

GLENCORE

INTERNATIONAL AG
AND SUBSIDIARIES

FINANCIAL STATEMENTS
30 JUNE 2011

GENERAL INFORMATION AND RECONCILIATION TO THE 2011 GLENCORE INTERNATIONAL PLC INTERIM REPORT

On 24 May 2011, the new ultimate parent company and owner of 100% of the issued share capital of Glencore International AG (“Glencore Group or Glencore”), Glencore International plc, was admitted to the Official List of the UK Listing Authority and commenced trading on the London Stock Exchange’s premium listed market and on the Hong Kong Stock Exchange on 25 May 2011 via a secondary listing (the “Listing”). Immediately prior to the Listing, the ownership interests in Glencore International AG were restructured (the “Restructuring”) such that Glencore International plc replaced Glencore Holding AG as the ultimate parent company and Glencore International AG became a wholly owned subsidiary of the new listed entity, Glencore International plc.

These interim condensed financial statements exclude the business activities of Glencore International plc and as such should be read in conjunction with the financial statements and notes thereto included in the 2011 Glencore International plc Interim Report available at www.glencore.com.

The significant business activities of Glencore International plc that are not included in these financial statements are:

- Various operating costs – Directors fees, listing fees and other related fees that are in the name of Glencore International plc.
- Presentation of the proceeds raised from the primary share issuance of Glencore International plc – The net \$ 7.7 billion of proceeds raised from the primary issuance of shares in Glencore International plc has been transferred to Glencore International AG via a subordinated intercompany loan structure. Glencore International AG therefore reflects these proceeds as subordinated debt whereas these proceeds have been reflected as equity in the consolidated accounts of Glencore International plc.

CONDENSED CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED 30 JUNE
(UNAUDITED)

US \$ million	Notes	Glencore International plc and subsidiaries ¹ 2011	Eliminate expenses at Glencore International plc level ²	Reclassify Primary offering proceeds ²	Glencore International AG and subsidiaries 2011	Glencore International AG and subsidiaries 2010
Revenue		92,120			92,120	70,007
Cost of goods sold		-89,411			-89,411	-68,138
Selling and administrative expenses		-457	1		-456	-476
Share of income from associates and jointly controlled entities		1,040			1,040	797
Other (expense)/income - net	2	-366			-366	54
Dividend income		11			11	7
Interest income		160			160	166
Interest expense		-626			-626	-569
Income before income taxes and attribution		2,471	1		2,472	1,848
Income tax credit/(expense)	3	201			201	-153
Income before attribution		2,672	1		2,673	1,695
Attribution to hybrid profit participation shareholders		0			0	-60
Attribution to ordinary profit participation shareholders		0			0	-330
Income for the period		2,672	1		2,673	1,305
Attributable to:						
Non controlling interests		198			198	225
Equity holders		2,474	1		2,475	1,080

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE
(UNAUDITED)

US \$ million	Notes	Glencore International plc and subsidiaries ¹ 2011	Eliminate expenses at Glencore International plc level ²	Reclassify Primary offering proceeds ²	Glencore International AG and subsidiaries 2011	Glencore International AG and subsidiaries 2010
Income for the period		2,672	1		2,673	1,305
Exchange gain/(loss) on translation of foreign operations		20			20	-10
Loss on cash flow hedges		-56			-56	-206
Loss on available for sale financial instruments	6	-224			-224	-821
Share of comprehensive income/(loss) from associates and jointly controlled entities		11			11	-125
Income tax relating to components of other comprehensive income		-24	-6		-30	-2
Net loss recognised directly in equity		-273	-6		-279	-1,164
Cash flow hedges transferred to the statement of income, net of tax		0			0	-31
Other comprehensive loss		-273	-6		-279	-1,195
Total comprehensive income		2,399	-5		2,394	110
Attributable to:						
Non controlling interests		202			202	225
Equity holders		2,197	-5		2,192	-115

¹ See 2011 Glencore International plc Interim Report at www.glencore.com.

² See page 1 for explanation.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011 AND DECEMBER 2010

