging from US tax and renewable fuel policy to countervailing duties on various biodiesel imports being dropped by the European Union as they were being adopted in the US – created additional complications for the business. The commitment of consumers and regulators around the world, however, is unwavering in calling for increased penetration of renewable fuels as a source of low-carbon intensity energy. In response to this environment, Trafigura maintains expertise to evaluate and act on market movements as they occur and we participate in the biodiesel market in areas where we add value despite the uncertain environment.

Performance review

Metals and Minerals Trading

Trafigura is one of the world's largest traders of non-ferrous concentrates and metals and of bulk minerals. In improved but still challenging market conditions, the Metals and Minerals division had an exceptional 2017, both expanding volume and sharply increasing profitability.

Julian Rolland (left), Global Head of Coal and Iron Ore
Amin Zahir (right), Global Head of Refined Metals and Concentrates

Highlights

- Trafigura maintains its position as market leader in concentrates and refined metals.
- Volumes traded increase by 19 percent year-on-year.

31%
Contribution to global revenue
(2016: 35 percent)

69.9mmt
Total volume traded
(2016: 59.0mmt)

Metals and Minerals total volume traded (mmt)	2017	2016
Non-ferrous metal concentrates	7.9	8.2
Non-ferrous refined metals	7.4	6.6
Coal	46.4	37.7
Iron ore	8.1	6.4
Total	69.9	59.0

Market environment and performance

Non-ferrous concentrates and refined metals

The global market for non-ferrous metals and concentrates saw significant changes during 2017. Robust economic growth boosted demand across the board, and supply and demand of many commodities moved towards a more balanced position, or in some cases a supply deficit. These tightening conditions led to significant increases in prices that have been further buoyed by the return of the investment sector in commodity markets. The general mood of pessimism and anxiety in 2016 has been replaced with optimism and increasing confidence in 2017.

As ever in recent years, many of the moves in market sentiment revolved around China. After a period of concerns about growing debt levels in the Chinese economy, growth there turned out to be surprisingly robust. Combined with capacity closures and supply disruptions, this underpinned a significant run-up in non-ferrous metal prices. The tightening tendency was also supported by moves on the part of the Beijing authorities to curb production and processing of some key materials, for reasons to do variously with improving the country's urban environment and with strengthening the profitability of state-owned enterprises.

Trafigura's Metals and Minerals trading division had an excellent year, expanding traded volumes by 18 percent to 69.9 million tonnes from 59 million in 2016. The division's contribution to gross profit grew by 32.4 percent to USD1,099.7 million from USD830.9 million the previous year.

In non-ferrous concentrates and refined metals, Trafigura trades 14 different commodities which are managed through eight books. Although prices do reflect a better outlook for industry participants, for our trading purposes the impact is small as the determining factors are concentrate treatment and refining charges (TC/RC) and metals and premiums or discounts.

The commodities showing the sharpest moves were zinc and lead concentrates, nickel and cobalt concentrates and alumina. In refined metals, however, the trading environment remained difficult, with a lack of volatility in metal premiums/discounts and negligible yield in spread income.

There were two principal reasons for the improvement in performance. First, the depressed trading environment of the last three years has led to some competitors either exiting the business or scaling back their operations. This has offered Trafigura the opportunity to grow volumes, which we successfully seized on the non-ferrous side by encouraging close collaboration between trading teams focused on each category of concentrates and refined metals.

Second, we saw the benefits of our focus on physical trading and bespoke approach to customer business, based on offering tailor-made solutions to challenges facing our counterparties. Our reputation as a diligent and reliable service provider was already strong, but feedback from our customers suggests that it continued to grow during 2017.

The third factor was the maturing of our coal and iron ore books. The bulk minerals are relatively new components of Trafigura's portfolio and have taken time to reach critical mass. But 2017 saw a strong pay-off from our strategy of focusing on specific niche markets that offer value, and coal in particular made a significant contribution to profit.

Bulk minerals

The bulk minerals, coal and iron ore, presented a mixed picture. The global coal market was healthier than it has been for years and prices rose appreciably during the year, driven by growing demand combined with supply curbs and disruptions. Iron ore continued to struggle, partly because of cuts in steel production capacity in China which curbed consumption and dramatically increased quality premia and discounts across the market. These are relatively new books in Trafigura's portfolio and have taken time to reach critical mass. But both trading segments moved towards greater maturity in 2017, as our strategy of focusing on specific niche markets paid off. Volumes grew in both, and the coal book made a significant contribution to the division's profit.

Non-ferrous concentrates

Copper concentrates

In the global copper concentrates market 2017 was a volatile year with periods of tightness and weakness, but with supply and demand roughly in balance overall. In the first quarter of the calendar year major disruptions at two of the world's biggest copper mines took a significant portion of supply off the market: a protracted labour dispute at Chile's Escondida mine and a disagreement between Freeport McMoran and the Indonesian Government over future contractual arrangements at the Grasberg facility in Indonesia. With renewed strength in the Chinese economy underpinning demand, these disruptions contributed to a significant run-up in copper metal prices from a low of USD4,732 per tonne in October 2016 to highs above USD6,500 in September 2017.

Trafigura is a global market leader in copper concentrates, and our trading desk had a strong year, with traded volume growing by more than 12 percent and increased profitability.

Our relationships with counterparties were stronger than ever, enabling us to build market share further in the face of efforts by new players to buy their way into the market. We maintained our strong position with producers in Peru where new mining projects continued to ramp-up, and our unrivalled network in the Chinese copper industry. We were also well positioned to support smelters that were heavily exposed to the supply disruptions in the first quarter, taking a longer-term view in order to further cement our long-term relationships.

Towards the end of our fiscal year, the concentrates market was showing signs of seasonal weakness. In the longer term we are conscious of some uncertainty over the future course of Chinese regulation and environmental policy and the possible impacts on the smelting industry. However, we expect smelter demand at the very least to plateau with growth upside depending on how the market evolves over the coming years. We believe that the relative lack of investment in new mining projects in recent years will manifest in a bullish copper environment in the longer term.

Zinc and lead concentrates

The supply and demand balance in zinc concentrates was in deficit throughout our 2017 fiscal year, helping propel prices from their low averaging USD2,314 per tonne in October 2016 to a high averaging USD3,210 per tonne in September 2017. This deficit also put pressure on treatment charges as they decreased sharply throughout the year. Mine closures announced and implemented in 2016 kept the market tight and created intense competition to secure scarce supplies.

The lead concentrates market was also in deficit, with prices rising from their October average of USD2,040 per tonne to USD2,377 in September 2017. Similar to zinc concentrates, treatment charges and refining charges for lead concentrates also dropped substantially.

Overall Trafigura's lead and zinc concentrates desk increased aggregate volumes handled and profitability during the year. In zinc concentrates we focused on growing the trading book to accommodate increasing concentrate requirements as a result of the disappearance of global stocks.

Thanks to our global focus we were able to secure the right units at the right price and time whilst increasing our footprint in consumer markets. This was particularly the case in Europe from February 2017, where a new offtake agreement with Terrafame (operator of a major nickel and zinc mine in central Finland in which Trafigura's Galena Asset Management subsidiary took a 15.5 percent equity stake) has further strengthened our position in the region. In lead concentrates, we achieved our trading book size target while boosting profitability.

Looking ahead, the team expects to continue to grow the books' size and profitability and maintain a global footprint in what will remain challenging markets for both zinc and lead concentrates, featuring intense competition to secure units. New mining projects will continue to ramp-up, including a Trafigura joint venture, the Castellanos mine in Cuba, as well as MMG's Dugald River project in Australia and Vedanta's Gamsberg mine in South Africa.

Nickel and cobalt

The global nickel market continued to suffer in 2017 from the after-effects of over-supply in prior years. Even though production cuts tipped the overall market balance from a surplus to a small deficit, the decision of Indonesia to allow renewed exports of laterite ore neutralized any potential positive effect on prices. Even though nickel demand for stainless steel production remains strong, LME stocks are still at high levels and the potential increase in nickel demand for battery production for this year at least was still a matter for forecasts than a driver of prices. This was not the case for the cobalt market where the forecast demand for electric vehicles has finally given a substantial push to the Cobalt prices after years of depressed prices due to oversupply.

Performance review

Terrafame nickel and zinc mine, Sotkamo, Finland

Trafigura continued to expand its global footprint in nickel trading by diversifying its product base to include ferro nickel, nickel pig iron, laterite ore and nickel intermediates. We were thus able to cater to the needs of counterparties across the stainless and battery consumer spectrum and offer financing solutions to suppliers affected by the low nickel price environment. Our strategic relationship with Terrafame, operator of a major nickel and zinc mine in central Finland has placed us in a leading position to trade nickel feed for batteries, completing our portfolio of nickel related products. We have also substantially increased our cobalt trading portfolio to cater for the demand increase from the battery sector and also engaged with our suppliers to develop and commence the implementation of a pilot responsible sourcing programme according to the OECD's guidelines and as outlined in Trafigura's 2017 Responsibility Report.

With sales of electric vehicles on the rise, nickel and cobalt demand in this market segment is expected to grow exponentially. Recent announcements, from governments and major car makers, of a shift to electric vehicles are giving strong support for sustainable future growth of demand, and we expect prices for both metals to strengthen as LME nickel stocks are drawn down and global requirements for responsibly sourced cobalt feed for electric vehicle batteries is expected to soar. Nickel price will also benefit from stainless steel demand which is expected to remain strong. With no major production increase foreseen, the swing factor on nickel can only be increased laterite ore supply and NPI exports from Indonesia and the Philippines.

We will continue expanding our nickel and cobalt trading portfolio with larger volumes and a diversified product base in a marketplace which increasingly expects traders to offer a complete package of services and assurances relevant to social and environmental due diligence rather than just availability of product.

Alumina

China continued to be the focal point of the global alumina market during 2017, with price movements driven by the growth of Chinese aluminium smelting capacity on the one hand and government policy decisions on the other. Our year started with relatively high prices caused by transport bottlenecks in China as increased demand from smelters collided with regulatory restrictions on the trucking fleet. After a correction mid-year, prices were propelled upwards again from August by market uncertainty over government moves to reduce aluminium production during the environmentally sensitive winter months. This action, expected to take effect in November after our fiscal year-end, targets both aluminium smelters and alumina refineries, but the market is concerned that it will create a supply shortage in alumina by disproportionately reducing refining capacity.

Trafigura's alumina trading desk had a satisfactory year as volatile conditions created profitable trading opportunities. Volumes handled were flat as a tightening supply and demand balance encouraged more direct deals between producers and consumers. However, we were pleased to add new customers in China and elsewhere and added headcount in China to build the business further.

An encouraging development was the growth of an alumina futures contract on the Chicago Mercantile Exchange, which became an important trading tool for the Group during the year.

Looking ahead, we expect the alumina market to remain tight as a result of continued growth in Chinese aluminium smelting capacity, with a small supply shortfall in China made up by imports from Australia and other countries in the Asia-Pacific region. With its strong China-focused trading team Trafigura is well positioned to develop its market position further.

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Non-ferrous refined metals

Refined copper

The global refined copper market showed strong demand growth and periodic tightness in the supply demand balance during Trafigura's fiscal year, with prices rising from a low of USD4,750 per tonne in October 2016 to highs close to USD7,000 per tonne in September. Although supplies from primary sources were tight at the start of the year due to various disruptions, including a protracted strike at Chile's Escondida mine and a dispute over contractual terms at Freeport-McMoran's Grasberg mine in Indonesia, the immediate pressure was relieved by the release of stocks of copper scrap that had been accumulated during the preceding period of persistent market weakness. However, with Chinese economic performance surprising on the upside and copper demand rising by 3.6 percent year-on-year, the overall trend towards a tighter market continued through the year.

Trafigura's refined copper desk had a very strong year, handling record trading volumes and by focusing on end-user business, further growing our substantial China operation as well as diversifying our book by geography and by product grade. Increasingly we are deriving synergies by working closely with the copper concentrates trading team, building on Trafigura's traditional strength in concentrates and generating margin along the entire copper value chain.

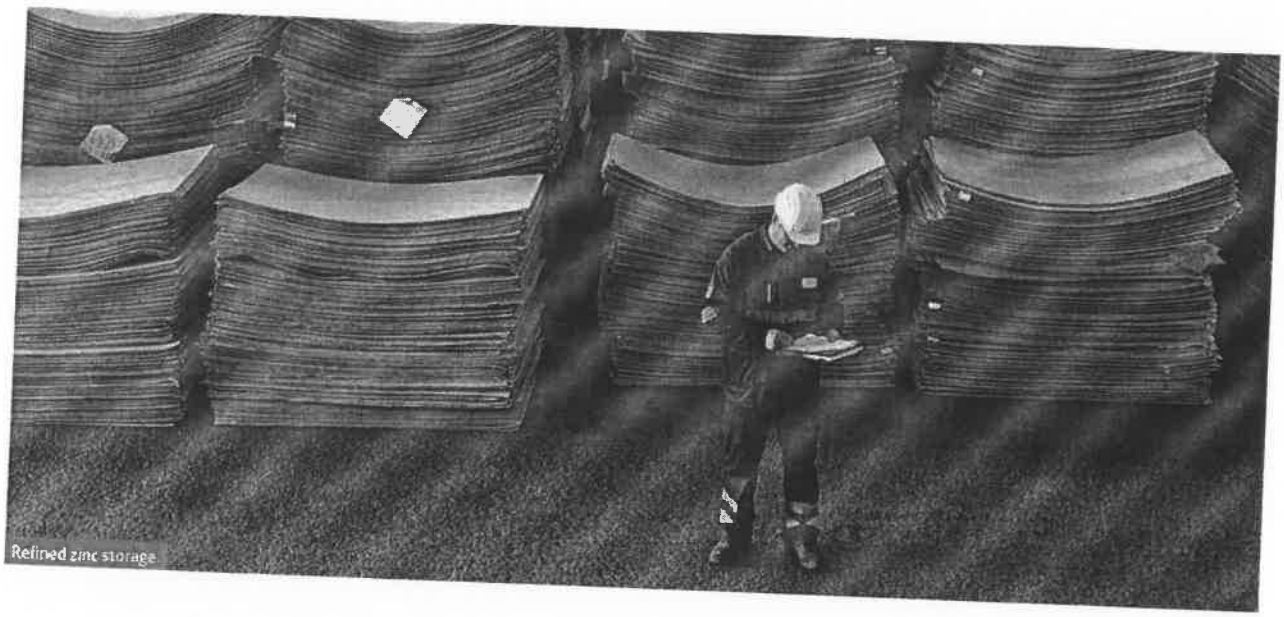
Looking ahead, we expect the supply and demand balance in refined copper to continue to tighten through 2018 and 2019 and we aim to continue to diversify our business. In addition to maintaining our focus on China, we see strong growth prospects in India, where our Ryker copper-rod joint venture with Polycab, India's leading manufacturer of cable and wire, will start production early next year in the state of Gujarat.

Refined zinc and lead

Throughout 2017 the global refined zinc market was in a structurally tight position, as the effects of mining capacity closures in 2015-16 continued to work their way through the supply chain from concentrates to refined metal. Far from softening at mid-year as some expected, the market continued to tighten in the second half with Chinese consumption exceeding forecasts and availability of concentrates there falling short owing to a decrease in metal content produced by Chinese mines, and shuttered mining capacity elsewhere failing to come back online. This marked a big change in sentiment; in consequence refined zinc prices rose from lows of around USD2,500 per tonne in June to highs of close to USD3,300 in September, and market volatility increased.

The global refined lead market was more balanced than zinc as increased recycling volumes made up for cuts in mining production. Thanks to the massive recent growth in China's vehicle fleet, lead from recycled batteries now accounts for more than 60 percent of the market and provides a natural buffer to balance the market. Despite this, the lead market also saw rising prices and enhanced volatility driven partly by speculative bullish sentiment carried over from other metals and partly by uncertainty caused by erratic implementation of environmental regulations in China.

Trafigura's refined zinc and lead trading desk had an excellent year, with traded volumes rising more than 13.6 percent in zinc and more than 39.5 percent in lead, and profits significantly increased across the board. We worked closely with the zinc and lead concentrates desks, an area of long-standing strength for the company, to build our position in refined metals, which is a more transparent and competitive business. We grew market share both in China and in the rest of the world, where Trafigura's investment in, and commercial zinc offtake agreements with Nyrstar helped build our reputation as a steady, reliable market participant. In lead, Trafigura further built out its position as a leading market player in China and also grew share in Southeast Asia and Latin America.



