



GLENCORE

ANNUAL REPORT 2010



GLENCORE

INTERNATIONAL AG
AND SUBSIDIARIES

ANNUAL REPORT 2010

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FINANCIAL REVIEW

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Performance highlights

US \$ million	December 31, 2010	December 31, 2009	December 31, 2008
Adjusted EBITDA ^{1,2}	6 201	3 929	6 787
Adjusted EBIT ^{1,2}	5 290	3 307	6 212
Glencore net income ^{1,2}	3 799	2 724	4 754
Cash generated by operating activities before working capital changes	4 234	3 095	4 587
Funds from operations (FFO) ³	3 333	2 333	3 631

US \$ million	December 31, 2010	December 31, 2009	December 31, 2008
Total assets	79 787	66 276	61 311
Glencore shareholders' funds ²	19 613	16 686	15 405
Gross debt ⁴	30 616	24 066	18 316
Net debt ⁴	14 756	10 186	11 500
Net working capital ²	7 458	8 144	5 802
Current capital employed (CCE) ²	19 588	16 997	11 047

	December 31, 2010	December 31, 2009	December 31, 2008
Working capital ratios:			
Current ratio (times) ²	1.20	1.27	1.19
Adjusted current ratio (times) ²	1.26	1.37	1.33
Equity, gearing and coverage ratios:			
Net debt to net debt plus Glencore shareholders' funds (%)	42.9	37.9	42.7
CCE to Gross debt (times)	0.64	0.71	0.60
CCE plus listed associates (at carrying value) to Gross debt (times)	1.15	1.26	1.22
FFO to Net debt (%)	22.6	22.9	31.6
Net debt to Adjusted EBITDA (times)	2.38	2.59	1.69
Adjusted EBITDA to net interest (times)	6.91	6.69	8.11

¹ Refer to page 11.

² Refer to glossary on page 24 for definitions and calculations.

³ Refer to page 14.

⁴ Refer to page 13.

RESULTS

Market conditions continued to strengthen over the fourth quarter 2010 in most of our businesses. Glencore net income for the quarter totalled \$ 1.3 billion and Adjusted EBITDA \$ 2.1 billion. This quarterly result is higher than the average quarterly result we achieved in the record years of 2007 and 2008, prior to the onset of the global slowdown. On a full year basis, increases over 2009 were as follows:

- Adjusted EBITDA up 58% from \$ 3,929 million to \$ 6,201 million.
- Cash generated by operating activities before working capital changes up 37% from \$ 3,095 million to \$ 4,234 million.

Adjusted EBITDA

Adjusted EBITDA (refer to glossary on page 24 and note 2 of the financial statements) by business segment is as follows:

US \$ million	Marketing activities	Industrial activities	2010 Adjusted EBITDA		Marketing activities	Industrial activities	2009 Adjusted EBITDA	
Metals and minerals	1 401	1 868	3 269	53%	553	1 019	1 572	40%
Energy products	470	359	829	13%	945	462	1 407	36%
Agricultural products	659	107	766	12%	304	78	382	10%
Corporate and other ¹	– 163	1 500	1 337	22%	– 196	764	568	14%
Total	2 367	3 834	6 201	100%	1 606	2 323	3 929	100%

¹ Corporate industrial activities include \$ 1,729 million (2009: \$ 824 million) of Glencore's equity accounted share of Xstrata's income.

Adjusted EBITDA for the year ended December 31, 2010 was \$ 6,201 million, a 58% increase from \$ 3,929 million in the year ended December 31, 2009. This increase was due to stronger contributions from both our industrial activities and our marketing activities. Contributions from industrial activities were up 65% to \$ 3,834 million over \$ 2,323 million in 2009. Average prices for our key metals produced (in particular copper, zinc and nickel) were some 30–45% higher over the year. The contribution from our marketing activities was up 47% to \$ 2,367 million over \$ 1,606 million in 2009.