US \$ million	Notes	Glencore International plc and subsidiaries ¹ 2011 (unaudited)	Eliminate expenses at Glencore International plc level ²	Reclassify Primary offering proceeds ²	Glencore International AG and subsidiaries 2011 (unaudited)	Glencore International AG and subsidiaries 2010 (audited)
Assets						
Non current assets						
Property, plant and equipment	4	12,660			12,660	12,088
Intangible assets	5	155			155	0
Investments in associates and jointly controlled entities	6	17,733			17,733	16,766
Other investments	6	2,606			2,606	2,438
Advances and loans		3,842			3,842	3,830
Deferred tax assets		619	-6		613	369
		37,615	-6		37,609	35,491
Current assets						
Inventories	7	17,794			17,794	17,393
Accounts receivable	8	18,960			18,960	18,994
Other financial assets		5,176			5,176	5,982
Prepaid expenses and other assets		203			203	118
Marketable securities		39			39	66
Cash and cash equivalents		1,576			1,576	1,463
		43,748			43,748	44,016
Assets held for sale	9	0			0	280
		43,748			43,748	44,296
Total assets		81,363	-6		81,357	79,787
Equity and liabilities						
Capital and reserves - attributable to equity holders						
Share capital	10	69		-9	60	37
Reserves and retained earnings		28,987	-5	-7,607	21,375	5,387
		29,056	-5	-7,616	21,435	5,424
Non controlling interests		3,079			3,079	2,894
		32,135	-5	-7,616	24,514	8,318
Hybrid profit participation shareholders	10	0			0	1,823
Ordinary profit participation shareholders	10	0			0	12,366
Total net assets attributable to profit participation shareholders, non controlling interests and equity holders		32,135	-5	-7,616	24,514	22,507
Other non current liabilities						
Subordinated loan due to Glencore International plc		0		1,500	1,500	0
Borrowings	11	17,542			17,542	18,251
Deferred Income		149			149	164
Deferred tax liabilities		1,074			1,074	1,308
Provisions		755			755	719
		19,520		1,500	21,020	20,442
Current borrowings						
Subordinated loan due to Glencore International plc		0	-1	6,116	6,115	0
Borrowings	11	6,445			6,445	11,881
Commodities sold with agreements to repurchase		101			101	484
Accounts payable		17,445			17,445	16,145
Other financial liabilities		5,517			5,517	8,066
Income tax payable		200			200	217
		29,708	-1	6,116	35,823	36,793
Liabilities held for sale	9	0			0	45
		29,708	-1	6,116	35,823	36,838
Total equity and liabilities		81,363	-6	0	81,357	79,787

¹ See 2011 Glencore International plc Interim Report at www.glencore.com.

² See page 1 for explanation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE
(UNAUDITED)

US \$ million	Glencore International plc and subsidiaries ¹ 2011	Eliminate expenses at Glencore International plc level ²	Reclassify Primary offering proceeds ²	Glencore International AG and subsidiaries 2011	Glencore International AG and subsidiaries 2010
Operating activities					
Income before income taxes and attribution	2,471	1		2,472	1,848
Adjustments for:					
Depreciation and amortisation	542			542	542
Share of income from associates and jointly controlled entities	-1,040			-1,040	-797
Increase/(decrease) in non current provisions	20			20	-6
Gain on sale of investments - net	-3			-3	-8
Unrealised mark to market movements on other investments	-6			-6	10
Impairments and other non cash items - net	22			22	-183
Interest expense - net	466			466	403
Cash generated by operating activities before working capital changes	2,472	1		2,473	1,809
Working capital changes					
Decrease/(increase) of marketable securities	29			29	-53
Decrease/(increase) in accounts receivable ³	764			764	182
(Increase)/decrease in inventories	-448			-448	3,592
Decrease in accounts payable ⁴	-852			-852	-1,647
Total working capital changes	-507			-507	2,074
Income taxes paid	-311			-311	-162
Interest received	63			63	100
Interest paid	-606			-606	-485
Net cash generated by operating activities	1,111	1		1,112	3,336
Investing activities					
Payments of non current advances and loans	-64			-64	-247
Acquisition of subsidiaries	0			0	-364
Purchase of investments	-417			-417	-92
Exercise of Prodeco call option	0			0	-2,000
Proceeds from sale of investments	8			8	56
Purchase of property, plant and equipment	-1,113			-1,113	-745
Proceeds from sale of property, plant and equipment	74			74	187
Dividend received from associates	230			230	110
Net cash (used) in investing activities	-1,282			-1,282	-3,095
Financing activities					
Share issuance	7,674		-7,674	0	0
Subordinated loan due to Glencore International plc	0	-1	7,674	7,673	0
Proceeds from issuance of Swiss Franc and Euro bonds	237			237	1,699
Repurchase of Perpetual bonds	-292			-292	0
Proceeds from Convertible bonds	0			0	283
Proceeds from Xstrata secured bank loans	384			384	0
Proceeds/(repayment) of other non current borrowings	26			26	-122
Repayment of current borrowings	-7,235			-7,235	-946
Acquisition of additional interest in subsidiaries	-25			-25	0
Payment of profit participation certificates	-468			-468	-484
Dividend to non controlling interests	-17			-17	0
Dividend	0			0	-1
Net cash generated by financing activities	284	-1	0	283	429
Increase in cash and cash equivalents	113			113	670
Cash and cash equivalents, beginning of period	1,463			1,463	860
Cash and cash equivalents, end of period	1,576	0	0	1,576	1,530

¹ See 2011 Glencore International plc Interim Report at www.glencore.com.

² See page 1 for explanation.

³ Includes movements in other financial assets, prepaid expenses and other assets.