Refined zinc storage

Performance review

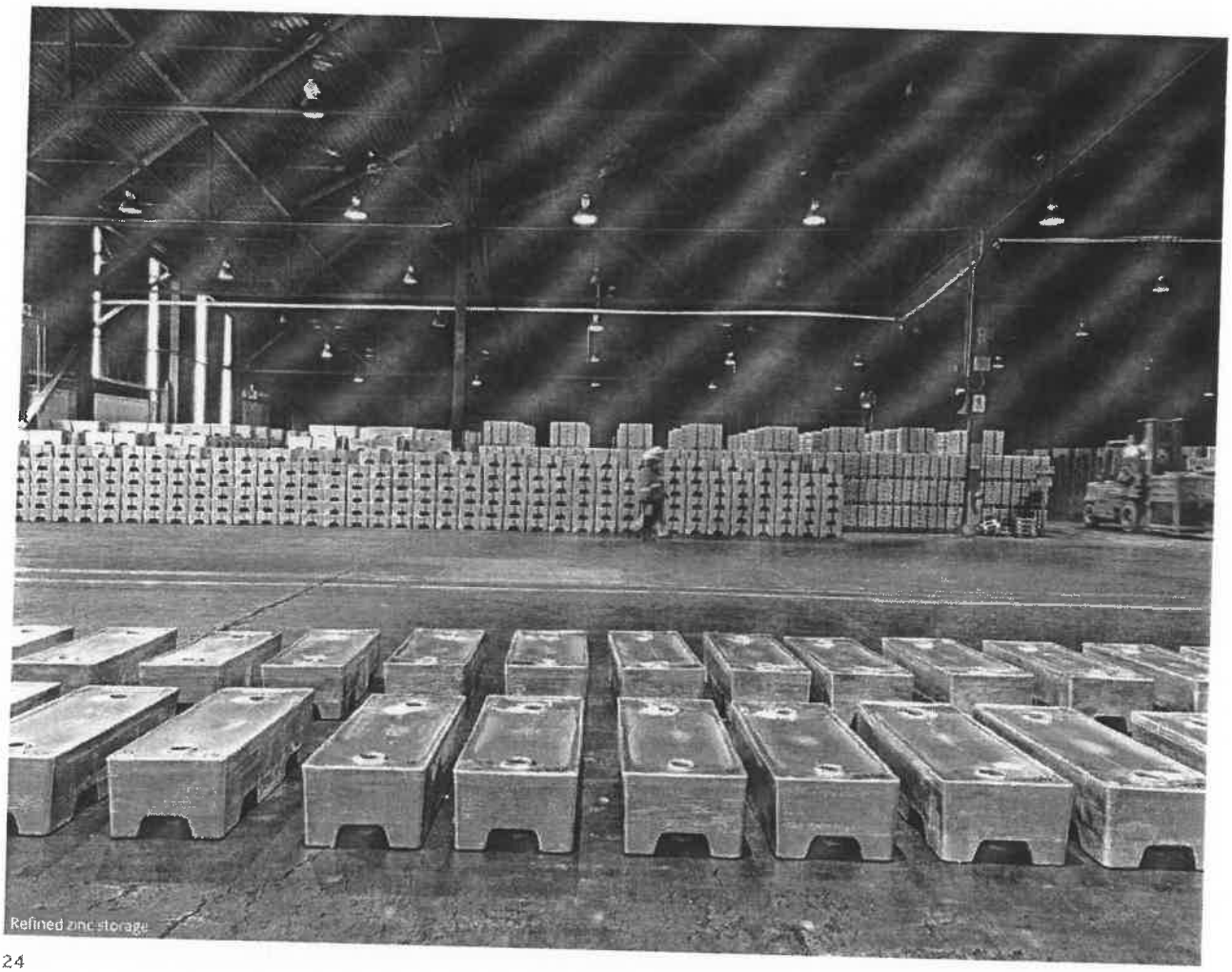
Looking ahead, we see continuing tightness in refined zinc supplies as it now seems clear that production capacity shuttered by Glencore in the past two years will not come back on stream soon. New mines are expected to come on stream in the first half of 2018, including Trafigura's own Castellanos joint venture in Cuba, Vedanta's Gamsberg mine in Namibia and MMG's Dugald River facility in Australia, but the new supplies will not provide significant relief until the second half of our next financial year at the earliest. Meanwhile we expect to continue to grow volumes and profit in 2018. In refined lead, the market is undergoing structural change in China, with the spot market generating more liquidity and more trading opportunities. In both metals we expect the following year to be a particularly crucial one as new offtake agreements with Nyrstar for lead and zinc take effect on 1 January 2019. While lead faces well-known long-term challenges as a result of the global drive towards electric vehicles, there is still plenty of road ahead for lead batteries.

Aluminium

Conditions in the global aluminium market greatly improved in 2017, after a time period of chronic stock overhang and range-bound prices. The principal driver was production constraints in China, today the world's leading producer.

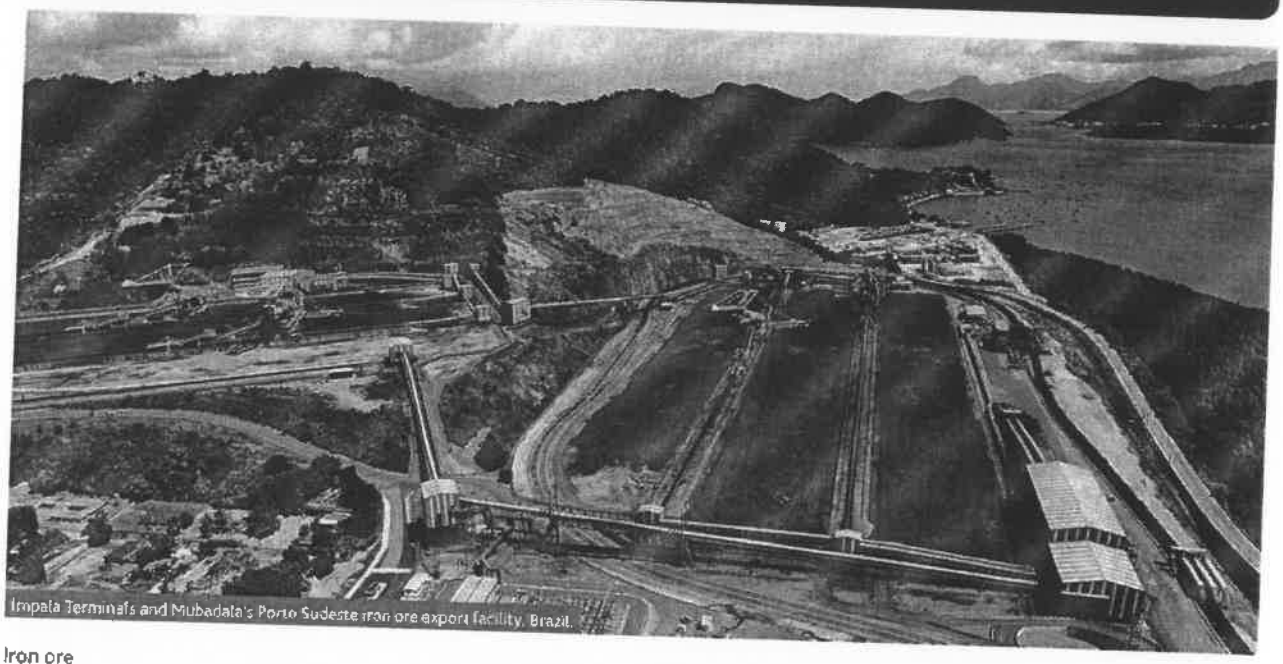
During the winter heating season the Chinese authorities enforced a variety of measures including production cuts and closure of unlicensed illegal capacity, with the aim of reducing pollution around major conurbations. The effect was to reduce annual supplies by more than four million tonnes, and to push prices up by more than 20 percent since the start of calendar year 2017 – to levels where producers in China and the rest of the world are profitable. The industry outlook is optimistic, with aluminium fabricators reporting healthy margins and full order books, driven mainly by increased demand from the automotive and aerospace sectors.

The Trafigura trading team delivered a strong performance this year, a key differentiator being Trafigura's bespoke approach to customer business. Our traders focused on delivering the best possible services to our counterparties and clients by offering them impactful and tailor-made creative solutions to challenges they faced. We significantly grew our volumes by developing substantial physical offtake and supply arrangements around the world, and maintained a strong position in China.



Refined zinc storage

Bulk minerals



Impala Terminals and Mubadala's Porto Sudeste iron ore export facility, Brazil.

Iron ore

The determining events in the global iron ore market during our 2017 fiscal year were the significant measures taken by Beijing to restructure the Chinese steel industry, which had a big impact on ore purchasing patterns by steel mills. First the authorities closed down large parts of the most polluting production capacity, induction furnaces based on processing scrap; this took out between 50 and 60 million tonnes of steel capacity. Then they placed a cap on production, freezing volumes at individual mills. Between them these measures drove steel prices up and significantly strengthened profitability among producers. They also had major consequences for the iron ore market, both in reducing purchase volumes and increasing the spread between quality premia and discounts paid by steel mills.

Trafigura continued to pursue its strategy focused on building a flow of iron ore exports from Brazil via the Porto Sudeste terminal jointly controlled by subsidiary Impala Terminals and Mubadala. Volumes handled by the export facility near Rio de Janeiro continued to rise, supported by the start-up of operations at the Mineração Morro do Ipê mine in Minas Gerais acquired by Trafigura Mining Group during the course of 2016. With prices showing a firmer trend during the year, our trading book showed an increased profit and overall volumes handled rose by 27 percent to 8.1 million tonnes. A new departure in our business in China involved the development of domestic sales from Chinese ports. By buying stocks held at ports and selling them to inland steel mills in local currency, we were able to access a significant number of new on-shore customers who do not habitually buy from the seaborne market; we added new members to the team in Shanghai and Qingdao to support this initiative.

We expect to continue in a similar vein in 2018, with Porto Sudeste continuing to ramp-up and a continuing quest for acquisitions in the Brazilian mining sector that would provide supplies to feed the export terminal.

Coal

The global coal market was healthier in 2017 than for some time. A five-year downtrend in coal prices was broken during 2016 with officially mandated cuts to Chinese production, and persistent Chinese demand has continued to support the market through 2017. Elsewhere, supplies were tightened by small but regular disruptions in major coal origins, both weather and strike related. The European electricity market has also supported coal (and gas) demand as hydro availability has been limited and the French nuclear fleet has lost capacity as a result of safety concerns. European prices averaged 60 percent higher in 2017 than in the previous year.

Against this backdrop Trafigura's coal trading desk had a good year, consolidating our position as a global trader while maintaining our focus on niche markets and on coal grades that do not trade on exchanges. Our traded volumes from Indonesia rose significantly and improving international prices also created more opportunity to source coal from the US. We added new team members in China and India, promoting sales liquidity to match strong origination books and ensuring we have the commercial talent to match increased overall volumes. In addition we further built out our business in pet coke and coking coal. Overall our traded volume grew by 23 percent to 46.4 million tonnes, and profit increased significantly from 2016.

Looking ahead, we continue to see scope for profitable growth in coal, while remaining mindful of the challenges facing this business over the longer term as efforts gather pace to reduce the role played by coal in the global power generation mix.

Performance review

Shipping and Chartering

Trafigura Maritime Logistics arranges shipping and freight services for Trafigura's commodity trading teams as well as for third-party clients. It operates as a service-provider securing competitive and reliable freight for in-house oil, metals and minerals traders, and the Wet and Dry Freight desks also function as profit centres in their own right.

Rasmus Bach Nielsen (left), Head of Wet Freight Shipping, Alan Cumming (right), Head of Dry Freight Shipping

Highlights

- Significant hedging and vessel trading optimisation ensured another profitable year for wet freight despite difficult tanker market conditions.
- Large forward position accumulated in wet freight with attractive optionality.
- Further increase in volume and profitability recording our second best result historically in dry freight.

All commercial shipping and chartering activities are managed out of Trafigura's key regional offices. All post-fixture operations are managed centrally from our Athens office.

4,151

Shipping and Chartering fixtures
(2016: 3,878)

2017 Wet and Dry Freight Activity	Wet	Dry
Number of fixtures	3,051 2016: 2,974	1,100 2016: 904
Average time-charter fleet[1]	60 – 65 2016: 65 – 70	45 – 50 2016: 35 – 40

1 A vessel on hire for longer than three months

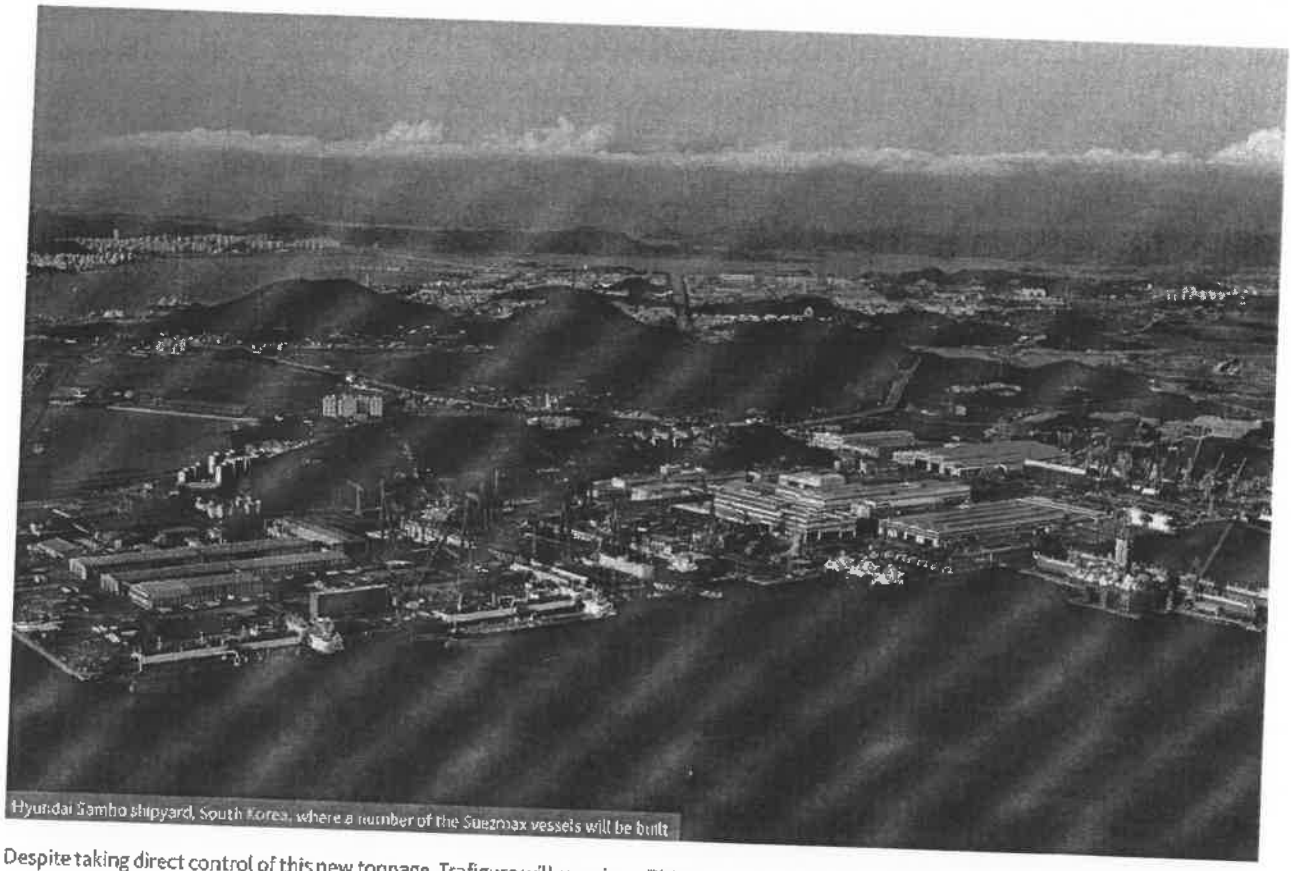
The 2017 financial year presented a mixed market picture across our shipping and chartering desks. Challenging conditions in the oil tanker market contrasted with a steady improvement in dry and bulk freight. In wet freight, Trafigura capitalised on access to attractive financing terms by supporting a major long-term position in additional shipping capacity, while on the dry side we used the firming conditions to build position length and volume in the time-charter market. Both segments were profitable, while the Dry Freight desk had its second most profitable year.

Wet freight

The wet freight market remained challenging in 2017, with freight rates under pressure from a continuing increase in supply and the demand side impacted by lack of oil arbitrages as well as OPEC's production curbs. One exception to the generally bearish picture was the spike in rates precipitated by a sudden surge in demand on the transatlantic route after Hurricane Harvey shut down a significant proportion of US refining capacity. But the increase proved very short-lived and the subsequent rate collapse caused more damage to rates than the previous rate spike – a rare outcome following Hurricanes. Overall indications are that there is still some way to go before supply and demand once again reaches equilibrium across tanker segments.

Trafigura's Wet Freight desk continued to offer a significant cargo programme to tanker owners across the world, with a broadly similar number of fixtures concluded as in 2016 and with 80 percent of all Trafigura controlled wet cargoes again carried on third-party-controlled vessels. Throughout the year immediate freight risk exposure was reduced by keeping chartering commitments short and we continued to extract full value of our significant cargo infrastructure with close to 60 percent of all Trafigura controlled tonnage fixed on internal cargoes.

A key event was a confirmed order placed by an Asian financial counterparty for initially 22 new-build crude and product tankers to be built in South Korea and China and to be leased to Trafigura on delivery with options to purchase at a later stage. Subsequently eight optional ships have been confirmed. The state-of-the-art vessels will be delivered from the end of 2018 with the bulk arriving in the first quarter of 2019, at which point they are intended to be traded within Trafigura's wet freight trading division. Separately a second-hand liquefied petroleum gas tanker was acquired under a long-term leaseback arrangement likewise supported by a strong cargo programme and with potential ownership upside.



Hyundai Samho shipyard, South Korea, where a number of the Suezmax vessels will be built

Despite taking direct control of this new tonnage, Trafigura will remain a major user of third-party vessels for many years to come, and in this spirit we continued to build our relationships within the ship-owning fraternity during the course of 2017. In September we were pleased to become one of the 14 founding members of the newly-established Global Maritime Forum, a not-for-profit organisation that will serve as a platform for industry leaders in seaborne trade to collaborate in promoting long-term sustainable growth and in confronting collective challenges.

Looking ahead, we see the wet freight market remaining under pressure from continued over-supply during 2018 but expect to see that pressure starting to reduce as a number of older vessels are likely to be scrapped if the current freight environment continues.