The largest increase was in the metals and minerals segment, which more than doubled its contribution. The contribution of the sizeable industrial asset portfolio of this segment benefited from stronger metals prices. Improving market sentiment and conditions in the important automotive and construction industries resulted in substantially increased volumes and corresponding income generated within the ferro alloys, nickel and aluminum commodity groups' marketing activities compared to the challenging conditions of 2009.

The agricultural products segment also produced a significantly increased percentage contribution over 2009, as it benefited from tight and dislocated market conditions. These resulted primarily from severe weather conditions which severely affected supply from some traditionally strong export markets such as Russia, Ukraine and Australia.

The energy products segment's contribution was down 41% over the prior year to \$ 829 million. The results of the oil commodity group's marketing activities were subdued due to a relatively stable price environment and a poor freight market which prevailed for most of the year. In addition, the contribution of coal industrial assets was affected by certain infrequent events, most notably, a lengthy strike at one of the coal mines in Colombia and extreme wet weather conditions that affected operations at both our Colombian and South African operations. These impacts on 2010 earnings within the energy products segment are expected to recede in 2011 with a return to more "normal" operating conditions. The contribution from industrial activities was further impacted by \$ 40 million of oil exploration expenses (2009: \$ 26 million), incurred as part of the ongoing build-up of the promising West African exploration and production portfolio which was not able to be capitalized. Production and earnings from the portfolio are expected from first quarter 2012.

Corporate primarily relates to our equity accounted interest in Xstrata and the variable pool bonus accrual, the net result of which was up 135% to \$ 1,337 million compared to 2009. This was mainly owing to an increase in Xstrata's earnings, which reflected higher commodity prices.

The Group's large scale, vertically integrated business model, with its unique combination of marketing and industrial activities across a diverse commodity portfolio, serves to underpin the Group's long term sustainability and resilience.

The following table sets out the average market prices in U.S. dollars for the main commodities Glencore produces and/or markets.

		Spot end 2010	Spot end 2009	Change in %	Average 2010	Average 2009	Change in %
Metals and Minerals	LME (cash)						
Zinc metal	US\$/mt	2 444	2 529	– 3%	2 162	1 663	30%
Copper metal	US\$/mt	9 650	7 342	31%	7 556	5 179	46%
Aluminum	US\$/mt	2 461	2 197	12%	2 175	1 673	30%
Nickel	US\$/mt	24 708	18 452	34%	21 852	14 699	49%
Energy products							
Coal – API4	US\$/mt	123	76	62%	92	65	42%
Oil – WTI	US\$/bbl	91	79	15%	80	62	29%
Agricultural products							
Wheat – CBOT	US\$/bu	794	542	47%	581	530	10%
Sugar – # 11	US\$/lb	32	27	19%	22	18	22%

Revenue

Revenue for the year ended December 31, 2010 was \$ 144,978 million, a 36% increase from \$ 106,364 million in the year ended December 31, 2009. This increase was primarily due to significantly higher average commodity prices for most of the commodities Glencore produced and marketed during 2010 compared to 2009. Higher year on year average prices were most notable in nickel (49%), copper (46%), thermal coal (42%), aluminum (30%), zinc (30%) and crude oil (29%), contributing to an overall increase in revenues of \$ 38,614 million. Given the relatively high revenue proportion of Glencore's oil business, the increase in average oil prices was the largest driver of the total revenue increase in 2010.

Cost of goods sold

Cost of goods sold for the year ended December 31, 2010 was \$ 140,467 million, a 36% increase from \$ 103,133 million in the year ended December 31, 2009. This increase was primarily due to the higher commodity prices noted above and the resulting impact on the purchases of the respective commodities.

Selling and administrative expenses

Selling and administrative expenses for the year ended December 31, 2010 were \$ 1,063 million, a 27% increase from \$ 839 million in the year ended December 31, 2009. This increase was primarily due to higher variable payroll cost, consistent with the increased earnings in 2010.