⁴ Includes movements in other financial liabilities.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED
(UNAUDITED)

US \$ million	Retained earnings	Share premium ¹	Other reserves ¹	Total reserves and retained earnings	Share capital	Total equity attributable to equity holders	Non controlling interests	Total equity
At 1 January 2010	4,413	0	-18	4,395	46	4,441	1,258	5,699
Class B shares redeemed pursuant to the Restructuring ¹	0	0	0	0	-46	-46	0	-46
Ordinary share issued pursuant to the Restructuring ¹	0	0	9	9	37	46	0	46
At 1 January 2010 (restated)	4,413	0	-9	4,404	37	4,441	1,258	5,699
Income for the period	1,080	0	0	1,080	0	1,080	225	1,305
Other comprehensive loss	-125	0	-1,070	-1,195	0	-1,195	0	-1,195
Dividend	-1	0	0	-1	0	-1	0	-1
Change in ownership interest in subsidiaries	0	0	-99	-99	0	-99	126	27
Acquisition of subsidiaries	0	0	0	0	0	0	1,152	1,152
Equity portion of Convertible bonds	0	0	12	12	0	12	0	12
At 30 June 2010 (restated)	5,367	0	-1,166	4,201	37	4,238	2,761	6,999
Income for the period	211	0	0	211	0	211	130	341
Other comprehensive income	82	0	929	1,011	0	1,011	18	1,029
Dividend	-1	0	0	-1	0	-1	0	-1
Return of capital to non controlling interests	0	0	0	0	0	0	-28	-28
Change in ownership interest in subsidiaries	0	0	-35	-35	0	-35	-67	-102
Acquisition of subsidiaries	0	0	0	0	0	0	80	80
At 31 December 2010 (restated)	5,659	0	-272	5,387	37	5,424	2,894	8,318
At 1 January 2011	5,659	0	-272	5,387	37	5,424	2,894	8,318
Income for the period	2,475	0	0	2,475	0	2,475	198	2,673
Other comprehensive loss	11	0	-294	-283	0	-283	4	-279
Conversion of HPPS and PPS profit participation plans	0	13,821	0	13,821	16	13,837	0	13,837
Conversion of LTS and LTPPS profit participation plans	-5,701	5,694	0	-7	7	0	0	0
Change in ownership interest in subsidiaries	0	0	-25	-25	0	-25	0	-25
Equity settled share-based payments	7	0	0	7	0	7	0	7
Dividend to non controlling interests	0	0	0	0	0	0	-17	-17
At 30 June 2011	2,451	19,515	-591	21,375	60	21,435	3,079	24,514

¹ See note 10.

Notes to the unaudited condensed interim consolidated financial statements

1. ACCOUNTING POLICIES

Basis of preparation

These unaudited condensed interim consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the audited 2010 Annual Report of Glencore International AG and subsidiaries ("2010 Annual Report") and the 2011 Glencore International plc Interim Report both of which are available at www.glencore.com. Certain financial information that is included in the audited annual financial statements but is not required for interim reporting purposes has been condensed or omitted. The impact of seasonality or cyclicalities on operations is not regarded as significant to the unaudited condensed interim consolidated financial statements.

Significant accounting policies

These unaudited condensed interim consolidated financial statements are prepared using the same accounting policies as applied in the audited 2010 Annual Report with the exception of the adoption of IFRS 2 Share-based Payment which details the accounting and disclosure requirements with respect to the phantom equity award plan (see note 13) established concurrent with the Listing and IAS 38 Intangible Assets with respect to the acquisition of the Pacorini Group and the recognition and accounting for goodwill and other intangible assets (see notes 5 and 12). The following amendments to the existing standards and interpretations were adopted as of 1 January 2011:

- IAS 24 Related Party disclosures;
- IFRIC 14 Prepayments of a minimum funding requirement (amendment);
- IFRIC 19 Extinguishing financial liabilities with equity instruments.

The adoption of these amendments had no material impact on Glencore's unaudited condensed interim consolidated financial statements.

2. OTHER (EXPENSE)/INCOME – NET

US \$ million	H1 2011	H1 2010
Changes in mark to market valuation – net	6	10
Changes in mark to market valuation of forward contracts	– 161	– 131
Listing related expenses	– 258	0
Net property, plant and equipment impairment reversal/(charge)	16	– 24
Foreign exchange gain/(loss)	26	– 59
Prodeco transaction and related expenses	0	– 209
Revaluation of previously held interest in newly acquired businesses	0	462
Other	5	5
Total	– 366	54

In addition to foreign exchange gains/(losses) and mark to market movements on investments held for trading, other (expense)/income – net includes other significant items of income and expense which due to their non operational nature or expected infrequency of the events giving rise to them are reported separately from operating segment results. Other (expense)/income – net includes, but is not limited to, impairment charges/reversals, revaluation of previously held interests in business combinations and Listing related expenses.