Dry freight

After a number of years trading in conditions of distress, global dry freight markets took on a considerably healthier tone in 2017. At the end of Trafigura's fiscal year in September, Capesize vessels were fetching rates of USD18,000 per day, significantly higher than the previous 18 months' average. The steady market improvement reflected robust growth in cargo volumes, especially in coal and grains, and was visible across all vessel classes. With more vessel owners now able to cover operating and financing expenses, the market seemed better balanced than for some time, and there was no sign of the kind of ordering spree that tipped the market into over-supply in previous years.

This was a market that offered more trading opportunities and Trafigura's Dry Freight desk made the most of them by taking longer positions, especially in those markets where we already have a strong competitive advantage such as Latin America's Pacific coast and the iron ore export route from Brazil. We grew volumes handled to 35 million tonnes from 30 million in 2016, expanded our fixtures from 970 to 1,100 and substantially increased profit, making 2017 our second best year. At the same time the proportion of our desk's activity accounted for by Trafigura cargoes grew from 50 percent to 60 percent as we handled a significantly larger share of in-house coal cargoes and as volumes from the Brazilian iron ore export terminal at Porto Sudeste continued to ramp-up. We expect the market's steady improvement to continue through 2018 and intend to continue with our proven strategy of focusing our growth on areas where we have a perceived competitive advantage.

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Performance review

Impala Terminals

Impala Terminals is a multimodal logistics provider focused on export-driven emerging markets. We own and operate ports, terminals, warehouses and transport assets which together offer end-to-end logistics solutions for dry and liquid bulk cargoes, general cargo and containers.

Nicolas Konialidis, CEO, Impala Terminals.

Highlights

- EBITDA increases year-on-year by 66 percent.
- Over 50 percent increase in iron ore throughput volumes through Porto Sudeste export terminal in Brazil.
- Huelva Terminal in Spain handles 1.2 million metric tonnes in 2017, a 38 percent increase on 2016

$389.8m
Sales revenue
(2016: USD375.8 million)

16
Countries of operation

1,428
Employees
(2016: 1,625)

23
Locations worldwide

22.6mmt
Combined volumes handled[1]
(2016: 15.0mmt)

[1] Includes all materials handled: general cargo, bulk iron and coal, concentrates, containers, liquids including crude oil and refined products

With the investment and construction activity of recent years largely complete, the focus for Impala Terminals in 2017 was ramping-up commercial operations and volumes handled while optimising efficiency and operational controls. Despite challenging conditions in some of the countries where we trade, at all of our sites we saw business increase, and in a number of locations we were able to support continued growth by diversifying the services offered. Of our total turnover, 75 percent is generated by Trafigura in-house business and the remaining 25 percent from third parties. Impala's EBITDA increased year-on-year by 66 percent.

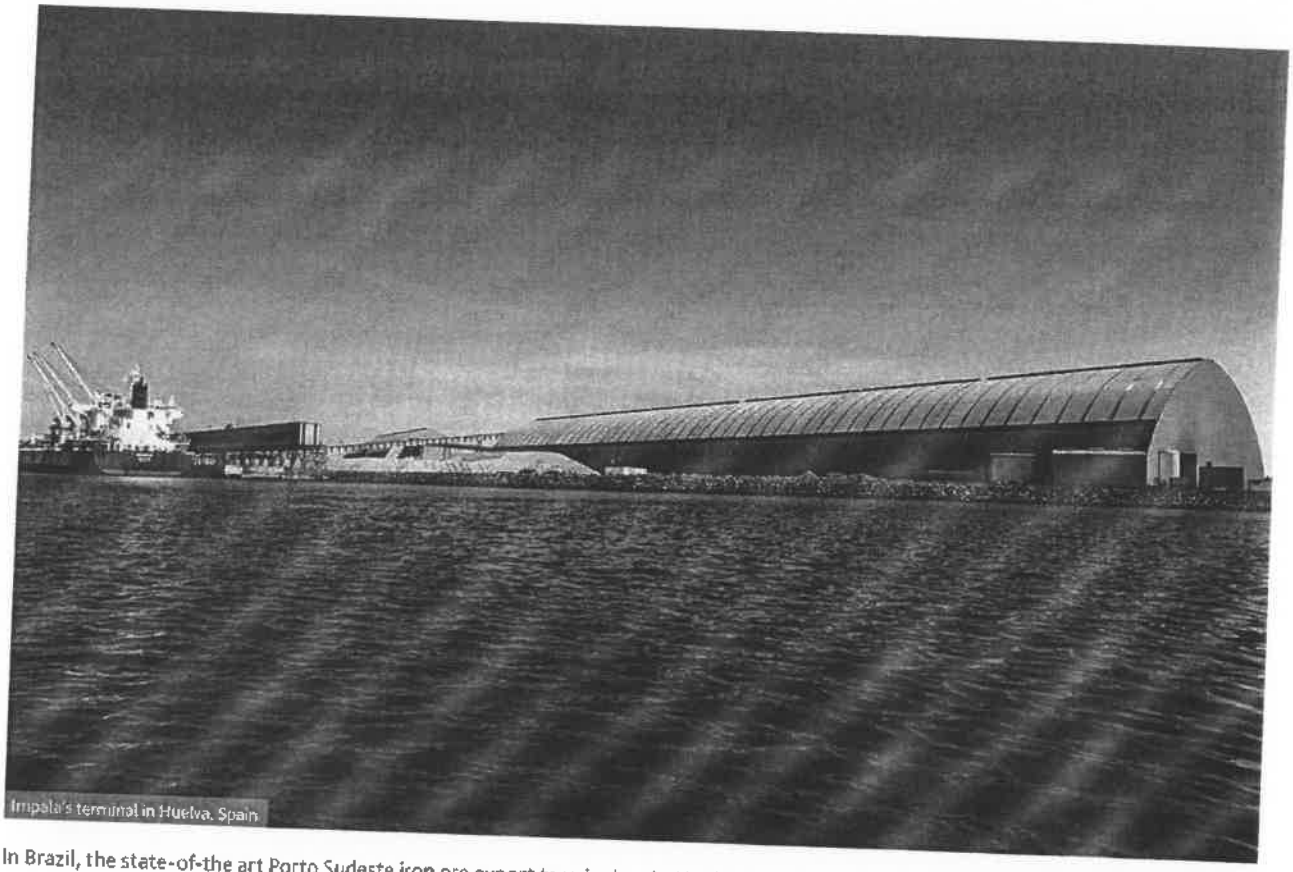
Our major investments in Colombia, Peru, Brazil, Paraguay, Mexico and Spain are largely complete, so capital investment fell sharply and management concentrated on making incremental improvements to the facilities, efficiencies in operations and on adding new services to complement the core activity. A particularly pleasing development was the continued growth of our container services at selected sites. Our global container logistics and freight-forwarding desk handled more than 75,000 containers in the year, a volume of 1.9 million tonnes.

At the same time, we placed the organisation on a more sustainable footing by standardising processes for procurement, maintenance, finance and – of paramount importance – management of Health, Safety, Environment and Communities (HSEC). By systematically sharing experience and expertise between sites and encouraging cooperation across the organisation, we have created a real centre of excellence in logistical services, blending and bulk handling for the Group.

Growth at core sites

In Colombia, we have invested more than USD1 billion in an inland port at Barrancabermeja and a multimodal transport system linking the Caribbean coast with the industrial heartland along the Magdalena River. The last phase of our river port in Barrancabermeja is still under construction and will be completed by the end of 2017. We steadily increased volumes of outbound crude oil and inbound naphtha through the port. A major challenge for our barging operation is the shallow draught of the river in places, making navigation difficult and forcing us to run barges with suboptimal loads. This issue was planned to be resolved through a major dredging project overseen by the river authorities, but unfortunately this initiative has been delayed as a result of problems between the original contractor and the government.

We are hopeful that a new dredging project will get underway in 2018, leading to an eventual improvement in river conditions that will enable us to carry bigger cargoes and offer dry bulk and container operations which will replace the costly and lengthy trucking alternative. A recent forecast predicts the current 4mmt moving on the river will increase five-fold following river dredging. Impala is ideally placed to capitalise on such growth.


Impala's terminal in Huelva, Spain

In Brazil, the state-of-the art Porto Sudeste iron ore export terminal that we jointly own with Mubadala continued to ramp-up volumes, with an estimated 10mmt of ore moving through the port in 2017, a 43 percent increase on 2016. With this increased tonnage we have been able to see the huge potential of the port achieving our targeted discharge and loading rates. We expect the trend in volume growth to continue through 2018 as the joint Mubadala/Trafigura iron ore mining assets in Brazil are planning to increase production.

At Callao in Peru, our major export, blending and storage terminal has been covered with a new roof, creating what is one of the world's largest covered warehouses and helping to attract significant growth in throughput from Peru's dynamic mining sector. We look forward to next year when we plan to rebuild the administration office, laboratory and maintenance yard. To complement our core mining activity and relating sea freight forwarding we also launched a container yard operation at Callao, allowing us to expand our services to third-party customers.

In Paraguay, with a full fleet of 27 barges now in operation on the Parana River working for Trafigura, national oil companies and other traders, we expanded our customer base. Meanwhile we have contracted rotainer handling services at our terminal in Manzanillo on Mexico's Pacific coast to ensure the loading in bulk is handled in a more environmentally conscious manner, while in Chile and Bolivia we optimised the supply chain of our small collection of sites in country. At our Burnside facility on the Mississippi River in Louisiana, US, volumes handled grew as US coal exports resumed, complementing the pet coke business we have established at the site.

At Huelva in southern Spain, our newly constructed concentrates blending and storage terminal expanded its business with the regional mining industry, handling 1.2mmt in 2017, a 38 percent increase on 2016. The Huelva facility is looking to complement its core activities of export, blending and storage of mining related products by assessing new projects to handle scrap, clinker or wood chips.

In Africa, we handled record volumes of cargoes this financial year for Trafigura as well as for other trading and mining related companies. Going forward we will continue to expand our service offering to the mining industry whilst working to create a more diversified client base across other industries. To this end, we have launched a search for a strategic investor for our African assets in order to create a stronger organisation capable of competing for this additional business.

In Dubai our operation is 90 percent based around third-party client business and we have recently doubled the site's footprint with a new contract. Our warehousing activity has diversified to also provide racking and our Less than Container Load (LCL) business is rapidly expanding. The Dubai terminal remains one of the leaders in the Impala Group.

Looking ahead, we intend to maintain our focus on increasing volumes, improving efficiency and competitiveness at all our sites. We will continue to look at additional port and other multimodal logistics projects to add to our world-class portfolio of assets that, over the long term, will generate attractive returns as well as providing safe and reliable support to all of Impala's clients.

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Performance review

Mining Group

Trafigura's Mining Group manages a portfolio of mines in Europe, Asia, Africa, North America and Latin America, ranging from wholly owned facilities to joint ventures and minority investments. As well as generating equity value for the Trafigura Group and volumes for our metals trading books, it provides advisory and support services to the rest of the Group.

Nicolas Freand, Global Head of Mining Operations

Highlights

- Completion of construction of Castellanos lead and zinc mine in Cuba.
- MATSA's Magdalena mine in Spain is fully ramped-up in 2017.
- Metals recovery at MATSA's processing plant rises sharply.

0.7mmt
Non-ferrous concentrates extracted[1]

11.0mmt
Coal extracted

0.5mmt
Iron ore extracted

1 Includes copper concentrates, zinc concentrates and lead concentrates

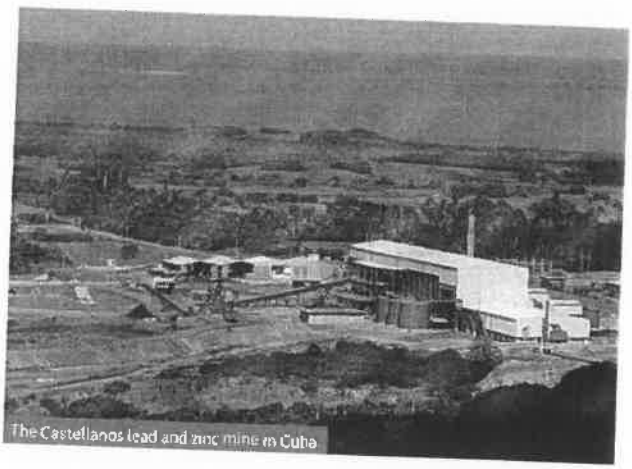
The highlight of 2017 for the Mining Group was the completion of construction at the Castellanos lead and zinc mine in Cuba, the first new mining project in that country in more than 20 years and the largest foreign industrial investment in the last decade. Elsewhere it was a strong year for metal recovery and profitability at the Minas de Aguas Teñidas (MATSA) copper mining complex in southern Spain, a 50-50 joint venture with Mubadala, but a more difficult time for the Catalina Huanca zinc and lead mine in Peru.

The 2017 fiscal year also saw an initial ramp-up of operations at the Mineração Morro do Ipê iron ore mine in Brazil's Minas Gerais state, in which we own a controlling stake along with Mubadala.

Castellanos coming on stream in Cuba

The Castellanos lead and zinc mine is owned by a joint venture, Empresa Minera del Caribe, between Trafigura (49 percent) and Cuban parastatal Geominera (51 percent). For a capital outlay equivalent to EUR235 million, construction was completed, on time and on budget, within 18 months from start to finish, and at year-end the facility's one million tonne per annum processing plant was being commissioned. When output reaches full capacity during 2018, the mine is expected to produce 100,000 tonnes of zinc concentrate and 50,000 tonnes of lead concentrate per annum. Testing to date suggests that concentrates produced will be at the clean end of the quality spectrum.

The mine has a reserve life of 22 years and is thus an important addition to Trafigura's mining portfolio as well as an important source of foreign exchange earnings for Cuba. The mine was constructed in full compliance with prevailing economic sanctions on Cuba, with procurement from countries unaffected by the embargo; similarly, sales of concentrate will be conducted in a sanctions-compliant manner.



The Castellanos lead and zinc mine in Cuba

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Significant improvement at MATSA

At our Spanish mining joint venture, it was a year of consolidation and optimisation, with ore extraction constant at 4.4 million tonnes and the financial result greatly improved. Metal recovery at MATSA's processing plant rose sharply during the year, showing the full benefit of the investment and modernisation programme of prior years. Production at the new Magdalena mine was fully ramped-up in 2017. In addition to its known reserves of copper and zinc, the mine was found during the year to contain commercial volumes of free gold which can be processed via a straightforward process requiring relatively modest capital investment. This is expected to yield significant additional earnings for MATSA going forward. MATSA's third mine, Sotiel, continued operating, its commercial life prolonged as a result of the recent rise in metal prices. Overall at current rates, MATSA is generating 550,000 tonnes per annum of copper, lead, and zinc concentrates for Trafigura's trading book. However, we believe there is significant potential for further expansion in the district, and we are allocating a significant capital expenditure budget for greenfield and brownfield exploration in 2018.

Adapting Catalina Huanca to new natural challenges

Despite the recent upturn in zinc prices, it was a very difficult year at our lead and zinc mine in the Ayacocha region of Peru, Catalina Huanca, as a result of health and safety problems and technical issues in the mine. We regret to report the deaths of two contractors working in the mine on 18 August 2017 as a result of a rock fall. (Please refer to our 2017 Responsibility Report for more details).

The technical problems related to the discovery of unusual concentrations of CO_2 in the rock and of salt in the water. Production at the mine has been impacted since June 2016, with the overall loss of output amounting to 10 percent for the year. In consequence it was decided to invest USD20 million in a remediation programme including a new ventilation system and a water treatment facility. Beyond that investment programme, which completes the modernisation of the mine commenced when Trafigura took ownership in 2008, we will continue to work on plans to extend the life of Catalina Huanca. Current reserves amount to 2.5 tonnes, which give the mine a life of 3.5 years, but inferred resources could stretch its life to 10 years.

Ramping-up in Brazil

The Mining Group has also been spearheading the quest for iron ore production assets that can feed the Porto Sudeste export terminal in Brazil jointly owned by Trafigura subsidiary, Impala Terminals, and by Mubadala. In 2016, we and Mubadala acquired a controlling stake in the Ipê and Tico mines located in the iron ore quadrangle of Minas Gerais state. In March 2017, having acquired the necessary licences and refurbished the Ipê facility, we started ramping-up production based on tonnes already mined and stockpiled at the site. During the 2017 fiscal year, output amounted to 550,000 tonnes compared with full capacity of two million tonnes. For the larger, six million-tonne capacity Tico Tico mine, we have commenced what in Brazil is a complex permitting process, with production expected to begin in 2020. With consolidation in Brazil's independent mining sector expected to continue, we remain on the lookout for mining assets that we could look to vertically integrate with Porto Sudeste.

Galena Asset Management

GALENA asset management

In 2016 Galena Asset Management, Trafigura's wholly-owned investment subsidiary, announced a change of strategy, shifting from its previous diversified interests in derivatives trading and trade finance to a focus on investment in real assets in the style of a private equity manager. In our 2017 fiscal year we completed this transition, selling our trade finance fund to Singapore-based asset manager EFA Group and fully investing funds raised by the first Galena Private Equity Resources Fund.