Share of income from associates and jointly controlled entities

Share of income from associates for the year ended December 31, 2010 was \$ 1,829 million, up from \$ 82 million in the year ended December 31, 2009. The 2009 balance was negatively impacted by impairment charges recorded by underlying associates, our share being \$ 761 million. Adjusting for these exceptional items, there was still a greater than twofold increase over the prior year mainly due to higher earnings at Xstrata, which in turn reflected improved commodity prices.

Other (expense)/income – net

Net other expense for the year ended December 31, 2010 was \$ 8 million, compared to a net other income of \$ 35 million in the year ended December 31, 2009. The net amount in 2010 primarily comprised \$ 790 million negative mark to market adjustments related to certain fixed priced forward coal sales contracts of Prodeco's future production. These forward contracts did not qualify for "own use" or cash flow hedge accounting. The net amount for 2010 also included \$ 225 million of Prodeco call option expenses, offset by \$ 674 million of impairment reversals associated with Glencore's investment in Xstrata following the rebound in market conditions and underlying valuation assumptions. It also included a \$ 462 million revaluation adjustment on the initial 40% interest in Vasilkovskoje Gold immediately prior to the acquisition of the remaining 60% interest in February 2010.

Interest expense

Interest expense for the year ended December 31, 2010 was \$ 1,217 million, a 43% increase from \$ 854 million in the year ended December 31, 2009, or up 38% on a pre-exceptional basis, taking into account \$ 39 million of capitalized borrowing costs written off in 2010. This increase was primarily due to higher average debt levels and to a lesser extent, the incremental cost impact of a higher long term, fixed rate funding mix.

Excluding exceptional items, interest expense on floating rate debt increased by \$ 93 million to \$551 million from \$ 458 million in 2009. Floating rate debt is predominantly used to fund fast turning and liquid working capital, the funding cost of which is taken into account in transactional pricing and terms and accordingly “recovered” in adjusted marketing EBIT.

Interest expense on fixed rate funding was \$ 627 million in 2010, an increase of \$ 231 million over 2009. The net increase is due to the Convertible, Euro and Swiss Franc/Perpetual bond issuances in December 2009, March 2010 and October 2010 respectively.

Interest income

Interest income for the year ended December 31, 2010 was \$ 281 million, a 5% increase from \$ 267 million in the year 2009. Interest income includes interest earned on various loans extended, including companies within the Russneft Group, and on cash balances held.

Income taxes

Income tax expense for the year ended December 31, 2010 was \$ 234 million, largely in line with the prior year. The effective tax rate, excluding share of income from associates which is recorded post tax, was 9.3% compared to 12.6% for 2009. The lower rate is due to the recognition of previously unrecognized tax losses following a review of business plans, primarily at Katanga, partly offset by the recognition of additional deferred tax expense in relation to the corporate tax rate increase in Kazakhstan from 15% to 20%.

Earnings

A summary of the differences between Adjusted EBITDA and Glencore net income including exceptional items is set out in the following table:

US \$ million	2010	2009
Adjusted EBITDA¹	6 201	3 929
Depreciation and amortization	– 911	– 622
Adjusted EBIT¹	5 290	3 307
Net finance costs	– 897	– 587
Net other items ³	– 152	338
Income tax expense	– 234	– 238
Non controlling interest	– 208	– 96
Glencore net income pre exceptional and other significant items	3 799	2 724
Write off of capitalized borrowing costs ²	– 39	0
Mark to market valuation forward contracts ³	– 790	0
Prodeco call option expense ³	– 225	– 303
Other ³	– 23	0
Gain on revaluation of Vasilkovskoje ³	462	0
Impairment reversal ³	674	0
Net gain on restructured Russneft interests ³	46	0
Net (loss)/gain on disposal of investments	– 6	33
Other prior year items ⁴	0	– 60
Share of associates' exceptional items ⁵	0	– 761
Non controlling interests ⁶	– 147	0
Total exceptional and other significant items	– 48	– 1 091
Glencore net income	3 751	1 633

¹ Refer to glossary on page 24.