Changes in mark to market valuation – net

Primarily relates to movements on interests in other investments classified as held for trading and carried at fair value, with Glencore's stake in Volcan Compania Minera S.A.A., Nyrstar N.V. and Polymet Mining Corp. accounting for the majority of the movement in 2011 and 2010.

Notes to the unaudited condensed interim consolidated financial statements

Changes in mark to market valuation of forward contracts

Represents movements in fair value of certain fixed price forward coal sales contracts relating to Prodeco's future production into which it plans to physically deliver. Following the legal reacquisition of Prodeco in March 2010, from an accounting perspective, these forward sales contracts could not technically be classified as "own use" or as cashflow hedges, which would have deferred the income statement effect until performance of the underlying future sale transactions. As at period end, approximately 14.1 million tonnes of such coal had been sold forward at a fixed price in respect of quarterly periods to the end of 2013.

Listing related expenses

Expenses incurred in connection with the Listing that relate to obtaining the listing for ordinary shares, the Restructuring and/or change in the employee shareholder profit attribution model, rather than the costs incurred solely in relation to the issuance of the new (primary) equity, and comprise \$ 91 million of stamp duty costs, \$ 36 million of professional advisor's costs and \$ 131 million of compensation related costs.

Prodeco transaction and related expenses

In March 2009, Xstrata acquired Glencore's Colombian Coal Group (Prodeco) for \$ 2 billion and concurrently granted Glencore an option to repurchase Prodeco within 12 months for \$ 2.25 billion plus notional profits accrued during the option period and the net balance of any cash invested. Given the fixed price repurchase option, the conditions for derecognition/disposal of Prodeco were not met under IFRS and as a consequence, Prodeco's operations remained in the consolidated financial statements, while the "proceeds" were deferred and recognised as a liability. In March 2010, the option was exercised. Following the exercise of the option, in addition to the option repurchase expenses (including the option premium and profit entitlement) incurred during the period, \$ 114 million of additional depreciation expense was recognised to reflect the depreciation that would have been charged if the related assets had not previously been classified as held for sale during the option period.

Revaluation of previously held interest in newly acquired businesses

In February 2010, Kazzinc purchased the remaining 60% of Vasilkovskoje Gold. At the date of acquisition, the previously owned 40% interest was revalued to its fair value and as a result, a net gain of \$ 462 million was recognised.

Notes to the unaudited condensed interim consolidated financial statements

3. INCOME TAXES

Income taxes consist of the following:

US \$ million	H1 2011	H1 2010
Current income tax expense	- 302	- 170
Deferred income tax credit ¹	503	17
Total credit/(expense)	201	- 153

The effective Group tax rate is different from the statutory Swiss income tax rate applicable to the Company for the following reasons:

US \$ million	H1 2011	H1 2010
Income before income taxes and attribution	2 472	1 848
Less: share of income from associates and jointly controlled entities	- 1 040	- 797
Parent company's and subsidiaries' income before income tax and attribution	1 432	1 051
Income tax expense calculated at the Swiss income tax rate	- 227	- 167
Effect of different tax rates of subsidiaries operating in other jurisdictions	- 107	- 112
Tax exempt income, net of non-deductible expenses and other permanent differences	39	142
Recognition of tax deductions/losses triggered upon Listing ¹	427	0
Recognition/(derecognition) of tax losses and other deferred tax assets	69	- 16
Total credit/(expense)	201	- 153

¹ As part of the Restructuring (see note 10), the potential amounts owing to the shareholder employees under the various active profit participation plans were settled and crystallised Swiss income tax deductions/losses that can be carried forward and applied against future taxable income.

4. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2011 Glencore added property, plant and equipment with a cost of \$ 1,113 million (2010: \$ 745 million) and disposed of property, plant and equipment with a net book value of \$ 72 million (2010: \$ 219 million).

Notes to the unaudited condensed interim consolidated financial statements

5. INTANGIBLE ASSETS

US \$ million	Notes	Goodwill	Future warehousing fees	Total
Cost:				
1 January 2011		0	0	0
Reclassified from held for sale	9/12	125	32	157
30 June 2011		125	32	157
Accumulated amortisation and impairment:				
1 January 2011		0	0	0
Amortisation expense ¹		0	2	2
30 June 2011		0	2	2
Net carrying amount		125	30	155

¹ Recognised in cost of goods sold.

Goodwill and future warehousing fees have been recognised as part of the acquisition of the Pacorini metals warehousing business, see note 12. The future warehousing fees represent the expected income receivable once the metal in the warehouses which existed as at the date of acquisition physically flows out, based on historical analysis of holding periods, expected to be over 5 years. The goodwill is attributable to synergies expected to arise in conjunction with the metals marketing division's expected increased activities. In assessing whether goodwill has been impaired, the carrying amount of the cash generating unit was compared with its recoverable amount. The recoverable amount was determined by reference to the value in use which looks at pre-tax future cash flow projections based on the approved financial budgets, discounted to present value using a rate of 8%.