The most significant event of the year was our investment, announced on the 10 February, in Finnish nickel, cobalt and zinc producer Terrafame. This was a showcase for our investment strategy, involving a close, multi-faceted co-operation with Trafigura. The Galena Private Equity Resources Fund agreed to invest EUR75 million for a 15.5 percent stake in Terrafame and in addition funded a EUR75 million convertible secured loan facility extended to Terrafame. For Galena investors, this transaction offered a unique opportunity to invest alongside Trafigura and benefit from the parent company's commodities expertise particularly in mining. For Terrafame, the choice of working with Galena was mainly motivated by the ability for the company to access a wide range of services offered by the Group, from deal-structuring and funding to technical expertise and marketing. In November 2017, Trafigura and Galena announced an additional USD175 million funding package to support Terrafame's future investment and business initiatives associated with the electric vehicle battery segment.

The Terrafame investment has been the third undertaken by the Private Equity Resources Fund since the fund launched in 2012. Not long after the initial Terrafame investment, Trafigura and Galena together with the company's management explored ways of enhancing the value of Terrafame's business.

Other investments include Bowie Resource Partners, a US coal miner and Mawson West, a copper mine in the Democratic Republic of the Congo. With these three investments the available capital of the fund has been used and all future investments will be undertaken through a successor fund, which Galena commenced pre-marketing in the summer.

Another interesting fund that Galena is developing and is likely to close in the coming year focuses on investment in mid-and downstream energy infrastructure projects in Mexico capitalising on the current liberalisation of the oil market. Here too the support of Trafigura and in particular the Mexican team will be key.

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Risk management

How Trafigura manages risk

Trafigura operates in dynamic markets that pose a wide range of risks, whether financial, political, operational social or environmental. In consequence, a rigorous and conservative approach to risk management is an integral element of Trafigura's business and has been a central focus of the Group since its foundation.

As a rule, the Group actively manages and mitigates wherever possible the identifiable or foreseeable risks inherent to its activity – for example in systematically hedging exposure to flat prices and in extensively using insurance and financial tools such as letters of credit.

It has also ensured a degree of diversification in its business – trading a wide range of commodities with diverse and uncorrelated market dynamics in various geographical regions – that in itself reduces the Group's exposure to risk. Unlike many financial assets, physical commodity markets provide many opportunities for risk diversification. The premium paid for copper in China, for example, has little to do with the pricing relationship in LPG between the US and Europe.

Diversification results in lower overall exposure and higher risk-adjusted performance. As we extend our trading capabilities, we are diversifying the business further.

Trafigura's risk management system

To manage the full range of risks to which it is exposed, the Group has developed a system with multiple lines of oversight.

The first line consists of managers of the trading divisions and operating companies, overseen directly by the executive members of the Board of Directors.

Trafigura has a flat corporate governance structure featuring short and direct channels of communication and control (see separate section on Governance on page 38).

The Board of Directors has principal oversight responsibility, sets the risk management framework, determines the overall risk appetite of the business, and ensures that the appropriate structures and processes are in place to handle each category of risks in an appropriate manner.

The second line consists of a series of corporate functions that establish policies and processes for managing different categories of risk, as well as providing analysis, advice and implementation support.

Market and price risk

Risk Committee and Chief Risk Officer

Trafigura systematically hedges all index price exposure incurred as a result of its trading activities within a framework set by the Board of Directors and implemented by the Risk Committee and the Chief Risk Officer (CRO).

The CRO reports directly to the Chief Operating Officer and the Board of Directors. The CRO is a key member of the Risk Committee, which includes company directors and senior traders. The Committee meets at least weekly to manage overall exposures, assess the impact of changing market dynamics and limit risk exposures and concentrations.

Trafigura's ongoing programme of investment in risk management systems includes a reporting system which automatically notifies the risk management and trading teams whenever a book nears its risk limits.

The CRO works proactively with trading teams to analyse changing market conditions and ensure that hedging strategies are focused on current market dynamics. Rigorous methodologies for managing market risk are used across the company. The CRO's risk team employs advanced statistical models that capture the non-normal dynamics which are an important feature of commodity markets.

The risk team focuses on aggregate risk, paying particular attention to term-structure and intra-commodity spreads. Risk concentrations are continuously reviewed in the context of changing market dynamics. The CRO manages strategic hedging activity dynamically to reduce risk concentrations and limit company-wide exposure.

Finance and credit risks

Finance Committee and Finance Department

The Finance Department supports the activities of the whole Group and is involved at the earliest stage of transactions and projects. Overseen by the Finance Committee, it is responsible for assessment of financial risk and has the capacity to veto any transaction. Within Finance, the Credit Department's key role is to safeguard the balance sheet. It performs fundamental credit analysis, assessing credit risk associated with the Group's counterparts, setting internal limits, monitoring exposures and overseeing documentation.

Compliance risks

Compliance Committee and Head of Compliance

Trafigura's Global Head of Compliance oversees the implementation and further development of our compliance programme, reporting to the COO and to the Trafigura Compliance Committee. The Compliance Department focuses on financial and commercial compliance, incorporating KYC, anti-money laundering, trade sanctions and anti-bribery and corruption. The Compliance Committee is chaired by Trafigura's CEO.

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Risks pertaining to health, safety, environment and communities

HSEC Steering Committee and Corporate Affairs

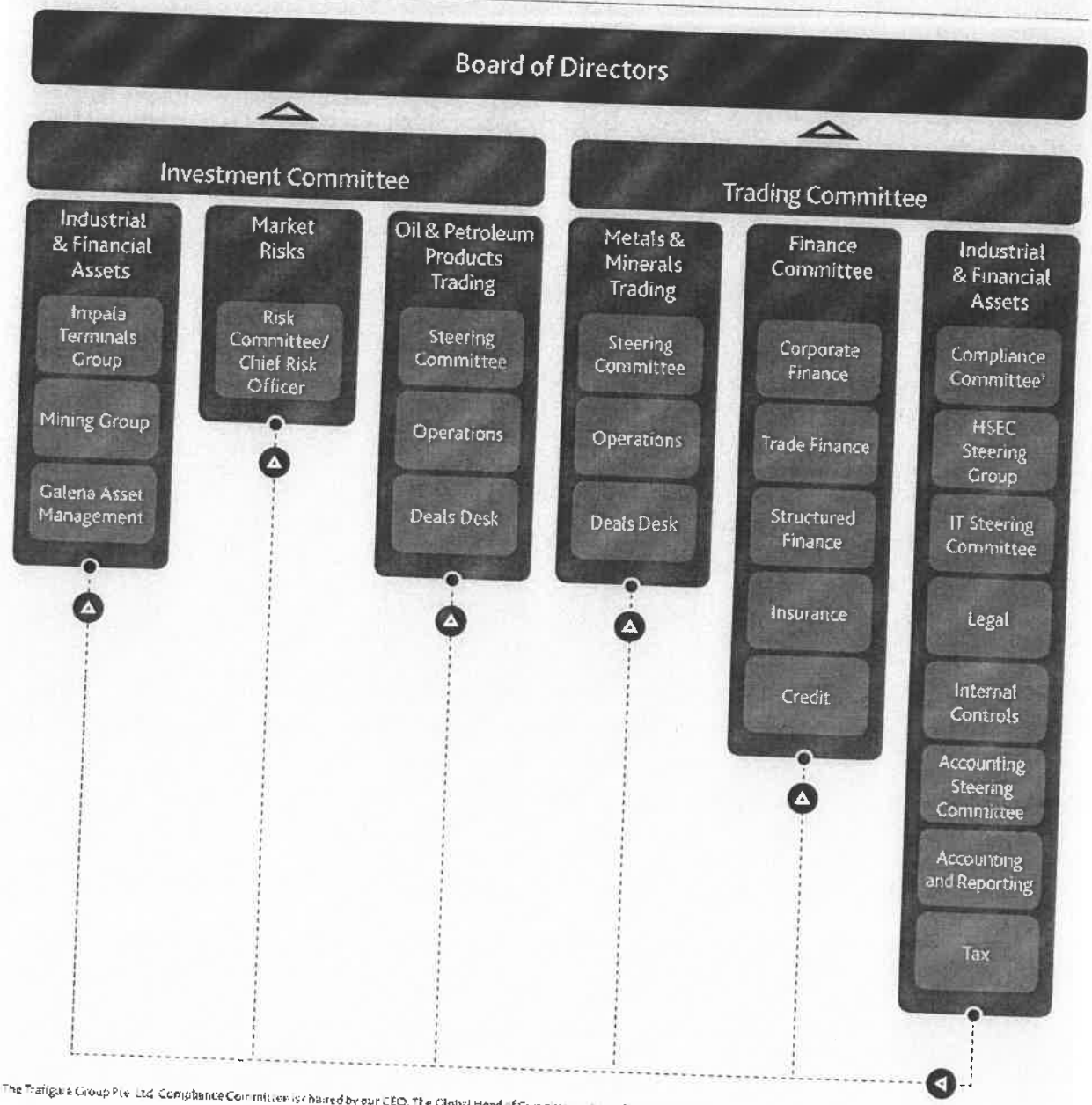
This committee is chaired by a member of the Board of Directors and the Head of Corporate Affairs and senior representatives from across the Group. It is mandated by the Board to promote best practice, oversee the management of HSEC risks and ensure that Trafigura's Corporate Responsibility Policy and Business Principles are implemented consistently across the organisation.

Control risks

Internal Controls Team

The Internal Controls team supports management across the Group in annually assessing risks and controls for the governance, trading, IT and support processes. Results of these activities are reported to the Board of Directors accompanied by action plans to strengthen controls and further mitigate risks where required. Internal Controls manage these annual framework cycle activities and external auditors validate the existence of the Trafigura Internal Control System every year. Additionally the team performs site reviews to assess how local management manages risk and to identify opportunities for improvement, and advises on process design for new IT applications.

Overview of Trafigura's risk management system



1 The Trafigura Group Pte. Ltd. Compliance Committee is chaired by our CEO. The Global Head of Compliance chairs the Compliance Committees of all Group companies.

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Risk management

Key risk	Mitigation and actions	
Markets and prices • Volatility in commodity prices, spreads, interest and exchange rates. • Fluctuations in the supply of, or demand for, commodities which we trade.	• It is a fundamental objective of Trafigura's business model to be able to operate successfully in all market conditions. The Group's policy is to hedge all index price exposure related to physical transactions on a deal-by-deal basis. • As a matter of policy, 100 percent of stock is at all times either pre-sold or the index price is hedged. • Despite such hedging Trafigura remains exposed to basis risk, i.e. the risk of changes in the difference between the price of the commodity being hedged and the hedging instrument. The group carefully monitors all its hedging positions on a daily basis in order to avoid excessive basis risk resulting from these imperfect correlations.	• In terms of exchange rate risks, the majority of sales and purchases are denominated in US dollars. Exposure to other currencies is hedged and financing raised in currencies other than the USD is immediately swapped into dollars. • Concerning interest rate risks, our policy is to borrow short-term working capital at floating rates, with any rate changes passed through to our customers, and to fix rates for medium- and long-term financing via the swaps market. • Freight costs are hedged by our Shipping and Chartering Desk via Forward Freight Agreements (FFAs) and bunker costs.
Finance and liquidity	• Trafigura relies on a deep pool of financing from banks for working capital to support its business, consisting of three pillars: trade finance, securitisation and unsecured committed revolving credit facilities. • For longer-term capital needs we raise funds from time to time on public bond markets or through private placements with investment institutions. We follow a strict policy of matching the maturity of our assets and liabilities, with longer-term assets supported by longer-term borrowings.	• We take a conservative approach to managing our funding liquidity, with more than one-third of committed facilities unutilised at all times under normal market conditions, and immediately available cash of around USD500 million always on hand. Our transactional financing base allows the underlying assets to be 100 percent marked-to-market value, matching liquidity needs for any related margin calls. (See CFO statement, p10)
Compliance	• Trafigura's Compliance Department oversees Group activities, in partnership with front-office functions, to ensure that we operate appropriately, and that our controls are relevant and robust. It focuses on promoting a sound compliance culture across the organisation, in which everyone recognises their personal responsibility for meeting our compliance objectives. The team adopts a risk-based approach, allocating energy and resources to the issues that matter most to our core business and our stakeholders.	• The Department's activities include counterparty due diligence (KYC); anti-money-laundering; sanctions and trade restrictions; anti-bribery and corruption; and financial market conduct. **See *2017 Responsibility Report*.**
Economic and financial sanctions	• The Group takes its compliance obligations with regard to international sanctions extremely seriously. Ensuring this position is respected in all our business activities, and that we fulfil the undertakings on sanctions that we give as part of our credit facilities, is a key focus for the trading desks with support from the Compliance, Legal and Finance departments.	**See *2017 Responsibility Report*.**

Key risk	Mitigation and actions	
Counterparty, country and credit risk	• On counterparty and credit risk, Trafigura uses internal credit limits established by the Credit department. • Trafigura lays off political risk in relation to countries below a certain risk rating as gauged by Dun & Bradstreet, by purchasing political risk insurance. • Credit limits reflect Trafigura's own appetite for risk and are based on a credit analysis of the client as well as the size of the relevant transaction when compared to Trafigura's balance sheet.	• In light of lower commodity prices in 2015, we paid particular attention to screening our portfolio of prepayment agreements with producers for credit risk. • Exposures in excess of a credit limit are covered through the insurance or bank markets. • The Group prides itself on having had an extremely low incidence of credit losses throughout its history.
Digital infrastructure/ cyber-security	• The company takes IT security extremely seriously and is investing in state-of-the-art systems to protect the integrity of its IT architecture and processes against the threat of fraud or other potential damage from cyber-attack.	
Legal, taxation and regulation • Changes in taxation arrangements in various territories. • Collateral effects of changes in financial regulatory framework.	• Trafigura is increasingly focused on managing legal, taxation and regulatory risks, given the multiple jurisdictions in which it operates and its global scope. Trafigura adheres to applicable local and international tax law in the countries where it operates, including legislation on transfer pricing. We are following the unfolding discussions on Base Erosion and Profit Shifting (BEPS) within the Organisation for Economic Co-operation and Development, and will adapt our reporting to respond as and when this produces more concrete recommendations.	• We are also following closely the discussions about potential new forms of regulation that may be imposed on commodities trading firms, for example under the European Union's MiFid 2 legislation. We have made representations to the appropriate authorities about the risks and unnecessary costs of introducing position limits in commodity derivatives markets and of imposing regulatory capital requirements on commodity trading firms.
Corporate responsibility	• Our Corporate Responsibility Policy and Business Principles articulate the leadership team's priorities and commitments for social and environmental governance. At the operational level, they outline what is expected from everyone in the Group, its divisions and operating companies. Each division and operating company is required to supplement the Policy and Principles with relevant, sector-specific standards and procedures to manage the impacts of their operations. • The HSEC Steering Committee requires all divisions and operating companies to maintain a material risk register describing the key issues they need to manage and mitigate.	• All HSEC incidents are recorded and categorised for severity on Safeguard, the Group's HSEC data management system. Incidents registered as levels 3, 4 or 5, involving significant spills or single or multiple fatalities, as well as high-potential near misses are investigated and the results and remedial actions are presented to the Steering Committee. • We engage actively with leading industry forums, including the UN Global Compact and the EITI. **See** *Trafigura's 2017 Responsibility Report for further information on these activities. www.trafigura.com/responsibility.*

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Funding model

Finance to meet diverse business needs

Our funding strategy matches sources of funding to financing requirements. We have developed diverse financing strategies that maximise scalability, flexibility and business resilience.

Continuing access to capital

Trafigura's activities require substantial amounts of capital. We source, store, blend and deliver commodities around the globe. We invest in terminals, logistics and physical infrastructure to improve the efficiency of our trading operations.

Our diversified funding model allows us to continue to operate effectively and successfully in all market conditions. Its scalability and structure protects the business from market shocks and provides flexibility and the ability to capitalise on opportunities as they arise.

We have put a global programme of flexible, short-term facilities in place to finance our day-to-day operations and a programme of longer-term, corporate facilities to finance our asset acquisition and other corporate requirements. Available funding exceeds our everyday requirements. This provides headroom for unusual market conditions. We also maintain substantial cash balances to ensure we will always meet day-to-day capital commitments, even in unexpected circumstances.

Our approach to funding

Diversification improves competitiveness and access to capital

We diversify both the sources and the structure of our financing to minimise risk and maximise operational effectiveness.

We raise funds in a variety of markets in the US, Europe and Asia-Pacific. We have lending arrangements in place with 121 banks around the world. We are therefore not constrained by credit restrictions for specific financial institutions, sectors or regions.

We raise capital with a range of repayment schedules, from very short-term facilities to maturities greater than 10 years. This spreads our exposure across the yield curve.

Match-funded, collateralised lending reduces credit risk

As a matter of policy, we match the type of financing to the business requirement. We have established a three-pillar funding structure to put this into practice.

We use short-term financing for trading. These loans are secured against the underlying physical commodities. Lines are marked-to-market each week so the level of financing tracks the value of the underlying collateral as prices change. We raise longer-term debt to finance fixed assets and investments.

How our funding model works in practice

Key: The chart on the right illustrates the interaction between the three different types of financing Trafigura uses during the life of an example trade.

Example crude oil transaction: Trafigura agrees today:

(1) To buy one million barrels of crude from an oil major loading in 41-45 days @ Brent-$1/bbl. The Brent price is fixed as the average during the loading period.

(2) To sell one million barrels of crude to a refinery for delivery in 101-105 days @ Dubai+$4/bbl. The Dubai price is fixed as the average during the loading period.