² Recognized within interest expense.

³ Recognized within other (expense)/income – net, see note 4 of the financial statements.

⁴ Recognized within cost of goods sold.

⁵ Recognized within share of income from associates and jointly controlled entities.

⁶ Recognized within non controlling interests.

EXCEPTIONAL AND OTHER SIGNIFICANT ITEMS

Exceptional and other significant items are items of income and expense which, due to their financial impact and nature or the expected infrequency of the events giving rise to them, are separated for internal reporting and analysis of Glencore's results to provide a better understanding and comparative basis of the underlying financial performance.

In 2010, Glencore recognized \$ 48 million of net exceptional and other significant losses. These comprised \$ 790 million of negative mark to market adjustments associated with certain fixed price forward coal sales contracts relating to Prodeco's future production. These forward contracts did not qualify for "own use" or cash flow hedge accounting. The net amount for 2010 also included \$ 225 million of Prodeco call option expenses (see below), offset by \$ 674 million of impairment reversals following the rebound in market conditions and underlying valuation assumptions. It also included \$ 462 million (\$ 315 million, net of non controlling interests) related to the revaluation of the initial 40% interest in Vasilkovskoje Gold immediately prior to the acquisition of the remaining 60% interest in February 2010. See note 4 of the financial statements for additional details.

In March 2009, Xstrata acquired Glencore's Colombian Coal Group (Prodeco) for \$ 2,000 million and concurrently granted Glencore an option to repurchase Prodeco within 12 months for \$ 2,250 million plus 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 recognized 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), \$ 115 million of additional depreciation expense was recognized to reflect the depreciation that would have been charged if the related assets had not previously been classified as held for sale.

LIQUIDITY AND CAPITAL RESOURCES – CASH FLOW

Cash generated by operating activities before working capital changes

Net cash generated by operating activities before working capital changes was \$ 4,234 million in 2010 or \$ 4,344 million after adjusting for the non recurring 2010 Prodeco call option related cash expenses, an increase of \$ 1,249 million (40%) compared to 2009, consistent with the improved earnings from both industrial and marketing activities.

Working capital changes

Amounts invested in working capital were \$ 2,998 million in 2010 compared to an investment of \$ 5,279 million in 2009. The 2010 movements included the payment of \$ 303 million in relation to the exercise of the Prodeco call option. The remaining investment was primarily due to movements in commodity prices affecting the carrying value of inventory, trade receivables and margin calls with copper, zinc, oil and wheat prices increasing by 21%, 13%, 14% and 18% respectively during the final quarter. It is important to note that the primary drivers of the recent working capital investment, namely higher prices, are fundamentally supportive for Glencore's future profit and debt coverage, most clearly identifiable in the industrial asset portfolio.

Net cash used by investing activities

Net cash used by investing activities was \$ 4,755 million in 2010 compared to \$ 1,164 million in 2009. The net outflow primarily related to the \$ 2,000 million base settlement of the 2009 Xstrata rights issue via exercise of the Prodeco call option, the acquisition of a 51.5% stake in Chemoil and 100% of Pacorini Metals, the provision of a \$ 200 million secured loan to PT Bakrie Group (secured by a 4.7% interest in PT Bumi Resources); and the continued capital expenditure programs in respect of Vasilkovskoje Gold's start up, upstream oil development projects in West Africa, the development of the Mutanda copper/cobalt mine and production expansions at Katanga and Prodeco. The production growth initiatives (primarily coal, copper, gold and oil) are all expected to progressively result in substantially enhanced income and cashflow generating potential in future periods.

Net cash generated by financing activities

During 2010, Glencore issued \$ 2,927 million of long term bonds – 7 year 5.25% Euro 1,250 million bonds, 5.5 year 3.625% CHF 600 million bonds, \$350 million 7.5% perpetual bonds and \$ 300 million of additional Convertible bonds.