Notes to the unaudited condensed interim consolidated financial statements

6. INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS

US \$ million	as at 30.06.2011	as at 31.12.2010
Listed Associates	16 345	15 511
Non listed Associates	1 388	1 255
Investments in Associates	17 733	16 766
Other investments	2 606	2 438
Total	20 339	19 204

The list of principal subsidiaries, joint ventures and associates as at 30 June 2011 is consistent with that disclosed in the 2010 Annual Report.

Other investments

Other investments primarily include a 8.8% interest in United Company Rusal ("UCR") (\$ 1,824 million; 2010: \$ 2,048 million) which is carried at fair value, as an available for sale financial asset, with associated movements recognised within a related equity reserve (see note 10), a 7.8% interest in Nyrstar N.V. (\$ 192 million; 2010: \$ 117 million), a 6.3% interest in Volcan Compania Minera S.A.A. (\$ 282 million; 2010: \$ 187 million) and a notional 9% economic interest in Century Aluminum Company, held via cash-settled total return swaps (\$ 143 million; 2010: \$ 73 million), the latter three investments carried at fair value with associated movements recognised in the statement of income (see note 2). As at 30 June 2011, \$ 101 million (2010: \$ 113 million) of Glencore's investment in UCR was pledged as a guarantee against certain borrowings of UCR.

7. INVENTORIES

US \$ million	as at 30.06.2011	as at 31.12.2010
Production inventories	3 424	2 805
Marketing inventories	14 370	14 588
Total	17 794	17 393

Glencore has a number of dedicated financing facilities, which finance a portion of its marketing inventories. In each case, the inventory has not been derecognised as the Group retains the principal risks and rewards of ownership. The proceeds received are recognised as either current borrowings, commodities sold with agreements to repurchase or trade advances from buyers, depending upon their funding nature. As at 30 June 2011, the total amount of inventory securitised under such facilities was \$ 1,104 million (2010: \$ 2,426 million). The proceeds received and recognised as current borrowings (see note 11) were \$ 856 million (2010: \$ 1,338 million), as commodities sold with agreements to repurchase \$ 101 million (2010: \$ 484 million) and as trade advances from buyers \$ 18 million (2010: \$ 67 million).

Notes to the unaudited condensed interim consolidated financial statements

8. ACCOUNTS RECEIVABLE

US \$ million	as at 30.06.2011	as at 31.12.2010
Trade receivables	13 525	12 663
Trade advances and deposits	3 395	4 297
Associated companies	320	494
Other receivables	1 720	1 540
Total	18 960	18 994

Glencore has a number of dedicated financing facilities, which finance a portion of its receivables. In each case, the receivables have not been derecognised, as the Group retains the principal risks and rewards of ownership. The proceeds received are recognised as current borrowings (see note 11). As at 30 June 2011, the total amount of trade receivables securitised was \$ 717 million (2010: \$ 2,349 million) and proceeds received and classified as current borrowings amounted to \$ 659 million (2010: \$ 1,950 million).

9. ASSETS AND LIABILITIES HELD FOR SALE

In March 2011, the plan to merge the Pacorini metals warehousing business with a third party was abandoned and the net assets (assets of \$ 280 million and liabilities of \$ 45 million) previously classified as held for sale in 2010 were reclassified to the respective line items in the statement of financial position at depreciated cost (see notes 5 and 12).

Notes to the unaudited condensed interim consolidated financial statements

10. SHARE CAPITAL AND RESERVES

Share capital

	Share capital (US \$ million)	Share premium (US \$ million)
Issued and fully paid up:		
1 January 2010 – Class B shares	46	0
Class B shares redeemed pursuant to the Restructuring	– 46	0
Ordinary shares issued pursuant to the Restructuring	37	0
1 January 2010 (restated) – Ordinary shares	37	0
31 December 2010 (restated) – Ordinary shares	37	0
Ordinary shares issued in exchange for HPPS and PPS profit participation obligations	16	13 821
Ordinary shares issued in exchange for LTS and LTPPS profit participation obligations	7	5 694
30 June 2011 – Ordinary shares	60	19 515

Restructuring

Immediately prior to the Listing, the Glencore Group implemented a Restructuring whereby potential amounts owing to the then shareholder employees under the various active profit participation plans (Hybrid Profit Participation Shareholders (HPPS), Ordinary Profit Participation Shareholders (PPS), Glencore L.T.E. Profit Participation Shareholders (LTS) and Long Term Profit Participation Shareholders (LTPPS); see the 2010 Annual Report for details) were settled in exchange for new ordinary shares and the ultimate ownership interests in Glencore International AG were assumed via Glencore International plc.

Settlement of the profit participation plans

The accounting for the settlement of the four profit participation plans was similar, whereby the outstanding balances under each plan prior to Listing were exchanged for an equivalent number of ordinary shares at the Listing price of 530 pence (\$ 8.56) per share. The difference between the nominal and fair value of the new ordinary shares issued was recognised as a share premium.