- Revolving line: Cash flows arising from hedging activity and freight costs.
- Transactional line: Cash flows arising from the physical transaction and its financing by the LC issuing bank.
- Securitisation line. Cash flows between Trafigura and its separately capitalised special purpose vehicle (SPV).
- ▲ Cash inflow
- ▼ Cash outflow
- ◆ Market-contingent cash flow

Transaction component	Day 1 Trade agreement	Days 2>40 Pricing period
	Brent contract = $50 Dubai contract = $49	Oil major issues invoice to Trafigura
Physical trade	Trafigura agrees: (1) To buy crude. (2) To sell crude (see key for trade details)	
Finance physical buy leg by issuing letter of credit (LC)		Bank issues LC, drawable on loading date
Hedge buy leg with Brent futures	▼ Buy 1,000 Brent futures @50 -$2m (initial margin)	◆ Mark-to-market daily (variation margin)
Hedge sales leg with Dubai futures	▼ Sell 1,000 Dubai futures @49 -$2m (initial margin)	◆ Mark-to-market daily (variation margin)
Freight cost		
Physical sales leg		
Net cash flow		

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Trafigura funding model

Cash on hand

Headroom

- Transactional facilities
- Securitisation Programme
- Corporate Credit facilities

Transparency promotes stability

As a private company relying on debt to finance its operations, Trafigura's performance is closely scrutinised by a large group of banks worldwide. We comply with the financial covenants attached to our syndicated bank facilities. Members of the finance team regularly meet our banks. These meetings often include operationally focused personnel (from Credit, Compliance and Trading Desks) who provide additional insight into our business model. As an issuer of publicly listed debt, we also meet the transparency requirements of our bond investors. Our interim and full-year reports are published online. We hold regular calls and presentations to update investors and respond to specific queries directly.

Our three-pillar funding structure

1. Transactional facilities

All transaction-based lending is fully collateralised. We fund day-to-day trading through one-to-one (i.e., bilateral) agreements with individual banks. For most transactions, this starts with a bank issuing an LC on behalf of the buyer in favour of the seller. The physical commodity being financed by the LC is specified as security. On delivery, the seller of the commodity draws down the LC, which then converts into a secured loan from the LC-issuing bank. The loan is marked-to-market at least weekly until maturity so that the amount being financed always corresponds to the value of the underlying commodity. This secured loan is repaid by the cashflow from the on-sale of the commodity from Trafigura to the end-buyer, with a receivable created once the sale has been agreed. This receivable is either repaid when the counterparty pays Trafigura according to the credit terms of the transaction or from the securitisation programme if the receivable is sold into the programme.

2. Securitisation programme

Trafigura manages a securitisation programme through a separately capitalised SPV. The programme further diversifies Trafigura's funding sources and, thanks to its investment-grade ratings from Moody's and S&P, is a cost-effective financing mechanism. Most trades are financed on a trade-by-trade basis with bilateral trade finance loans, but Trafigura can fund eligible receivables once an invoice has been issued by selling them to the SPV. Securitising our receivables accelerates the rotation of existing credit lines, since secured bilateral loans can be repaid faster with the programme proceeds.

3. Corporate credit facilities

Trafigura invests in fixed assets to support our trading activity. We finance these with long-term debt adhering to our policy of matching assets with liabilities. We issue securities and negotiate lending facilities in diverse markets. Funding sources include eurobonds, perpetuals, revolving credit facilities, private placements and term loans.

Public ratings

Trafigura does not hold a public rating and does not seek to obtain one. The Group focuses on strengthening its balance sheet through long-term value creation. We obtain our funding from stakeholders who understand our business model in detail and whose investment decisions are not driven by ratings. We have significantly expanded our sources of financing over the years by maintaining a sustainable credit standing that is consistent with an investment-grade profile.

Likewise, the absence of a rating means that Trafigura's business and investment decisions are not taken on the basis of maintaining a particular rating level, something which becomes particularly important at times of high-market volatility.

Days 41>45 Loading	Days 46>100 Transportation	Days 101>105 Delivery
Average Brent contract = $52 Average Dubai contract = $50		Trafigura issues invoice to refinery. Invoice is securitised with SPV as beneficiary.
Buy 1m bbls @ Brent-$1 Counterparty draws on LC -$51m		Sell 1m bbls @ Dubai +$4 (transaction value = $54m)
Drawdown amount moves onto balance sheet as secured loan. +$51m	Loan marked-to-market (physical excess/deficit)	Securitisation programme refinances loan -$51m (principal) -$85,000 (1% interest) for 60 days
Sell 1,000 Brent futures @52 +$7m (initial margin) (realised p/l = +$2m)		
Buy 1,000 Dubai futures @50 +$2m (initial margin) (realised p/l = -$1m)		
Charter tanker for 65 days @ $3.50/bbl -$3.5m		
		Securitisation vehicle receives payment for cargo from refinery +$54m on 30 days payment terms
• Return of initial margin: +$4m • Realised profit on futures: +$1m • Transportation costs: -$3.5m **Total:** +$1.5m		• Proceeds from physical sale: +$54m • Repayment of loan principal: -$51m • Payment of loan interest: -$85,000 **Total:** +$2.92m

Net result

$415,000

Corporate governance

Board of Directors and Committees

Trafigura is owned by its management and senior employees, who are therefore focused on the long-term success of the business, promoting management depth and stability, and encouraging prudent risk management.

The reference parent company of the Group is Trafigura Group Pte. Ltd. (TGPL), incorporated in Singapore. All Group activities and assets globally are consolidated under TGPL, which is also the entity for all Group corporate reporting.

Board of Directors

The principal oversight body for the Group is the Board of Directors, a unitary structure established in accordance with Singapore law. The Board of Directors has overall responsibility for the strategic direction and management of the Group across all its investments and activities. It is responsible for oversight of the Group, shareholder relations and commercial and financing strategy. Members of the Board of Directors are listed on the opposite page. Formal meetings of the Board of Directors take place in Singapore at a minimum of four times a year.

In practice, those Directors with executive responsibilities are in constant touch with each other, and are actively involved in a range of management steering committees, as outlined here. Management of the Group is characterised by short reporting lines, flat structures, clear delineation and segregation of responsibilities, and personal accountability.

Employee remuneration at all levels is linked to Group performance as well as individual contribution. As shareholders, senior traders and front- and back-office personnel have a personal stake in the business and are therefore invested in its long-term success.

Management Steering Committees

Under the Board of Directors, a number of management steering committees coordinate the day-to-day management of Trafigura.

Two Management Committees sit below the Board of Directors to oversee the trading business on the one hand and investments on the other. The Trading Committee is responsible for managing the trading activities of Trafigura within the financial and operating parameters set by the Board.

The Investment Committee is responsible for defining and implementing an investment strategy and risk framework for the Group and its subsidiaries. The work of these committees has already enhanced our management process. In addition the following steering committees continue to provide vital support:

- Finance Committee
- Accounting Committee
- IT Steering Committee
- Market Risk Management Committee
- Compliance Committee
- HSEC Committee
- HR Group

Left to right: Christopher Cox, Pierre Lorinet, Andrew Vickerman, José Larocca, Jeremy Weir, Mike Wainwright, Sipko Schat, Mark Irwin

Board of Directors

Jeremy Weir,
Chief Executive Officer

Jeremy Weir was appointed CEO of Trafigura in March 2014, after a career spanning nearly three decades in commodity and commodity derivative markets. An Australian national, he joined the Trafigura Group in 2001 as head of metals derivatives, structured products and risk management. Immediately prior to his current appointment he served as a Management Board Director, Head of Risk and CEO of Galena Asset Management and Trafigura Mining Group. Before Trafigura, Jeremy spent nearly nine years between 1992 and 2000 with N M Rothschild. Jeremy holds a BSc (Hons), Geology Major from the University of Melbourne.

Mike Wainwright,
Chief Operating Officer

Mike Wainwright was appointed Chief Operating Officer and Trafigura Management Board member in January 2008. His principal focus is the management of the middle and back office support teams for the trading division in addition to direct responsibility for the Group's profit and loss. Mike joined Trafigura in 1996 as an accounts assistant in the Oil Division. He has held various roles within the Group, covering accounting, deals desk and middle-office IT development. A UK national, Mike holds a BSc in Mathematics and Actuarial Studies from Southampton University.

José Larocca,
Head of Oil Trading

José Larocca was appointed to the Trafigura Management Board and Head of the Oil and Petroleum Products Trading Division in March 2007. He was one of the company's earliest employees, joining Trafigura in London in 1994 on the Oil Deals Desk before taking a series of commercial roles, including as a trader of naphtha and gasoline. Prior to joining Trafigura, José worked for two years at Interpetrol, a small oil trading company in Buenos Aires. An Argentine national born in Switzerland, he holds a diploma in International Trading from the Bank Boston Foundation (Buenos Aires).

Pierre Lorinet

Pierre Lorinet was Chief Financial Officer of Trafigura from 2007 until 2015. In September 2015, Pierre joined the Board of Directors of Trafigura Group Pte. Ltd. and was also nominated on to the Board of Directors of Puma Energy. In 2017 he became independent Director and Chairman of the Audit Committee for COFCO International Ltd, the international trading subsidiary of COFCO group. Prior to joining Trafigura, Pierre worked for Merril Lynch in London and Banque Indosuez in Bahrain. A French national, he holds a Master's degree in Business from ESCP Europe in Paris and an MSc in Finance from Lancaster University.

Sipko Schat

Sipko Schat joined the Board of Directors in January 2016. A Dutch citizen, Sipko worked in the Rabobank Group for over 25 years, where he was a member of the Executive Board of Rabobank Nederland. He was also responsible for the Wholesale Clients division of Rabobank International and managed the Wholesale Management Team. Sipko is a Non-Executive Director of various companies including an independent member of the Supervisory Board and Chairman of the Risk Committee for Rothschild & Co (formerly Paris Orléans), Chairman of the Supervisory Board of Vion N.V., an international food company; and a senior independent Director of OCI N.V., a global producer of natural gas-based fertilizers and industrial chemicals. Sipko holds a Master of Laws degree from the University of Groningen, the Netherlands.

Mark Irwin

Mark Irwin is a UK-qualified chartered accountant who joined Trafigura as financial controller in 1994 and was appointed as a Director in 2004 to provide support for Trafigura's corporate and IT infrastructure. Mark holds a degree in Computer Science and Accounting from the University of Manchester.

Christopher Cox

Christopher Cox was formerly the Head of the Metals and Minerals Trading Division at Trafigura and a member of the Management Board between March 2004 and December 2011. A qualified geologist, his experience in global investment and trading relationships greatly enhances Trafigura's ability to continue its expansion in sub-Saharan Africa and further afield. Chris was educated in South Africa and holds a BSc (Hons) in Geology and an MBA from the University of Cape Town Graduate School of Business.

Andrew Vickerman

Andrew Vickerman spent almost 20 years with Rio Tinto, one of the world's leading mining companies, the last 10 as a member of the Executive Committee with responsibility for Global Communications and External Relations. An economist by background, with a PhD in economics from Cambridge University, he has previously worked for The World Bank and other international agencies.

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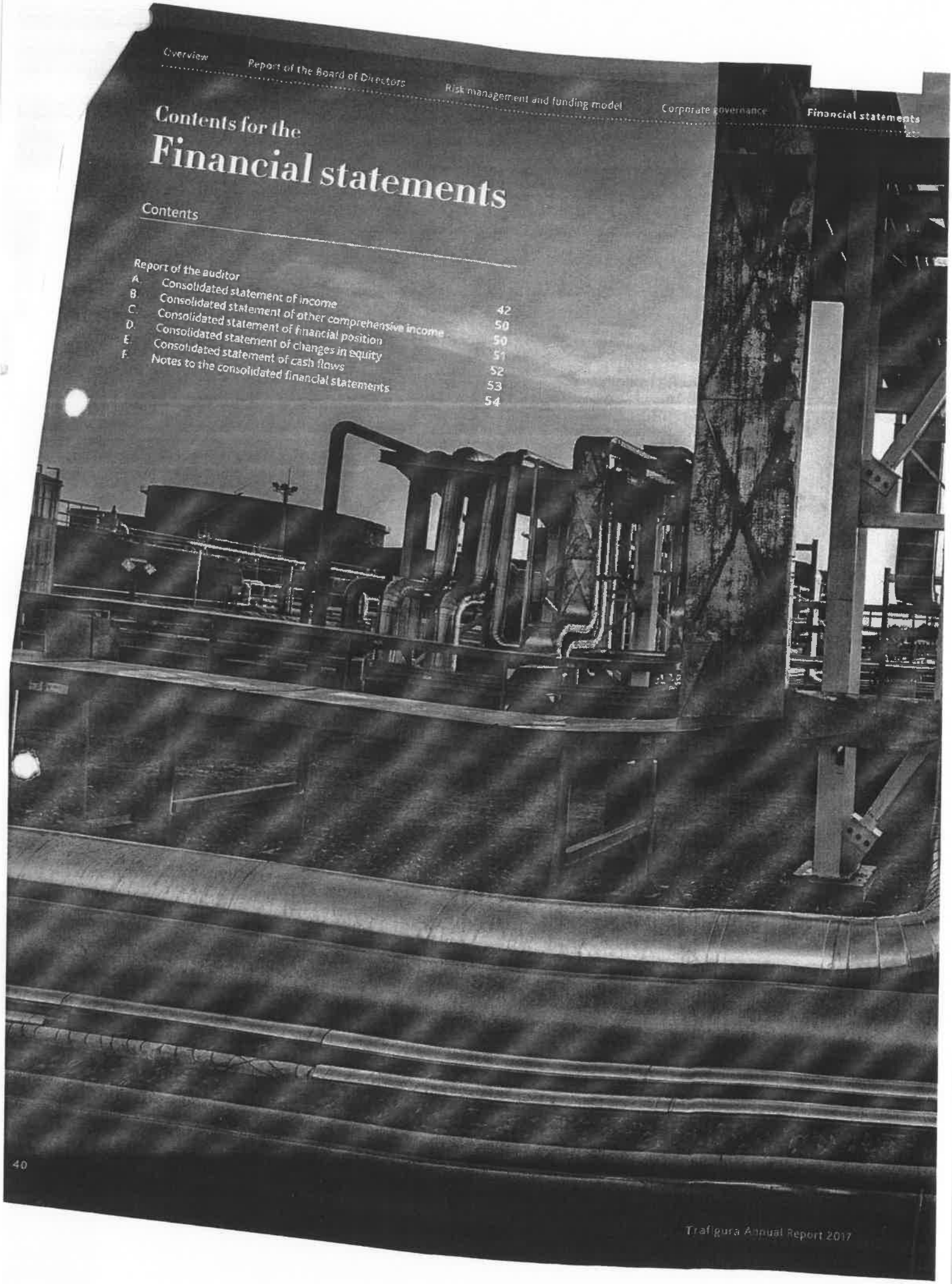

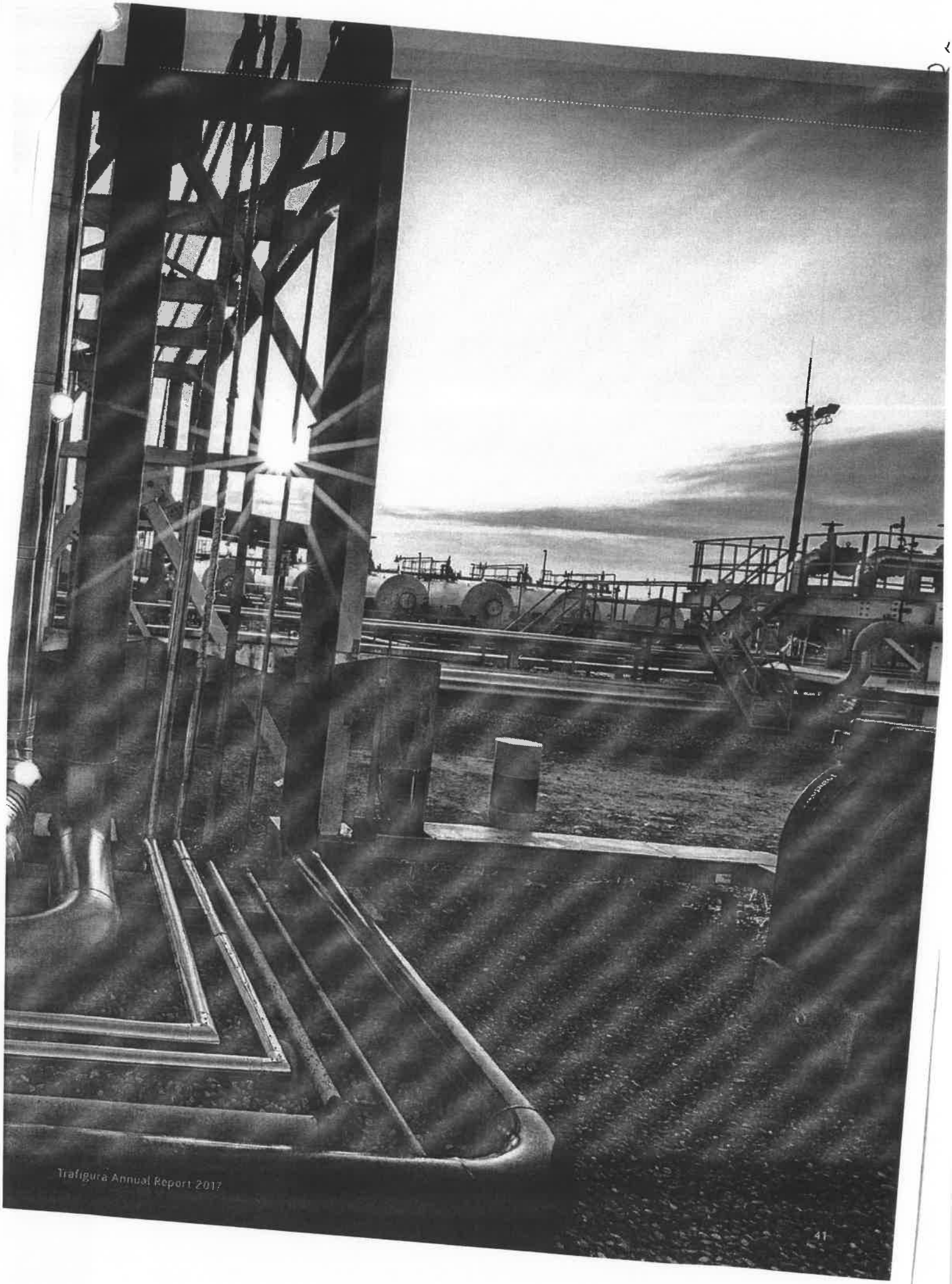

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Report of the auditor on the consolidated financial statements of Trafigura Group Pte. Ltd.