ASSETS, LEVERAGE AND WORKING CAPITAL

Total assets were \$ 79,787 million as at December 31, 2010, representing an increase of 20% from \$ 66,276 million as at December 31, 2009.

Current assets increased from \$ 38,725 million in 2009 to \$ 44,296 million in 2010. The adjusted current ratio at December 31, 2010 was 1.26 compared to 1.37 at December 31, 2009. This reduction is primarily attributable to the Xstrata secured bank loans (\$ 2,292 million) and the 2011 Eurobond (\$ 765 million) moving from non current to current borrowings. Excluding the Xstrata secured bank loans, which are expected to be extended/refinanced with a new long term tenor, from current borrowings results in an adjusted current ratio of 1.37, consistent with the corresponding prior year period. Non current assets increased from \$ 27,551 million in 2009 to \$ 35,491 million as at December 31, 2010, primarily due to the first time consolidation of Vasilkovkoje Gold, following its full acquisition by Kazzinc, the reclassification of Prodeco from 'assets held for sale' and the capital expenditure and project funding programs noted above.

Consistent with December 31, 2009, 98% (\$ 14,331 million) of total marketing inventories were contractually sold or hedged (readily marketable inventories) at December 31, 2010. These inventories are readily convertible into cash due to their liquid nature, widely available markets, and the fact that any associated price risk is covered either by a physical sale transaction or a hedge transaction on a commodity exchange or with a highly rated counterparty. Given the highly liquid nature of these inventories, Glencore believes it is appropriate to consider them as cash equivalents in analyzing Group net debt levels and computing certain debt coverage ratios and credit trends. Balance sheet liquidity is healthy such that current capital employed plus liquid stakes in listed associates (at book carrying value) covers 115% of Glencore's total gross debt, or 144%, taking into account the market value of the listed associates as at December 31, 2010.

Net debt

US \$ million	2010	2009
Borrowings	30 132	23 589
Commodities sold with agreements to repurchase	484	477
Gross debt	30 616	24 066
Cash and cash equivalents and marketable securities	– 1 529	– 935
Readily marketable inventories	– 14 331	– 12 945
Net debt	14 756	10 186

Movement in net debt

US \$ million	2010	2009
Cash generated from operations before working capital changes	4 234	3 095
Net interest paid	– 802	– 609
Tax paid	– 323	– 217
Dividends received from associates	224	64
Funds from operations	3 333	2 333
Non current advances and loans	– 825	– 624
Acquisition and disposal of subsidiaries	– 624	109
Purchase and sale of investments	– 2 060	318
Purchase and sale of property, plant and equipment	– 1 470	– 1 031
Working capital changes, excluding readily marketable inventory movements	– 1 640	1 751
Other movements	– 105	– 2
Cash movement in net debt	– 3 391	2 854
Debt assumed in business combination	– 745	– 102
Foreign currency revaluation movements and other non cash items	70	– 445
Departed shareholder movements	– 504	– 993
Non cash movement in net debt	– 1 179	– 1 540
Total movement in net debt	– 4 570	1 314
Net debt, beginning of year	– 10 186	– 11 500
Net debt, end of year	– 14 756	– 10 186

As detailed in the tables above, net debt as at December 31, 2010 increased to \$ 14,756 million from \$ 10,186 million as at December 31, 2009, with the exercise of the Prodeco call option accounting for a substantial part of the increase – some \$ 2.4 billion, including all cash components in 2010.

Although net debt was up \$ 4,570 million, the ratio of net debt to Adjusted EBITDA improved from 2.59 in 2009 to 2.38 in 2010. The ratio of FFO to net debt of 22.6% was largely in line with the previous year. After adjusting for the non recurring Prodeco related call option cash expense of \$ 110 million, the ratio of FFO to net debt improves to 23.3% in 2010. Furthermore, as can be seen in the table below, these ratios show substantial sequential improvement based on the last 6 months' annualized performance.