Reorganisation of the ultimate parent company

Following the settlement of the profit participation plans described above, Glencore International plc replaced Glencore Holding AG as the ultimate parent company and Glencore International AG became a wholly owned subsidiary of Glencore International plc, the entity listed on the London and Hong Kong stock exchanges.

Notes to the unaudited condensed interim consolidated financial statements

Other reserves

US \$ million	Notes	Translation adjustment	Equity portion of Convertible bonds	Cash flow hedge reserve	Net unrealised gain/(loss)	Net ownership changes in subsidiaries	Other reserves	Total
At 1 January 2010		-7	77	-89	0	0	1	-18
Ordinary shares issued pursuant to the Restructuring		0	0	0	0	0	9	9
At 1 January 2010 (restated)		-7	77	-89	0	0	10	-9
Exchange loss on translation of foreign operations		-10	0	0	0	0	0	-10
Loss on cash flow hedges, net of tax		0	0	-208	0	0	0	-208
Loss on available for sale financial instruments	6	0	0	0	-821	0	0	-821
Cash flow hedges transferred to the statement of income, net of tax		0	0	-31	0	0	0	-31
Change in ownership interest in subsidiaries		0	0	0	0	-99	0	-99
Equity portion of Convertible bonds		0	12	0	0	0	0	12
At 30 June 2010 (restated)		-17	89	-328	-821	-99	10	-1 166
Exchange gain on translation of foreign operations		18	0	0	0	0	0	18
Gain on cash flow hedges, net of tax		0	0	28	0	0	0	28
Gain on available for sale financial instruments	6	0	0	0	846	0	0	846
Cash flow hedges transferred to the statement of income, net of tax		0	0	37	0	0	0	37
Change in ownership interest in subsidiaries		0	0	0	0	-35	0	-35
At 31 December 2010 (restated)		1	89	-263	25	-134	10	-272
Exchange gain on translation of foreign operations		16	0	0	0	0	0	16
Loss on cash flow hedges, net of tax		0	0	-86	0	0	0	-86
Loss on available for sale financial instruments	6	0	0	0	-224	0	0	-224
Change in ownership interest in subsidiaries		0	0	0	0	-25	0	-25
At 30 June 2011		17	89	-349	-199	-159	10	-591

Notes to the unaudited condensed interim consolidated financial statements

11. BORROWINGS

US \$ million	Notes	as at 30.06.2011	as at 31.12.2010
Non current borrowings			
144A Notes		946	946
Xstrata secured bank loans		2 684	0
Convertible bonds		2 142	2 132
Eurobonds		4 035	3 725
Swiss Franc bonds		979	639
Sterling bonds		1 029	999
Perpetual notes		347	735
Ordinary profit participation certificates		1 001	1 059
Committed syndicated revolving credit facility		3 079	6 744
Other bank loans		1 300	1 272
Total non current borrowings		17 542	18 251
Current borrowings			
Committed syndicated revolving credit facility		0	515
Committed secured inventory/receivables facility	7/8	900	1 700
Committed secured receivables facilities	8	62	700
Bilateral uncommitted secured inventory facilities	7	553	888
U.S. commercial paper		86	310
Xstrata secured bank loans		0	2 292
Eurobonds		827	765
Perpetual notes		389	292
Ordinary profit participation certificates		674	796
Other bank loans		2 954	3 623
Total current borrowings		6 445	11 881

Xstrata secured bank loans

In June 2011, Glencore refinanced the \$ 2.8 billion facilities (\$ 2.3 billion drawn) with new 2 year \$ 2.7 billion equivalent facilities. The facilities have been accounted for as secured bank loans which bear interest at a rate of U.S. \$LIBOR plus a margin. As at 30 June 2011, \$ 5,494 million (2010: \$ 4,199 million) of the value of Glencore's investment in Xstrata was pledged as security.

Swiss Franc bonds

In January 2011, Glencore issued CHF 225 million (\$ 235 million) 3.625% interest bearing bonds due April 2016, as a tap to its existing CHF bond.

Notes to the unaudited condensed interim consolidated financial statements

Perpetual notes

In February 2011, Glencore redeemed \$ 300 million of the \$ 700 million 8% perpetual notes at par. In August 2011, Glencore redeemed the remaining \$ 400 million of these bonds, leaving a total of \$ 350 million of 7.5% Perpetual bonds outstanding.

Committed syndicated revolving credit facility

In May 2011, Glencore replaced the previous 364 day \$ 1,375 million and \$ 515 million committed revolving credit facilities with two new 364 day committed revolving credit facilities for \$ 2,925 million and \$ 610 million respectively, both with a one year term extension option at the borrower's discretion. In addition, Glencore extended the final maturity of \$ 8,340 million of the \$ 8,370 million medium term revolver for a further year to May 2014. In aggregate, the new facilities represent an overall increase in committed available liquidity of \$ 1,645 million.