To the Shareholders and Board of Directors

Opinion

We have audited the consolidated financial statements of Trafigura Group Pte. Ltd. and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 30 September 2017 and the consolidated statement of income, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 50 to 88 give a true and fair view of the consolidated financial position of the Group as at 30 September 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Trafigura Group Pte. Ltd. is one of the world's largest independent commodity trading and logistics companies. The Group trades operationally across different geographical locations around the world within two primary segments, Oil and Petroleum Products and Metals and Minerals, both which are supported by the related shipping and chartering activities. The Metals and Minerals segment also encompasses the mining and logistics businesses. The Group also invests in terminals, storage warehouses, mines and other commodity-related assets, either directly or through equity stakes in joint ventures and associate companies over which they may have significant influence.

This was our first year audit of the consolidated financial statements of the Group. Initial audit engagements involve a number of considerations not associated with recurring audits, including obtaining evidence about whether the Group's opening balances contain misstatements that can materially affect the current period's consolidated financial statements and that the accounting policies are appropriately reflected in the opening balances and have been consistently applied in the current period's consolidated financial statements.

As such, our audit approach included a comprehensive transition plan that outlined the steps required to gain an initial understanding of the Group and its business, including its control environment, accounting policies and information systems. Our transition plan included, but was not limited to the following:

- We assessed and evaluated our compliance with independence requirements prior to our acceptance of the audit by performing an extensive review and confirmation process of any services provided to the Group and any other relationships between the Group and PwC offices in all the territories where there are operations;
- We met key management to gain an understanding of the Group's activities, any complex and significant business arrangements and areas of significant judgement (eg valuations, tax provisions, accounting policy alternatives) identified in the prior year financial reporting. These meetings also covered several items considered as 'Key audit matters' and described in the section below;
- We reviewed management's documentation regarding internal controls over financial reporting to assist in developing an understanding of the Group's financial reporting, business processes and relevant internal controls;
- We met with the predecessor auditors at the Group's key locations and reviewed their working papers in order to familiarise ourselves with the audit work performed, the Group's internal controls over financial reporting, the evidence relied upon by the predecessor auditor when issuing the prior year opinion and the audit documentation regarding key areas of management judgement; and
- Through our 2017 audit procedures, we obtained evidence regarding the Group's opening balances and the consistent application of appropriate accounting policies in the current period.

As a part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements, especially in respect of significant accounting estimates that involved making assumptions and considering the impact of future events that are inherently uncertain. In Note 3(x) *Use of estimates and judgements of the financial statements*, the Group describes the areas of key judgements made in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the higher inherent risks of material misstatement, many of these areas were also considered by us to be key audit matters and are described in more detail in the section 'Key audit matters' of this report. We also addressed risk of management override of controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We ensured that the audit teams both at Group and at the component levels included the appropriate skills and competencies necessary for the audit of the Group's consolidated financial statements, including specialists in the areas of information technology, valuation, actuarial and taxes.

The outline of our audit approach is as follows:

Overview

Overall Group materiality: USD65'000'000

We concluded full scope audit work at four components and specified procedures at two components. Specified procedures were also performed by a non-PwC audit firm over the valuation of Puma Energy Holdings Pte. Ltd. Overall our audit scope addressed approximately 92% of the Group's revenue and 84% of the Group's total assets.

As key audit matters, the following areas of focus have been identified:

- Complex trading systems and processes
- Fair value of physical commodity contracts and commodity hedges
- Impairment testing of non-current assets in Colombia and Brazil
- Evaluation of uncertain tax positions and valuation of deferred tax assets
- Determination of control of subsidiaries and joint arrangements

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group financial statements are a consolidation of 356 legal entities that are accounted for in financial ledgers. For the Group's financial reporting, these ledgers are aggregated into nine components: Oil and Petroleum Products, Metals and Minerals, Financing, Warehousing, DT Group, Mining, Overheads, Tax and Consolidation.

We identified four components that, in our view, required an audit of their financial information due to their size or risk characteristics. For these four components, the audit work was performed either centrally by the Group audit team or by another PwC audit firm at one of the Group's global service centres located in Mumbai, India or Montevideo, Uruguay under the direct guidance of the Group audit team. Additionally, we identified two components, that in our view, required specified procedures to be performed due to the significant or higher risk areas and were also included to achieve appropriate coverage over material balances.

We determined the level of our involvement in the audit work performed by the component auditors for the two other components where specified procedures were performed as well as for the work performed at the global service centres to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole. Additionally, specified procedures were also performed by a non-PwC audit firm over the assertions surrounding the valuation of Puma Energy Holdings Pte. Ltd., a large equity investment of the Group.

In order to exercise the appropriate direction and supervision, the Group audit team performed the following procedures:

- We issued detailed audit instructions to the component auditors prescribing the scope of the work to be performed, the outcome of our risk assessment resulting in key audit areas, materiality to be applied and the reporting requirements to the Group audit team;
- Site visits were conducted by senior members of the Group team in Colombia, USA and China where briefings were held with local management and component audit teams to enable us to expand our understanding of the activities of the Group and potential implications on our audit approach;
- Members of the Group audit team worked directly on-site with the local teams performing audit procedures at the two global services centres in India, Mumbai and Montevideo, Uruguay;
- The Group audit team had several calls during the year with the component auditors to discuss the audit approach, progress of the audit and observations or findings, if any;
- Memorandums describing the procedures performed and results of the audit, as well as the audit reports issued by the component auditors were reviewed by the Group audit team. Observations and conclusions were also discussed with the component auditors and Group management; and
- To facilitate our direct review, local PwC teams in India and Uruguay documented their audit work directly in the Group audit team's files.

Further audit procedures over Group functions (including those relating to taxation, equity-based remuneration, valuation of certain non-current assets, litigation, consolidation and financial reporting disclosures) were performed by the Group audit team.

By performing the procedures described above at the components, combined with the additional procedures at a Group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the Group as a whole to provide a basis for our opinion on the consolidated financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material, if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	USD 65'000'000
How we determined it	5% of the three-year average profit before tax, adjusted for impairment losses, reversals and the impact from the sale of assets.
Rationale for the materiality benchmark applied	We chose profit before tax as the measure because, in our view, it is the measure against which the performance of the Group is most commonly assessed and is a generally accepted benchmark. We used a three-year average to allow for the volatility in earnings normally encountered in the commodity trading markets. The impairment losses, reversals and impact from the sale of assets are adjusted to normalise the profit before tax for non-recurring elements outside the normal course of business.

We agreed with the Board of Directors that we would report to them misstatements above USD 3'250'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Complex trading systems and processes

Key audit matter	How our audit addressed the key audit matter
The Group's business is focused on commodity trade flows, including the transporting, storing and blending of a diverse portfolio of commodities to exploit natural arbitrage opportunities. To ensure the accurate capture of all the transactions for financial reporting, the Group relies on complex front-office trade and risk management systems with varying levels of integration, supported by manual reconciliations. The high volume of transactions and complexity of the systems heightens the risk of inaccurate or incomplete recording of transactions within the system. Minor errors, which repeat, could, have a material impact on the consolidated financial statements. Furthermore during 2017, the Group also migrated certain of its front-office and risk management systems to new platforms. This transition increased the challenges to ensure a robust control environment and the integrity of the financial information.	With the assistance of our specialists in trading and information technology, we performed the following: • Evaluated and tested the design and operating effectiveness of the Group's controls over the accounting and financial reporting of the trading operations, adapting our audit approach for any findings identified; • Tested the IT General Controls and IT dependencies controls associated with the various front, middle and back office systems and activities, including the changes associated with the migrated systems; • Performed data analytics to assist our testing of the revenue cycle (trade to cash) increasing our coverage and ensuring focus on non-standard, and therefore, more risky transactions; and • Agreed a sample selection of individual trade-related transactions to supporting documentation, including obtaining external confirmations where appropriate. As a result of these procedures, we were able to conclude that the financial reporting for the underlying trading transactions was complete and accurate.

Fair value of physical commodity contracts and commodity hedges

Refer to "Use of estimates and judgements" in Note 3(x) and Note 27

Key audit matter	How our audit addressed the key audit matter
The Group discloses USD 231 million and USD 327 million of "Level 3" financial assets and liabilities, respectively, for its physical commodity contracts which are the most judgemental category in the IFRS fair valuation hierarchy. Changes in these estimates may significantly impact the Group's future results. The majority of the physical purchase or sale commodity contracts entered by the Group are, however, short-term in nature. The significance in both size and volume of these short-term contracts, including an IT-supported, yet manual process to assess anomalies, presents inherent valuation risks. These shorter term contracts do involve less judgement in determining the fair value for financial reporting; however, the Group does hold a portfolio of long-dated physical commodity contracts that require more assumptions. The Group has also entered into a number of derivatives to hedge a tolling agreement with a splitter refinery. The fair value of the tolling agreement was USD 163 million at 30 September 2017, hedged with derivative instruments totalling USD 179 million. Ineffectiveness of this hedge relationship would impact the consolidated statement of income. The fair valuation of these physical contracts and commodity hedges involves significant estimates, especially when the Group is required to use unobservable inputs, adopt market based assumptions or make comparisons to similar instruments. These judgements become more significant in less liquid markets or for longer-dated contracts. These fair valuations are calculated and managed manually.	We included financial instrument and treasury specialists directly in our team to evaluate management's approach to estimating the fair valuations and performed the following: • Evaluated the Group's process and controls for capturing and reviewing the inputs into the fair value estimates, including the relevant IT systems; • Substantively tested the forward curve calculations for a sample of physical and paper contracts across all commodities traded by the Group, including the verification of the relevant inputs, such as observable benchmark prices for similar products or adjustments for quality and location; • Evaluated the reasonableness of the methodology and any assumptions adopted by management in their forward curve pricing and hedging models, especially those of higher judgement for unobservable inputs. This was performed by benchmarking management's approach to our understanding of industry practices, agreeing or comparing the model support to observable market pricing inputs, and evaluating the reasonableness of using differing alternatives to calculating fair value. We also verified the consistent application across the population; and • Where manual calculations were involved, tested the mathematical accuracy of the models and verified the input curves to external sources. We were able to conclude that the significant judgements were reasonable and free from bias as well as the appropriateness of the valuation models used and their consistent application.

Impairment testing of non-current assets in Colombia and Brazil
Refer to Notes 11, 13, and 16

Key audit matter

The Group invests in ports and terminals to support its trading activities. With the input of local management, the Group assesses market conditions and country specific risks to determine if there are any triggering events that may be indicators of an impairment of the asset carrying amounts. This resulted in two significant investments being reviewed by management:

Impala Terminals Colombia inland port
The Group has constructed a river port to transport wet and dry bulk cargoes along the Magdalena River, one of Colombia's main waterways. The carrying amount of the total multimodel project as one cash generating unit was USD 1,065 million at 30 September 2017. The port's potential profitability is hindered by the Colombian government's delays of its planned dredging of the Magdalena River. The depth of the Magdalena River determines the ease of navigability and how much each barge convoy can load. The dredging project is now delayed until a new contractor is mandated to complete the project; management expects the dredging project to commence in 2018 and to be completed by 2019. These delays impact the volume and timing of future cash flows. Management also used other significant assumptions in its valuation model, including discount rate, tariffs, mix and level of volumes and costs and expenses. Management's assessment resulted in no impairment being recorded.

Investment in Porto Sudeste do Brazil S.A. including the fair value of the related debt securities
The Group holds a 49.2% interest in a joint venture which owns and operates an iron ore port facility in Brazil. In 2016, the Group recorded a USD 250 million impairment primarily due to the depressed iron ore prices and low volumes. The Group's exposure at 30 September 2017 was USD 65 million. Although volumes and pricing have improved in 2017, there is still limited headroom between the estimated fair value and actual carrying amounts. Management re-assessed the impairment risk in 2017 and determined no further impairment was required.

Linked to this investment, the Group also holds listed debt securities totalling USD448 million which are accounted for at fair value through profit and loss. The performance of these debt instruments is dependent on the future throughput results of the port. As there is limited liquidity of these debt securities, the fair value is based on a Level 3 valuation using the key assumptions of the port's business plan that underlie the impairment test. A 10% discount is also applied due to lack of marketability. Management engaged an independent valuation expert to assist them in their valuation of these instruments.

The estimates and judgements used in the impairment and fair value assessments are significant, open to bias and are considered to be a key audit matter.

How our audit addressed the key audit matter

Building on the visibility already gained during the auditor transition process, we obtained the valuation models and met with management to gain an overview of the triggering events, market and operational factors and key assumptions supporting the Group's impairment assessment. With the assistance of our internal valuation specialists, we performed the following procedures for the impairment risks in Colombia and Brazil:

- Gained an understanding of the controls and process for collecting the inputs into the valuation models to evaluate the design of the Group's controls over its impairment assessment and challenged the appropriateness of the inputs and significant assumptions, including the cash flow projections, discount rate, volumes, tariffs, costs and expenses as well as the impact of the expected finalisation of the river improvement project specific to Colombia.
- Re-performed the valuation calculations; benchmarked the valuation model with generally accepted valuation techniques; compared historical estimates used by management to actual results, recognising that both assets have only been in operations for limited amount of time;
- Re-performed the calculations supporting the sensitivity analysis prepared by management for the forecasted assumptions over volumes, discount rates, commodity prices, foreign exchange and operating costs; we performed our own independent calculations where applicable, especially when only a lower headroom was available. The risk of management bias was considered in our work.
- Assessed the appropriateness of disclosures included in the financial statements, including key assumptions used and inherent sensitivities of the financial results to these assumptions.

Specifically for the listed debt securities, we have also assessed the objectivity and competence of the valuation expert used by management to determine the fair value of the listed debt securities. The procedures performed over the port impairment model were used to determine the appropriateness of the fair value calculation of these instruments.

We were able to conclude that the significant judgements were reasonable and free from bias as well as the appropriateness of the valuation models used and their consistent application.

Evaluation of uncertain tax positions and valuation of deferred tax assets
Refer to "Use of estimates and judgements" in Note 3(x) and Note 10

Key audit matter	How our audit addressed the key audit matter
The Group has significant intercompany transactions among companies in the numerous jurisdictions where it operates, with certain jurisdictions having varying levels of maturity in regards to acceptance by the local tax authorities of global transfer pricing practices that are specific to the Group in each territory. Changes in the tax legislation, interpretations or the underlying business model, as well as one-off transactions, may create or crystallize tax exposures in a particular country. The Group's assessment on whether it should provide for an uncertain tax position involves significant judgements over the applicable tax legislation in the jurisdiction of the underlying transactions and interpretation of complex transfer pricing rules. At 30 September 2017, the Group's deferred tax asset resulting from net operating losses was USD 169 million. The assessment of the valuation of deferred tax assets resulting from net operating losses and temporary differences involves judgement around the feasibility of the long-term future profitability and development of the activities.	To assess the recognition and valuation of the Group's capitalized net operating losses and resulting deferred tax assets, also the provision for uncertain tax positions made by the Group, we performed the following with the assistance of our tax specialists: • Agreed net operating losses to prior year returns to determine their existence and assessed if the associated deferred tax asset were properly netted against any deferred tax liabilities; • Reviewed management's assessment of the recoverability of the deferred tax assets by testing the assumptions supporting projected forecasts. The assumptions supporting this analysis were consistent with the impairment assessment described above, including the review of differences between historical estimates and actual results; • Evaluated the probability of future cash outflows of specific, uncertain tax risks identified by the Group; • Assessed the Group's application of its transfer pricing policies that are specific to the Group in each jurisdiction, paying particular attention to changes in the applicable local fiscal regulations. Further, we tested a sample of intercompany transactions to their applicable transfer pricing policies. • Analysed the tax positions by benchmarking the assumptions and methodologies adopted by the Group to our understanding of local tax practices. We also assessed the adequacy of the Group's disclosures on deferred tax assets and uncertain tax positions using our understanding. We did not identify any material differences between our independent assessment and the amounts of the deferred tax assets and provisions recorded by management; we found the judgements made by management to be reasonable.