	Last 6 months annualized	Last 12 months
Net debt to EBITDA (times)	2.06	2.38
FFO to net debt (%)	28.0	22.6

Glencore shareholders' funds as of December 31, 2010 were \$ 19,613 million, an increase of \$ 2,927 million compared to \$ 16,686 million as at December 31, 2009.

Notional allocation of debt and interest expense

Glencore's indebtedness is primarily arranged centrally with the proceeds then applied to marketing and industrial activities as required.

Glencore does not allocate borrowings or interest to its three operating segments. However, to assist investors in the assessment of overall performance and underlying value contributors of its integrated business model, Glencore notionally allocates its borrowings and interest expense between its marketing and industrial activities as follows:

- At a particular point in time, Glencore estimates the borrowings attributable to funding key working capital items within the marketing activities, including inventories, net cash margining and other accounts receivable/payable, through the application of an appropriate loan to value ratio for each item. The balance of group borrowings is allocated to industrial activities (including Glencore's stake in Xstrata).
- Once the average amount of borrowings notionally allocated to marketing activities for the relevant period has been estimated, the corresponding interest expense on those borrowings is estimated by applying the Group's average variable rate cost of funds during the relevant period to the average borrowing amount. The balance of group interest expense and all interest income is allocated to industrial activities.

The allocation is a company estimate only and is unaudited.

The table below summarizes the notional allocation of borrowings and interest and corresponding implied earnings before tax of the marketing and industrial activities for the year ended December 31, 2010.

US \$ million	Marketing activities	Industrial activities	Total
Adjusted EBIT	2 337	2 953	5 290
Interest expense allocation ¹	– 299	– 878	– 1 178
Interest income allocation	0	281	281
Allocated profit before tax	2 038	2 356	4 393
Allocated borrowings ² – year end	12 835	17 782	30 616
Allocated borrowings ² – quarterly average	10 460	15 663	26 123

¹ Adjusted to exclude the write off of capitalized borrowings costs.

² Includes commodities sold with agreement to repurchase.

Based on the implied equity funding for the marketing activities' working capital requirements as well as the relatively modest level of non current assets employed in the marketing activities (assumed to be equity funded), return on notional equity for the marketing activities was very healthy in 2010. The industrial activities' return on notional equity, although still respectable, was held back by early/mid stage oil, copper, coal and gold development and expansion projects where significant investments have been made to date, however the projects did not make a material contribution to earnings in the year.

Liquidity

Available committed liquidity (see glossary on page 24) as at December 31, 2010, amounted to \$ 4,220 million, comfortably ahead of our minimum internal target of \$ 3 billion.

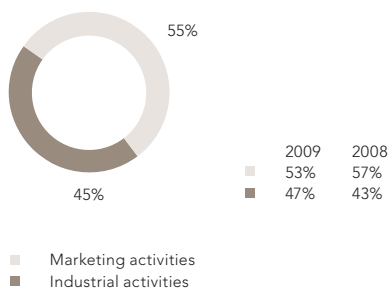
CAPITAL RESOURCES AND FINANCING

In 2010, the following important financing activities took place:

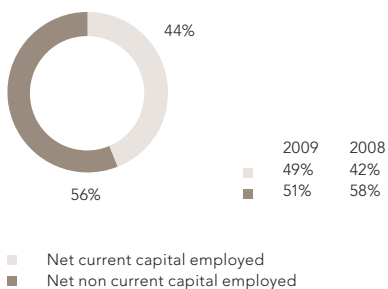
- In March 2010, issued 7 year, 5.25% EUR 1,250 million (\$ 1,708 million) bonds;
- In March/May 2010, issued an additional \$ 300 million Convertible bonds;
- In May 2010, replaced the 364 day \$ 815 million revolving credit facility with a new \$ 1,375 million 364 day plus one year term out option facility and also concluded a debut 364 day \$ 515 million Asian focused tranche. In addition, replaced the \$ 8,180 million medium term revolving credit facility with a new 3 year committed revolving credit facility of \$ 8,370 million and cancelled the \$ 6,650 million forward start facility concluded in 2009. In aggregate, the three tranches represent an increase in committed available liquidity of \$ 1,265 million, provided by 97 banks, including 42 new banks;
- In October 2010, issued 6 year, 3.625% CHF 600 million (\$ 593 million) bonds and 7.5% \$ 350 million perpetual notes;
- In November 2010, concluded a new \$ 1.7 billion secured inventory and receivables borrowing base facility which replaced the \$1.5 billion receivables ABCP program along with the \$ 600 million base metals inventory program that expired in November.

Detailed descriptions of each of the total borrowings and a summary of borrowings can be found in note 15 of the financial statements.

2010 Adjusted EBIT



2010 Net assets



Select marketing volumes sold

millions MT	2010	2009
Zinc metal	1.7	1.3
Zinc concentrate	2.4	2.5
Copper metal	1.4	1.4
Copper concentrate	1.8	2.0
Aluminum	3.9	3.2
Alumina	6.7	5.8
Nickel (kMT)	194	175
Iron ore	9.3	4.8



Metals and minerals

The metals and minerals business segment comprises the following underlying key commodities – zinc, copper, lead, alumina, aluminum, ferro alloys, nickel, cobalt and iron ore. Activities within the segment include marketing, smelting, refining, mining, processing and storage related operations for each relevant commodity.

A summary of selected key earnings and investment related financial information for the metals and minerals segment is as follows:

US \$ million	Marketing activities	Industrial activities	2010 Total	Marketing activities	Industrial activities	2009 Total
Revenue	37 889	7 322	45 211	30 221	5 170	35 391
Adjusted EBITDA ¹	1 401	1 868	3 269	553	1 019	1 572
Adjusted EBIT ¹	1 401	1 160	2 561	553	498	1 051
Adjusted EBITDA margin	3.7%	25.5%	–	1.8%	19.7%	–
Allocatable CE ²	9 304	11 807	21 111	8 485	8 855	17 340
Adjusted EBIT return on average CE ²	15.8%	11.2%	13.3%	7.8%	6.0%	6.8%

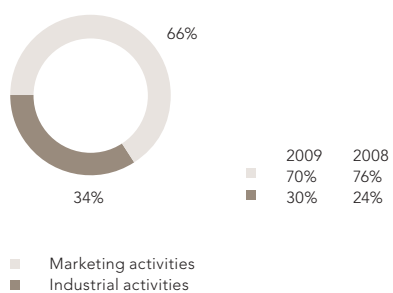
¹ Refer to note 2 of the financial statements.

² Segment current and non current capital employed (see note 2 of the financial statements) applied as a proxy for marketing and industrial activities respectively.

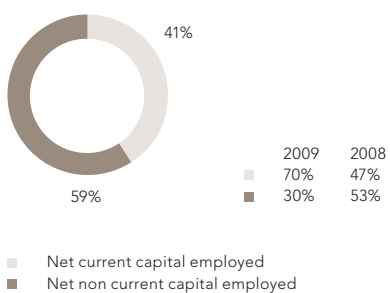
HIGHLIGHTS

- Adjusted EBITDA up 108% to \$ 3.3 billion, with marketing and industrial activities up 153% and 83%, respectively.
- Notable increases in marketing volumes and contributions from the alumina, aluminum and nickel commodity groups following a challenging 2009.
- Adjusted EBIT return on average capital employed was a healthy 13.3% compared to 6.8% in 2009, particularly taking into account the naturally high leverage embedded in the marketing activities, which enhances return on equity.
- Kazzinc acquired the remaining 60% of Vasilkovskoje Gold, providing it with a sizeable gold portfolio capable of producing 800,000 ounces of gold per year (including silver in gold equivalents) by 2013.
- Acquired the metals warehousing division of Pacorini to further enhance and support the marketing logistics chain (refer note 21 of the financial statements).
- Continued to enhance the near term growth pipeline of copper, zinc and cobalt through ongoing development activities at Katanga and Mutanda and by concluding future development agreements related to Kansuki and Perkoa.