12. ACQUISITION OF SUBSIDIARIES

2011

There were no significant acquisitions or disposals of subsidiaries.

2010

Pacorini

In September 2010, Glencore acquired the metals warehousing business of the Pacorini Group for \$ 209 million in cash. As contemplated at the time of the acquisition, Glencore commenced a review of the strategic alternatives to strengthen Glencore's participation in the metals warehousing business, which was expected to result in a merger involving the acquired business and a third party. As a result, the assets and liabilities were classified as held for sale.

As described in note 9, in March 2011 the plan to merge the Pacorini business with a third party was abandoned and the net assets (assets of \$ 280 million and liabilities of \$ 45 million) previously classified as held for sale in 2010 were reclassified to the respective line items in the statement of financial position at depreciated cost.

The net cash used in the acquisition and preliminary assessment of the fair value of the assets acquired and liabilities assumed at the date of acquisition are detailed below:

US \$ million	Total
Property, plant and equipment	3
Intangible assets	157
Accounts receivable	96
Cash and cash equivalents	21
Non current borrowings	- 1
Accounts payable	- 62
Current borrowings	- 5
Total fair value of net assets acquired	209
Less: cash and cash equivalents	21
Net cash used in acquisition of subsidiaries	188

Details of additional acquisitions completed in 2010 were disclosed in note 21 of the 2010 Annual Report. There have been no changes subsequent to the issuance of the 2010 Annual Report.

Notes to the unaudited condensed interim consolidated financial statements

13. SHARE-BASED PAYMENTS

2011 Phantom Equity Awards

In April and May 2011, phantom equity awards were made to certain employees in lieu of interests in Glencore's existing equity ownership schemes. These equity awards will vest on or before 31 December 2013, subject to the continued employment of the award holder. Phantom equity awards may be satisfied in shares by the issue of new ordinary shares of Glencore International plc, by the transfer of ordinary shares held in treasury or by the transfer of ordinary shares purchased in the market (in each case with a market value equal to the value of the award at vesting, including dividends paid between Listing and vesting), or in cash. Glencore currently intends to settle these awards through the issuance of shares of Glencore International plc. Based on the IPO offer price, the aggregate number of ordinary shares underlying the awards is 24,024,765. The fair value of the awards at the issue date was \$ 206 million determined by reference to the Listing price at the grant date. The total expense recognised in the period was \$ 7 million (2010: \$ nil million).

14. FUTURE COMMITMENTS

Capital expenditure for the acquisition of property, plant and equipment is generally funded through the cash flow generated by the respective industrial entities. As at 30 June 2011, \$ 877 million (2010: \$ 787 million), of which 86% (2010: 100%) relates to expenditure to be incurred over the next year, was contractually committed for the acquisition of property, plant and equipment.

Certain of Glencore's exploration tenements and licenses require it to spend a minimum amount per year on development activities, a significant portion of which would have been incurred in the ordinary course of operations. As at 30 June 2011, \$ 415 million of such development expenditures are to be incurred, of which 37% are for commitments to be settled over the next year.

Glencore procures seagoing vessel/chartering services to meet its overall marketing objectives and commitments. As at 30 June 2011, Glencore has committed to future hire costs to meet future physical delivery and sale obligations and expectations of \$ 2,414 million (2010: \$ 2,608 million), 43% of which are for services to be received over the next 2 years.

As part of Glencore's ordinary sourcing and procurement of physical commodities and other ordinary marketing obligations, the selling party may request that a financial institution act as either a) the paying party upon the delivery of product and qualifying documents through the issuance of a letter of credit or b) the guarantor by way of issuing a bank guarantee accepting responsibility for Glencore's contractual obligations. As at 30 June 2011, \$ 10,558 million (2010: \$ 8,956 million) of such commitments have been issued on behalf of Glencore, which will generally be settled simultaneously with the payment for such commodity.

Future development and related commitments

Kazzinc

In April 2011, Glencore agreed to acquire additional stakes in Kazzinc. Upon closing, these purchases will increase Glencore's ownership from 50.7% to 93.0% for a total transaction consideration of \$ 3.2 billion. Subject to the receipt of applicable regulatory approvals which is expected as early as September 2011, consideration for these purchases will be settled through the issuance of \$ 1 billion of ordinary shares at the IPO price, equivalent to 116.8 million shares, such issuance expected to occur upon satisfaction of all applicable conditions precedent, and \$ 2.2 billion in cash expected to be paid in tranches between October and December 2011.