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Determination of control of subsidiaries and joint arrangements
Refer to "Use of estimates and judgements" in Note 3(x) and Note 13 and 26

Key audit matter	How our audit addressed the key audit matter
Under the financial reporting framework, the Group is required to determine whether it controls an entity, and consequently, whether it needs to consolidate that entity into the consolidated financial statements. Specifically, the Group assesses whether it has the power over the relevant activities of the entity, exposure to its variable returns or the ability to use power to impact returns of the entity. This is considered a key audit matter because of the judgements often required to assess the impact of complex contractual terms and underlying business rationale. The Group has certain investments in companies, which are not consolidated and whose results are accounted for in the Group's consolidated financial statements based on their equity share ownership. The most significant of the Group's investments is a 49.6% investment in Puma Energy Holdings Pte. Ltd. which was deconsolidated as of 30 September 2013 following the sale of the majority interest. The Group is also a partial guarantor to an entity, Trafigura Investment Sarl, which was also restructured and deconsolidated in 2014 using external banks to source trade finance funding. The impact of the decision regarding the existence of control significantly impacts the accuracy, completeness and presentation of the financial statements and potentially, the debt covenant ratios which are included in the covenants to the Group's debt financing arrangements.	We obtained an understanding of the investments and entities, their structure and relationships to the Group (funding, supply agreements, governance structures) and their business rationale. In particular, we sought to capture any changes in the relationship that would impact the original assumptions adopted for investments existing in prior years. We inquired of various members of management to corroborate the representations being received and reviewed contracts, supply agreements, amendments, minutes and other supporting documentation offering further clarity into the question over control. We involved our accounting specialists to assist in our assessment of management's conclusions against the IFRS guidance and to ensure we had considered all possibly factors in this assessment. As a result of our procedures, we determined that the judgements adopted by management were reasonable.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements of Trafigura Group Pte. Ltd. and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS as issued by the IASB, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers SA

/s/ TRAVIS RANDOLPH
Travis Randolph

/s/ EWA ANSELM-JEDLINSKA
Ewa Anselm-Jedlinska

Geneva, Switzerland
8 December 2017

A. Consolidated statement of income

	Note	2017 USD'M	2016 USD'M
Revenue	7	136,420.7	98,097.8
Cost of sales		(134,181.7)	(95,806.6)
Gross profit		2,239.0	2,291.2
Other income/(expenses)	4	163.2	(233.2)
General and administrative expenses	8	(945.0)	(946.7)
Results from operating activities	9	1,457.2	1,111.3
Finance income		557.1	387.0
Finance expense		(813.4)	(507.7)
Net financing costs		(256.3)	(120.7)
Share of profit/(loss) of equity-accounted investees		(232.2)	94.3
Profit before tax	13	968.7	1,084.9
Income tax expense	10	(81.4)	(110.2)
Profit for the year		887.3	974.7
Profit attributable to			
Owners of the Company		847.7	750.8
Non-controlling interests	22	39.6	223.9
Profit for the year		887.3	974.7

See accompanying notes

B. Consolidated statement of other comprehensive income

	Note	2017 USD'M	2016 USD'M
Profit for the year		887.3	974.7
Other comprehensive income			
Items that are or may be reclassified to profit or loss:			
Gain/(loss) on cash flow hedges	21	(17.4)	43.8
Tax on other comprehensive income	10	(1.0)	(2.8)
Exchange loss on translation of foreign operations		18.6	(70.0)
Share of other comprehensive income from associates		(38.2)	(44.6)
Items that will not be reclassified to profit or loss:			
Net change in fair value through other comprehensive income assets	16	8.6	(31.7)
Defined benefit plan actuarial gains/(losses), net of tax		0.7	–
Other comprehensive income for the year net of tax		(28.7)	(105.3)
Total comprehensive income for the year		858.6	869.4
Total comprehensive income attributable to:			
Owners of the Company		819.0	631.1
Non-controlling interests		39.6	238.3
Total comprehensive income for the year		858.6	869.4

See accompanying notes

C. Consolidated statement of financial position

	Note	30 September 2017 USD'M	30 September 2016 USD'M
Assets			
Property, plant and equipment	11	2,190.8	2,345.0
Intangible assets	12	203.7	230.5
Equity-accounted investees	13	3,487.9	3,464.4
Prepayments	14	608.8	945.3
Loans receivable	15	670.7	801.3
Other investments	16	635.0	540.3
Derivatives	27	147.5	97.3
Deferred tax assets	10	153.2	103.8
Total non-current assets		8,097.6	8,527.9
Inventories	17	13,926.7	11,537.7
Trade and other receivables	18	17,506.3	15,199.9
Derivatives	27	462.9	476.3
Prepayments	14	3,130.4	2,259.9
Income tax receivable	10	88.4	78.7
Deposits	20	338.3	7.9
Cash and cash equivalents	20	4,988.7	3,141.9
Total current assets		40,441.7	32,702.2
Non current assets classified as held for sale	11	68.3	–
Total assets		48,607.6	41,230.1
Equity			
Share capital	21	1,503.7	1,503.7
Capital securities	21	1,247.3	646.7
Reserves	21	(606.1)	(558.7)
Retained earnings	21	3,900.5	3,956.3
Equity attributable to the owners of the Company		6,045.4	5,548.0
Non-controlling interests	22	339.4	299.1
Total group equity		6,384.8	5,847.1
Liabilities			
Loans and borrowings	23	7,401.1	7,234.2
Derivatives	27	267.8	237.8
Provisions	24	90.9	69.3
Deferred tax liabilities	10	188.6	189.5
Total non-current liabilities		7,948.4	7,730.8
Current tax liabilities	10	207.6	245.6
Loans and borrowings	23	23,853.5	18,033.0
Trade and other payables	25	9,778.4	8,952.5
Derivatives	27	434.9	421.3
Total current liabilities		34,274.4	27,652.2
Total group equity and liabilities		48,607.6	41,230.1

See accompanying notes

D. Consolidated statement of changes in equity

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 2016		1,503,727	(549,763)	(23,023)	14,057	646,724	3,205,489	750,817	5,548,028	299,079	5,847,107
Profit for the year		–	–	–	–	–	–	847,710	847,710	39,583	887,293
Other comprehensive income		–	23,865	8,583	(61,800)	–	661	–	(28,691)	(21)	(28,712)
Total comprehensive income for the year		–	23,865	8,583	(61,800)	–	661	847,710	819,019	39,562	858,581
Profit appropriation		–	–	–	–	–	750,817	(750,817)	–	–	–
Dividend	21	–	–	–	–	–	(933,877)	–	(933,877)	–	(933,877)
Transfer revaluation reserve to retained earnings FVOCI instruments	16	–	–	(18,186)	–	–	18,186	–	–	–	–
Acquisition of non-controlling interest in subsidiary		–	–	–	–	–	–	–	–	735	735
Share-based payments	28	–	–	–	–	–	82,151	–	82,151	–	82,151
Capital securities issued	21	–	–	–	–	600,000	(5,519)	–	594,481	–	594,481
Capital securities (currency translation)		–	–	–	–	594	(594)	–	–	–	–
Capital securities dividend		–	–	–	–	–	(70,656)	–	(70,656)	–	(70,656)
Dilution gain from capital contribution in equity-accounted investees		–	–	–	–	–	4,377	–	4,377	–	4,377
Reclassification		–	175	–	–	–	(175)	–	–	–	–
Share of other changes in equity of associates		–	–	–	–	–	1,916	–	1,916	–	1,916
Other		(5)	–	–	–	–	8	–	3	(9)	(6)
Balance at 30 September 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**

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 2015		1,503,727	(420,828)	(57,313)	(27,765)	640,617	2,726,577	1,235,891	5,600,906	56,734	5,657,640
Profit for the year		–	–	–	–	–	–	750,817	750,817	223,926	974,743
Other comprehensive income		–	(129,832)	(31,701)	41,822	–	–	–	(119,711)	14,389	(105,322)
Total comprehensive income for the year		–	(129,832)	(31,701)	41,822	–	–	750,817	631,106	238,315	869,421
Profit appropriation		–	–	–	–	–	1,235,891	(1,235,891)	–	–	–
Dividend	21	–	–	–	–	–	(719,059)	–	(719,059)	–	(719,059)
Transfer revaluation reserve to retained earnings FVOCI instruments		–	–	65,991	–	–	(65,991)	–	–	–	–
Acquisition of non-controlling interest in subsidiary		–	–	–	–	–	–	–	–	4,532	4,532
Share-based payments	28	–	–	–	–	–	77,656	–	77,656	–	77,656
Subsidiary equity distribution		–	–	–	–	–	–	–	–	(502)	(502)
Capital securities (currency translation)		–	–	–	–	6,107	(6,107)	–	–	–	–
Capital securities dividend		–	–	–	–	–	(48,990)	–	(48,990)	–	(48,990)
Acquisition of subsidiaries from parent company	21	–	–	–	–	–	6,479	–	6,479	–	6,479
Reclassification		–	897	–	–	–	(897)	–	–	–	–
Share of other changes in equity of associates		–	–	–	–	–	(33)	–	(33)	–	(33)
Other		–	–	–	–	–	(37)	–	(37)	–	(37)
Balance at 30 September 2016		**1,503,727**	**(549,763)**	**(23,023)**	**14,057**	**646,724**	**3,205,489**	**750,817**	**5,548,028**	**299,079**	**5,847,107**

See accompanying notes

E. Consolidated statement of cash flows

	Note	2017 USD'M	2016 USD'M
Cash flows from operating activities			
Profit before tax		988.7	1,084.9
Adjustments for:			
Depreciation	11	135.8	148.4
Amortisation of intangible assets	12	69.2	56.3
Provisions	24	18.8	(6.7)
(Gain)/loss on fair value through profit and loss instruments	16	(118.7)	134.2
Impairment losses on financial fixed assets	16	23.8	39.8
Reversal of impairment losses on non-financial fixed assets	8	–	(243.6)
Impairment losses on non-financial fixed assets	8	17.4	75.1
Impairment losses on equity-accounted investees	13	4.2	250.0
Share of (profit)/loss of equity-accounted investees		256.3	120.7
(Gain)/loss on sale of non-financial fixed assets	13	232.2	(94.3)
(Gain)/loss on sale of equity accounted investees	8	0.4	(12.4)
(Gain) on sale of other investments	8	(3.0)	5.4
(Gain)/loss on divestments of subsidiaries	8	(0.6)	(0.1)
Equity-settled share-based payment transactions	8	(30.8)	(20.3)
Operating cashflow before working capital changes	28	82.2	77.7
		1,649.8	1,615.1
Changes in:			
Inventories		(2,387.8)	(3,925.1)
Trade and other receivables and derivatives		(2,343.0)	701.3
Prepayments		(534.5)	(392.9)
Trade and other payables and derivatives		385.0	(562.5)
Cash generated from/(used in) operating activities		(3,230.5)	(2,564.2)
Interest paid		(819.8)	(544.8)
Interest received		523.8	376.4
Dividends (paid)/received		35.8	13.2
Tax (paid)/received		(180.8)	(107.7)
Net cash from/(used in) operating activities		(3,671.5)	(2,827.1)
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	(318.7)	(668.3)
Proceeds from sale of property, plant and equipment	11	159.6	514.0
Acquisition of intangible assets	12	(51.6)	(48.9)
Proceeds from sale of intangible assets		0.1	0.8
Disposal of assets/liabilities held for sale		(0.3)	–
Acquisition of equity accounted investees	13	(374.9)	(548.7)
Disposal of equity accounted investees	13	26.5	26.6
Acquisition of loans receivable and advances	15	(719.6)	(116.6)
Repayment of loans receivable and advances	15	168.2	31.5
Acquisition of other investments	16	(72.8)	(20.7)
Disposal of other investments	16	107.6	121.4
Acquisition of subsidiaries, net of cash acquired		(0.8)	–
Disposal of subsidiaries, net of cash disposed of	6	64.7	637.1
Net cash from/(used in) investing activities		(412.1)	(66.8)
Cash flows from financing activities			
Proceeds from the issue of capital securities	21	594.5	–
Payment of capital securities dividend	21	(69.6)	(49.0)
Proceeds from capital contributions to subsidiaries by non-controlling interests	22	0.7	3.4
Dividend/Payment in relation to the share redemption by the direct parent company	21	(568.9)	(719.1)
Proceeds from long-term loans and borrowings	23	586.3	100.8
Payment of finance lease liabilities	23	(5.2)	(12.2)
Increase of short-term bank financing	23	5,392.6	3,177.7
Net cash from/(used in) financing activities		5,930.4	2,501.6
Net increase/(decrease) in cash and cash equivalents		1,846.8	(392.3)
Cash and cash equivalents at 1 October	20	3,141.9	3,534.2
Cash and cash equivalents at 30 September (note 24)		4,988.7	3,141.9

F. Notes to 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 and investing 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 Curacao.

The consolidated financial statements for the year ended 30 September 2017 were authorised for issue by the Board of Directors on 7 December 2017.

2. Basis of preparation

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

The consolidated financial statements have been prepared under the historical cost convention except for inventories, derivatives and certain other financial instruments that have been measured at fair value. The 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. Significant accounting policies

The consolidated financial statements have been prepared in compliance with IFRS. The company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position and throughout all periods presented, as if these policies had always been in effect.

a. Basis of consolidation

The consolidated financial statements include the assets, liabilities and results of operations of all subsidiaries and branch offices, which the Company, either directly or indirectly, controls. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee.

Subsidiaries are consolidated from the date on which control is obtained by the Company and cease to be consolidated from the date on which control is transferred to a person or entity outside of the control of the Company. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions with any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received being recognised directly in equity and attributed to equity holders of the Company.

If the Company loses control, the Company derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. The parent's share of components previously recognised in other comprehensive income (OCI) is reclassified to profit and loss or retained earnings, as would be required if the Company had directly disposed of the related assets or liabilities. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an equity investment depending on the level of influence retained.

Non-controlling interests in subsidiaries are identified separately from the Company's equity and are initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

b. Investments in equity-accounted investees

Associates and joint ventures (together 'Associates') in which the Group exercises significant influence or joint control are accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control those policies. Joint control is established by contractual agreement and requires unanimous consent for strategic financial and operating decisions. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Under the equity method the investment in an Associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share in the net assets of the Associate or joint venture since acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any

changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the Associate are eliminated to the extent of the interest in the Associate, unless the sale or contribution of assets constitute a business in which case the gains and losses are recognised in full.

The aggregate of the Group's share of profit or loss of equity-accounted investees is shown on the face of the statement of income and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the Associate is impaired.

The financial statements of the Associates are prepared for the same reporting period as the Group, unless otherwise indicated.

Changes in the Group's interest in Associates are accounted for as a gain or loss on disposal with any differences between the amount by which the carrying value of the Associate is adjusted and the fair value of the consideration received being recognised directly in the statement of income.

c. Business combinations

The Company accounts for its business combinations under the acquisition method at the acquisition date, which is the date on which control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If a business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss except when measured at fair value through OCI. The remeasured stake is then considered in the determination of goodwill.

If the consideration transferred for a business combination exceeds the fair values attributable to the Group's share of the identifiable net assets, the difference is treated as goodwill, which is not amortised but is reviewed annually for impairment or when there is an indication of impairment. If a business combination results in a negative goodwill, the Group reassesses whether it has correctly identified and measured all assets acquired and all liabilities assumed. If the negative goodwill remains after the reassessment, it is recognised as a gain in the profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

d. Fair value measurement

The Group measures financial instruments, such as derivatives, and certain non-derivative financial assets, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 27i.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

F. Notes to consolidated financial statements

e. Foreign currency

(i) Foreign currency transactions

Subsidiaries, joint ventures and equity accounted investees record transactions in the functional currency of the economic environment in which they operate. Transactions in currencies other than the functional currency of the subsidiary, joint ventures and equity investees are recorded at the rates of exchange prevailing at the date of the transaction.

Monetary assets and liabilities in currencies other than the functional currency are translated at the rates of exchange prevailing at the balance sheet date and gains and losses are reported in the statement of income.

(ii) Foreign operations

Upon consolidation, the balance sheets of subsidiaries with functional currencies other than the USD are translated at the rates of exchange prevailing at the end of the year. The statements of income denominated in currencies other than the USD are translated at the average rate for the year which is considered as the best estimate of transaction dates. The resulting exchange differences are recorded in equity through other comprehensive income and are included in the statement of income upon sale or liquidation of the underlying foreign operation.

f. Financial Instruments

The financial assets are classified in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. Reclassification takes place at the first day of the financial year following the financial year in which the business model changes.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date ie, the date that the Group commits to purchase or sell the asset.

Subsequent measurement of debt instruments depends on the Groups business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows; and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include loans receivable, trade and other receivables, and other financial assets that are held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in other income.

(ii) Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method.

(iii) Financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss:

- Debt investments that do not qualify for measurement at amortised cost;
- Debt investments that do not qualify for measurement at fair value through other comprehensive income; and
- Debt investments that have been designated at fair value through profit or loss.

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as other income/(expenses) in statement of income. Interests, dividends and gain/loss on foreign exchange on financial assets at fair value through profit or loss are included separately in finance income or other income respectively.

The Group enters into prepayment agreements where purchases of commodities are prepaid. When the prepayment agreement can be settled in cash or another financial asset, it is classified at amortised cost in line with IFRS 9. When settlement of the prepayment agreement solely occurs by having the commodities physically delivered, these agreements are not classified as financial instruments as they do not meet the definition of a financial asset. For the clauses in the contracts which might result in cash settlement instead of physical delivery, the objective of the contract and the economic reality of such clauses, determine the classification. Interest received on prepayment agreements is presented in finance income in the statement of income.

The Group invested in listed equity securities and unlisted equity investments. The Group subsequently measures all equity investments at fair value. The Group classifies the following financial assets at fair value through profit or loss:

- Equity investments that are held for trading; and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income.

Where Group management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of income. Dividends from such investments continue to be recognised in statement of income as other income when the Groups' right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of income as applicable.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position if, and only if, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial liabilities

The Group measures non-derivative financial liabilities at amortised cost. The non-derivative financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, the financial liabilities are measured at amortised cost using the effective interest method.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Derivative financial instruments, including hedge accounting

Derivative instruments, which include physical contracts to sell or purchase commodities that do not meet the own use exemption, are initially recognised at fair value when the Group becomes a party to the contractual provisions of the instrument and are subsequently remeasured to fair value at the end of each reporting period. Any attributable transaction costs are recognised in statement of income as incurred.