Prodeco

Prodeco currently exports the majority of its coal through Puerto Zuniga which operates under a private concession awarded by the Colombian government. This concession expired March 2009; however the Colombian government has continued to grant Prodeco the right to use the port under annual lease agreements. To comply with new government regulations on loading methods, which become effective from July 2010, and to alleviate itself from the uncertainty of the annual concession renewal process associated with Puerto Zuniga, Prodeco has initiated construction of a new, wholly owned, port facility (Puerto Nuevo) which is estimated to cost \$ 530 million and be commissioned over the first half of 2013. If the concession does not continue to be extended, Prodeco's export capability would be curtailed, which could significantly impact operations until Puerto Nuevo is operational. As at 30 June 2011, \$ 134 million of the estimated cost has been incurred and \$ 248 million has been contractually committed and is included in the capital expenditure commitments disclosure above.

Notes to the unaudited condensed interim consolidated financial statements

Kansuki

In August 2010, Glencore acquired an ultimate 37.5% interest in the Kansuki concession, a 185 square kilometre copper and cobalt pre-development project which borders Glencore's partly owned Mutanda concession in the DRC. In exchange, Glencore has a) an obligation to finance the first \$ 400 million of development related expenditures, if any, as and when such expenditure is incurred, b) the right to operate the assets and c) a life of mine off-take agreement for all copper and cobalt produced by Kansuki. In addition, one of the partners in Kansuki has the right to sell an additional 18.75% ultimate interest to Glencore at the then calculated equity value of the operation, at the earlier of the date the operation produces a minimum annual 70,000 metric tonnes of copper or August 2013. As at 30 June 2011, \$ 43 million of the estimated development expenditures has been incurred. None of the remaining balance has been contractually committed nor included in the capital expenditure commitments disclosure above.

Perkoa

In November 2010, Glencore and Blackthorn Resources Limited completed a joint venture agreement to develop the Perkoa Zinc Project ("Perkoa") located in Burkina Faso, West Africa. Under the terms of the agreement, Glencore will obtain a 50.1% effective ownership in Perkoa in exchange for a) an obligation to finance the first \$ 80 million of development related expenditures, if any, as and when such expenditure is incurred, b) the right to operate the operations and c) a life of mine off-take agreement for all zinc produced by Perkoa. As at 30 June 2011, \$ 17 million of the estimated development expenditure has been incurred. None of the remaining balance has been contractually committed nor included in the capital expenditure commitments disclosure above.

15. CONTINGENT LIABILITIES

The amount of corporate guarantees in favour of associated and third parties as at 30 June 2011 was \$ 61 million.

Litigation

Certain legal actions, other claims and unresolved disputes are pending against Glencore. Whilst Glencore cannot predict the results of any litigation, it believes that it has meritorious defences against those actions or claims. Glencore believes the likelihood of any liability arising from these claims to be remote and that the liability, if any, resulting from any litigation will not have a material adverse effect on its consolidated income, financial position or cashflows.

Environmental contingencies

Glencore's operations, predominantly those arising from the ownership in industrial investments, are subject to various environmental laws and regulations. Glencore is in material compliance with those laws and regulations. Glencore accrues for environmental contingencies when such contingencies are probable and reasonably estimable. Such accruals are adjusted as new information develops or circumstances change. Recoveries of environmental remediation costs from insurance companies and other parties are recorded as assets when the recoveries are virtually certain. At this time, Glencore is unaware of any material environmental incidents at its locations.

Bolivian constitution

In 2009, the Government of Bolivia enacted a new constitution. One of the principles of the constitution requires mining entities to form joint ventures with the government. Glencore, through its subsidiary Sinchi Wayra, has, in good faith, entered into negotiations with the Bolivian government regarding this requirement. Whilst progress has been made, the final outcome and the timing thereof cannot be determined at this stage.

Notes to the unaudited condensed interim consolidated financial statements

16. RELATED PARTY TRANSACTIONS

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

All transactions between Glencore and its subsidiaries are eliminated on consolidation along with any unrealised profits and losses between its subsidiaries and Associates. Glencore entered into the following transactions with its Associates:

US \$ million	H1 2011
Sales	862
Purchases	- 5 055
Interest income	15
Agency income	38
Accounts receivable (30 June 2011)	320
Accounts payable (30 June 2011)	1 720

US \$ million	H1 2010
Sales	495
Purchases	- 4 360
Interest income	8
Agency income	49
Agency expense	- 3
Accounts receivable (31 December 2010)	494
Accounts payable (31 December 2010)	1 788

Remuneration of key management personnel

Management remuneration was consistent with that disclosed in the 2010 Annual Report except for the settlement of the profit participation plans as outlined in the note 10.

17. SUBSEQUENT EVENTS

- In July 2011, Glencore conditionally agreed to acquire from CST Mining Group Limited a 70% interest in Marcobre S.A.C., the sole owner of the Marcona Copper Property and the Mina Justa Project in Peru, for a cash consideration of \$ 475 million, subject to closing adjustments.
- In August 2011, Glencore announced its intention to make a cash takeover offer for all of the shares in Minara Resources Limited that it does not already own (approximately 27%) of A\$ 0.87 per share, representing a total consideration of approximately US\$ 285 million.