The Group utilises derivative financial instruments (shown separately in the statement of financial position) to hedge its primary market risk exposures, primarily risks related to commodity price movements, and to a lesser extent, exposure to foreign currency exchange rates and interest rate movements. Commodity derivative contracts may be utilised to hedge against commodity price risk for fixed priced physical purchase and sales contracts, including inventory. Commodity swaps, options and futures are used to manage price and timing risks in conformity with the Company's risk management policies.

Generally, the Group does not apply hedge accounting, but in some instances it may elect to apply hedge accounting. The Group elects to apply fair value hedge accounting to hedge certain risk components of non-financial hedged items. When applicable, The Group designates derivative hedging instruments as fair value hedges in relationship to the hedged item. The hedged item may be individual risk components which are separately identifiable and reliably measurable. The designated hedge derivatives are accounted for at fair value through profit and loss and reflected on the statement of financial position as either a recognised asset or liability or an unrecognised firm commitment. Each of the identified risk components of the hedged item will be revalued at each period with its corresponding benchmark accounted for at fair value and recognised through statement of income and reflected on the statement of financial position as either a recognised asset or liability or an unrecognised firm commitment. The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

Those derivatives qualifying and designated as hedges are either (i) a fair value hedge of the change in fair value of a recognised asset or liability or an unrecognised firm commitment, or (ii) a cash flow hedge of the change in cash flows to be received or paid relating to a recognised asset or liability or a highly probable transaction.

A change in the fair value of derivatives designated as a fair value hedge is reflected together with the change in the fair value of the hedged item in the statement of income. A change in the fair value of derivatives designated as a cash flow hedge is initially recognised as a cash flow hedge reserve in OCI. The deferred amount is then released to the statement of income in the same periods during which the hedged transaction affects the statement of income.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity and are reclassified to statement of income when the forecast transaction affects in profit or loss.

F. Notes to consolidated financial statements

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for at the time of the hedge relationship rebalancing.

Current versus non-current classification
Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (ie the underlying contractual cash flows).

Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and noncurrent portions).

g. Cash and cash equivalents
Cash and cash equivalents include all cash on hand and short-term highly liquid investments such as deposits with original maturities of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalent consist of cash and short term deposits as defined above.

h. Property, plant and equipment
(i) Recognition and measurement
Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). The costs of major repairs and maintenance (dry-docking or turnarounds) are capitalised and depreciated over their useful life.

Gains or losses on disposal of an item of property, plant and equipment are recorded in the statement of income under 'Other income/(expense)'.

The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Assets in the course of construction are capitalised as a separate component of property, plant and equipment. Upon completion, the cost of construction is transferred to the appropriate category.

(ii) Subsequent costs
Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation
Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of each component. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use. Assets under construction are not depreciated.

Depreciation of assets held under finance leases is calculated over the shorter of the lease term or the estimated useful life of the asset.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- Buildings 20-33 years
- Machinery and equipment 3-20 years
- Barges and vessels 10-20 years
- Other fixed assets 1-5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, ie assets that necessarily take a substantial period of time to get ready for their intended use or sale, are calculated using the effective interest rate method and are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs (including borrowing costs related to exploration and evaluation expenditures) are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs directly in connection with the borrowing of funds.

i. Intangible assets and goodwill
(i) Goodwill
Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition see note c.

Goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or group of cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain and loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the carrying amount of the disposed operation and the portion of the cash-generating unit retained.

In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

(ii) Mineral and petroleum rights

Mineral and petroleum reserves, resources and rights (together 'Mineral rights') which can be reasonably valued, are recognised in the assessment of fair values on acquisition. Mineral rights for which values cannot be reasonably determined are not recognised. Exploitable Mineral rights are amortised using the unit of production method over the commercially recoverable reserves and, in certain circumstances, other mineral resources. Mineral resources are included in amortisation calculations where there is a high degree of confidence that they will be extracted in an economic manner.

(iii) Other intangible assets

Other intangible assets include licences and software development costs and are stated at cost, less accumulated amortisation and accumulated impairment losses. Licences are amortised over the term of the licence, generally not exceeding 10 years. The estimated useful life of software is between 3-5 years.

An intangible asset acquired as part of a business combination is measured at fair value at the date of acquisition and is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights.

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in the accounting estimates.

Gains or losses on disposal of intangible assets are recorded in the statement of income under 'Other income/(expense)'.

j. Leases

The Group is the lessee of equipment, buildings, vessels and terminals under various operating and finance leases. The Group classifies its leases as operating or finance leases based upon whether the lease agreement transfers substantially all the risks and rewards of ownership.

For leases determined to be finance leases, an asset and liability are recognised at an amount equal to the lower of the fair value of the leased asset or the present value of the minimum lease payments during the lease term. Such assets are amortised on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset taking into account the residual value, with depreciation included in depreciation expense.

Leases that do not qualify as finance leases are classified as operating leases, and the related rental payments are expensed on a straight-line basis over the lease term.

If a sale and leaseback transaction can be classified as an operational lease, which implies that substantially all the risks and rewards of ownership of the lease agreement have been transferred, the difference between the carrying value and the consideration of the sold assets will be accounted for in the profit and loss under other income and expenses.

k. Inventories

Trading-related inventories are measured at fair value less costs to sell. Fair value movements are included in cost of sales.

Inventories of non-trading related products are measured at the lower of cost or net realisable value. Costs comprise all costs of purchases and other costs incurred.

l. Impairment of financial instruments

Non-derivative financial assets

The Group assesses the expected credit losses associated with its debt instruments and trade receivables carried at amortised cost and fair value through other comprehensive income. The impairment provisions for financial assets disclosed in notes 15 and 16 are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Trade receivables

The Group applies the simplified approach to providing for expected credit losses, which permits the use of the lifetime expected loss provision for all trade receivables. In calculating the expected credit loss rates for trade receivables, the company considers historical loss rates for each category of counterparties, and adjusts for forward looking macroeconomic data. Refer to note 18 for the loss provision on trade receivables.

Loans receivable

Over the term of the loans, the Group manages its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of counterparties, and adjusts for forward looking macroeconomic data. The Group classifies its loans receivable in three categories that reflect their credit risk as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Non-performing	Interest and/or principal repayments are past due and credit risk level shows a significant increase	Lifetime expected losses
Write-off	Based on observable data the interest and/or principal will not be collected	Asset is written off through profit or loss to extent of expected loss

The Group recognises expected credit losses when a payment is received past its due date (default), even though it is received in full. Refer to note 15 for the loss provision on loans receivable.

F. Notes to consolidated financial statements

Write-off
The Group also assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that the loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If the decrease in impairment relates to an objective event occurring after the impairment was recognised, a previously recognised impairment loss is reversed to a maximum of the amount required to carry the asset at amortised cost at the time of the reversal if no impairment had taken place while taking into consideration the expected credit losses associated to the instrument. The Group recognises in profit or loss, as an impairment gain, the amount of expected credit losses reversal that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised under the expected credit loss model.

m. Accrued turnover
Accrued turnover relates to sales made before the end of the year that have not been invoiced at the balance sheet date. Reasons for such delays include the need to determine final pricing, quantity and quality analysis. All are typical of the industry in which the Group operates.

n. Employee benefits
(i) Post-employment benefits
Pensions and other post-employment benefits, wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Group. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Unvested past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. Past service costs are recognised immediately if the benefits have already vested immediately following the introduction of, or changes to, a pension plan. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss is recognised in profit or loss during the period in which the settlement or curtailment occurs. The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on plan assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. Actuarial gains and losses are recognised in full within other comprehensive income in the year in which they occur. The defined benefit pension plan surplus or deficit in the consolidated statement of financial position comprises the total for each plan at the present value of the defined benefit obligation (using a discount rate based on high-quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and, in the case of quoted securities, is the published bid price. Contributions to defined contribution schemes are recognised in profit or loss in the period in which they become payable.

(ii) Employee share incentive plan and employee share trust
Employees of the Group receive remuneration in the form of shares of the immediate holding company Trafigura Beheer B.V. as consideration for services rendered. This is considered an equity-settled share scheme as the Company neither has a present legal nor constructive obligation to settle in cash nor has a past practice or stated policy of settling in cash.

The cost of the equity-settled transactions is measured at fair value at the grant date taking into account the terms and conditions upon which the shares were granted. This fair value is expensed over the vesting period with a corresponding credit to equity. For shares that immediately vest, the fair value is expensed in the same accounting period corresponding to the date of grant.

o. Provisions
The Group recognises provisions for liabilities and onerous contracts that have been incurred as of the balance sheet date and can be reliably estimated. A provision is recognised when (i) the Group has a present obligation (legal or constructive) as a result of a particular event; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) an estimate can be made of the amount of the obligation.

Provisions for claims, disputes and legal proceedings are recorded if it is probable that the Group will be liable in a proceeding, for the estimated amount at which the liability can be settled. If the amount for which the liability can be settled cannot be reliably estimated, the claim, dispute or legal proceeding is disclosed as contingent liability, if it is expected to be significant.

(i) Restoration, rehabilitation and decommissioning
Restoration, rehabilitation and decommissioning costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided for and capitalised at the time such an obligation arises. The costs are charged to the statement of income over the life of the operation through depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site disturbance, which a created on an ongoing basis during production, are provided for at their net present values and charged to the statement of income as extraction progresses. If the obligation results from production (eg extraction of reserves) these are recognised as extraction occurs.

(ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

p. Accrued costs of sales and expenses

The accrued cost of sales and expenses relate to purchases and expenses made before the year end that have not been invoiced at the balance sheet date. Reasons for such delays include the need to determine final pricing, quantity and quality analysis. All are typical of the industry in which the Group operates.

q. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. The following specific recognition criteria must also be met before revenue is recognised.

Revenue from the sale of goods which are transported in discrete cargoes is recognised when the significant risk and rewards of the goods have passed to the buyer, which is usually the date of the bill of lading. Revenue from the sale of goods which are transported in continuous systems is recognised when the goods have been delivered.

Revenue from the sale of goods which are consigned to counterparties on a sale-and-return basis is recognised when the goods are sold to the customers on a non-recourse basis. At these points the quantity and the quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is reasonably assured.

Revenue from rendering of services is recognised in the statement of income in proportion to the stage of the rendered performance as at the balance sheet date.

For certain commodities, the sales price determined on a provisional basis at the date of sale as the final selling price is subject to movements in market prices up to the date of final pricing, normally ranging from 30 to 90 days after initial booking. Revenue on provisionally priced sales is recognised based on the estimate fair value of the total consideration receivable. The revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative. Accordingly, the fair value of the final sales price adjustments is re-estimated continuously and changes in fair value are recognised as an adjustment to revenue. In all cases, fair value is estimated by reference to forward market prices.

r. Cost of sales

Cost of sales includes the purchase price of the products sold, as well as the costs of purchasing, storing, and transporting the products. It also includes the changes in mark to market valuation of inventories, all derivatives and forward contracts.

s. Selling, general and administrative expenses

Selling, general and administrative expenses includes the Group's corporate offices, rent and facility costs, staff cost, depreciation and certain other general and administrative expenses. As the Company chooses to present the gross profit as the result on the trades these cost were not attributed to cost of sales.

t. Finance income and finance expense

Interest income and interest expense are recognised on a time-proportion basis using the effective interest method.

u. Corporate taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in statement of income except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current income tax

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The charge for taxation includes Singaporean and foreign corporate income taxation. Due to the different statutory rates applicable and non-deductible expenses, the Group effective tax charge differs from the statutory tax rate applicable in Singapore.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposure

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the

F. Notes to consolidated financial statements

Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

v. Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

w. Segments

The Group's operating segments are established on the basis of those components of the group that are evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and in assessing performance.

x. Use of estimates and judgements

The preparation of the Group's financial statements in compliance with IFRS requires management to make significant judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. Actual outcomes could differ from those estimates. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur

The Group has identified the following areas as being critical to understanding the Company's financial position as they require management to make complex and/or subjective judgements and estimates about matters that are inherently uncertain.

(i) Valuation of derivative instruments

Derivative instruments are carried at fair value and the Group evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 13 Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiable inputs (Level 2); or by using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring the Group to make market based assumptions (Level 3). For more details refer to note 27. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(ii) Impairments

Investments in associates and other investments, loans receivables and property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognised. Loans receivables are evaluated based on collectability. Future cash flow estimates which are used to calculate the asset's fair value are based on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating, rehabilitation and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management. Refer to note 11, note 12, note 13 and note 15.

(iii) Provisions

The amount recognised as a provision, including tax, legal, restoration and rehabilitation, contractual and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Group assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements. Refer to note 24.

(iv) Taxation

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. These judgements are subject to risk and uncertainty and hence, to the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in income in the period in which the change occurs. The recoverability of deferred tax assets including the estimates and assumptions contained therein are reviewed regularly by management. Refer to note 10.

(v) Determination of control of subsidiaries and joint arrangements

Judgement is required to determine whether the Group controls an entity, and consequently, whether it needs to consolidate that entity into the consolidated financial statements. Specifically, the Group assesses whether it has the power over the relevant activities of the entity, exposure to its variable returns or the ability to use power to impact returns of the entity.

The Group has certain investments in companies, which are not consolidated and whose results are accounted for in the Group's consolidated financial statements based on their equity share ownership. The most significant of the Group's investments is a 49.6% investment in Puma Energy Holdings Pte Ltd, which was deconsolidated as of 30 September 2013 following the sale of the majority interest. Judgement is also required in determining the classification of a joint arrangement between a joint venture or a joint operation through an evaluation of the rights and obligations arising from the arrangement. The impact of the decision regarding the

existence of control significantly impacts the accuracy, completeness and presentation of the financial statements and potentially, the debt covenant ratios which are included in the covenants to the Groups debt financing arrangements. Refer to notes 6 and 13.

(vi) Pension benefits obligation

The accounting policy applied by the Group for defined benefit pension schemes requires management to make judgements as to the nature of such benefits provided by each scheme which thereby determines the classification of each scheme. The cost of defined benefit pension plans and the present value of the pension obligation are required to be determined annually using actuarial valuations. An actuarial valuation involves making various estimates and assumptions. These include the determination of the future returns on each different type of scheme asset, the discount rate, future salary increases, employee attrition rates, mortality rates, expected remaining periods of service of employees and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

4. Operating segments

The Group's operating businesses are organised and managed separately according to the nature of the products, with each segment representing a strategic unit that offers different products and serves different markets.

Segment results that are reported to the Group's Chief Executive Officer (CEO) (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

- The Oil and Petroleum Products segment is engaged in the sourcing, provision and storage of oil, at all stages from crude to finished products such as naphtha and gasoline. This includes the blending required to make gasoline in the various grades suitable for the different specifications relevant in different countries.
- The Metals and Minerals segment trades copper, lead, zinc, aluminium, iron ore and coal in all forms including ores, concentrates, and refined metals. There is involvement in all the various stages from mining through smelting to the finished metal. This segment also includes the Mining group and Impala Warehousing and Logistics and includes the blending of metal concentrates, iron ore, coal and alumina, as well as warehousing and transportation.
- All other segments includes holding companies, and some smaller operating companies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment gross profit, as included in the internal management reports that are reviewed by the Group's CEO. Segment gross profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Trafigura accounts for inter-segment sales and transfers where applicable as if the sales or transfers were to third parties.

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities, and other material items:

2017	Oil and Petroleum USD'M	Metals and Minerals USD'M	All other segments USD'M	Total USD'M
Revenue from external customers	94,016.8	42,403.9	–	136,420.7
Gross profit	**1,139.3**	**1,099.7**		**2,239.0**
Other income/(expenses)	–	–	–	163.2
General and administrative expenses	–	–	–	(945.0)
Finance income	–	–	–	557.1
Finance expense	–	–	–	(813.4)
Share of profit/(loss) of equity-accounted investees	–	–	–	(232.2)
Income tax expense	–	–	–	(81.4)
Profit for the year				**887.3**

2017	Oil and Petroleum USD'M	Metals and Minerals USD'M	All other segments USD'M	Total USD'M
Segment assets and liabilities				
Equity-accounted investees	2,664.7	810.2	13.0	3,487.9
Other non-current assets	1,134.7	2,708.3	766.7	4,609.7
Non current assets classified as held for sale	66.3	2.0	–	68.3
Total assets	23,820.8	18,523.1	6,263.7	48,607.6
Total liabilities	**14,756.3**	**15,289.7**	**12,176.8**	**42,222.8**
Other segment information				
Capital expenditure	218.8	126.9	45.3	391.0
Depreciation and amortisation	22.3	93.1	83.6	199.0
Impairment of non-financial assets	7.9	8.8	0.6	17.4
Impairment of financial assets	–	23.8	–	23.8
Impairment of equity-accounted investees	2.4	1.8	–	4.2

2016	Oil and Petroleum USD'M	Metals and Minerals USD'M	All other segments USD'M	Total USD'M
Revenue from external customers	63,831.3	34,266.5	–	98,097.8
Gross profit	**1,460.3**	**830.9**		**2,291.2**
Other income/(expenses)	–	–	–	(233.2)
General and administrative expenses	–	–	–	(946.7)
Finance income	–	–	–	387.0
Finance expense	–	–	–	(507.7)
Share of profit/(loss) of equity-accounted investees	–	–	–	94.3
Income tax expense	–	–	–	(110.2)
Profit for the year	–	–	–	**974.7**