2010 Adjusted EBIT



2010 Net assets



Select marketing volumes sold

millions MT	2010	2009
Coal thermal	92.2	98.0
Coal metallurgical	8.0	7.7
Crude oil	51.9	39.7
Oil products	66.9	69.4



Energy products

The energy products business segment comprises the following underlying key commodities – crude oil, oil products, steam coal and metallurgical coal. Activities within the segment include marketing and investments in coal mining and oil production operations, ports, vessels and storage facilities.

A summary of selected key earnings and investment related financial information for the energy products segment is as follows:

US \$ million	Marketing activities	Industrial activities	2010 Total	Marketing activities	Industrial activities	2009 Total
Revenue	87 850	1 499	89 349	60 790	1 601	62 391
Adjusted EBITDA ¹	470	359	829	945	462	1 407
Adjusted EBIT ¹	450	235	685	945	413	1 358
Adjusted EBITDA margin	0.5%	23.9%	–	1.6%	28.9%	–
Allocatable CE ²	4 522	6 429	10 951	7 016	2 985	10 001
Adjusted EBIT return on average CE ²	7.8%	7.2% ³	7.6%	17.4%	14.1% ^{3,4}	16.2%

¹ Refer to note 2 of the financial statements.

² Segment current and non current capital employed (see note 2 of the financial statements) applied as a proxy for marketing and industrial activities respectively.

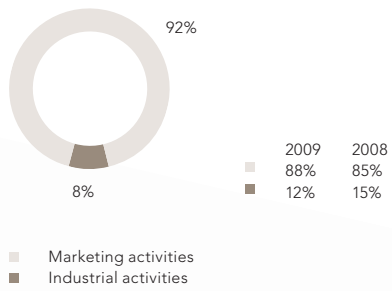
³ For the purposes of this calculation, capital employed has been adjusted to exclude Russneft, Atlas and PT Bakrie loans (see note 8 of the financial statements), which generate interest income and do not contribute to Adjusted EBIT.

⁴ For the purposes of this calculation, capital employed has been adjusted to include the Prodeco related assets disclosed as held for sale.

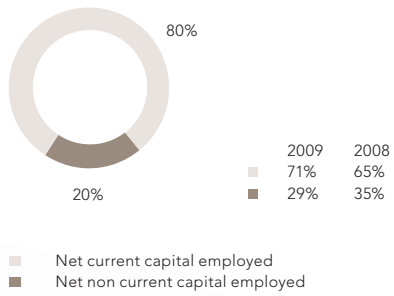
HIGHLIGHTS

- Adjusted EBITDA down 41% to \$ 829 million, with the oil commodity group's marketing activities experiencing a significant decline compared to 2009, due to the unusually low volatility in the market, exacerbated by a weak freight market.
- Coal industrial assets were impacted by a lengthy strike at one of the Colombian mines and extreme wet weather conditions in Colombia and South Africa, which significantly affected operational and financial performance.
- The contribution from industrial activities was further affected by \$ 40 million of oil exploration expenses (2009: \$ 26 million), incurred as part of the ongoing build-up of the promising West African exploration and production portfolio, which was not able to be capitalized. Production and earnings from the portfolio are expected from first quarter 2012.
- Adjusted EBIT return on average capital employed was 7.6% compared to 16.2% in 2009.
- Completed the acquisition of a 51.5% stake in Chemoil in April, a leading global marine fuel supplier to complement the segment's sizeable storage and freight capabilities.
- Significantly increased presence and future marketing volumes in the Indonesian coal market.

2010 Adjusted EBIT

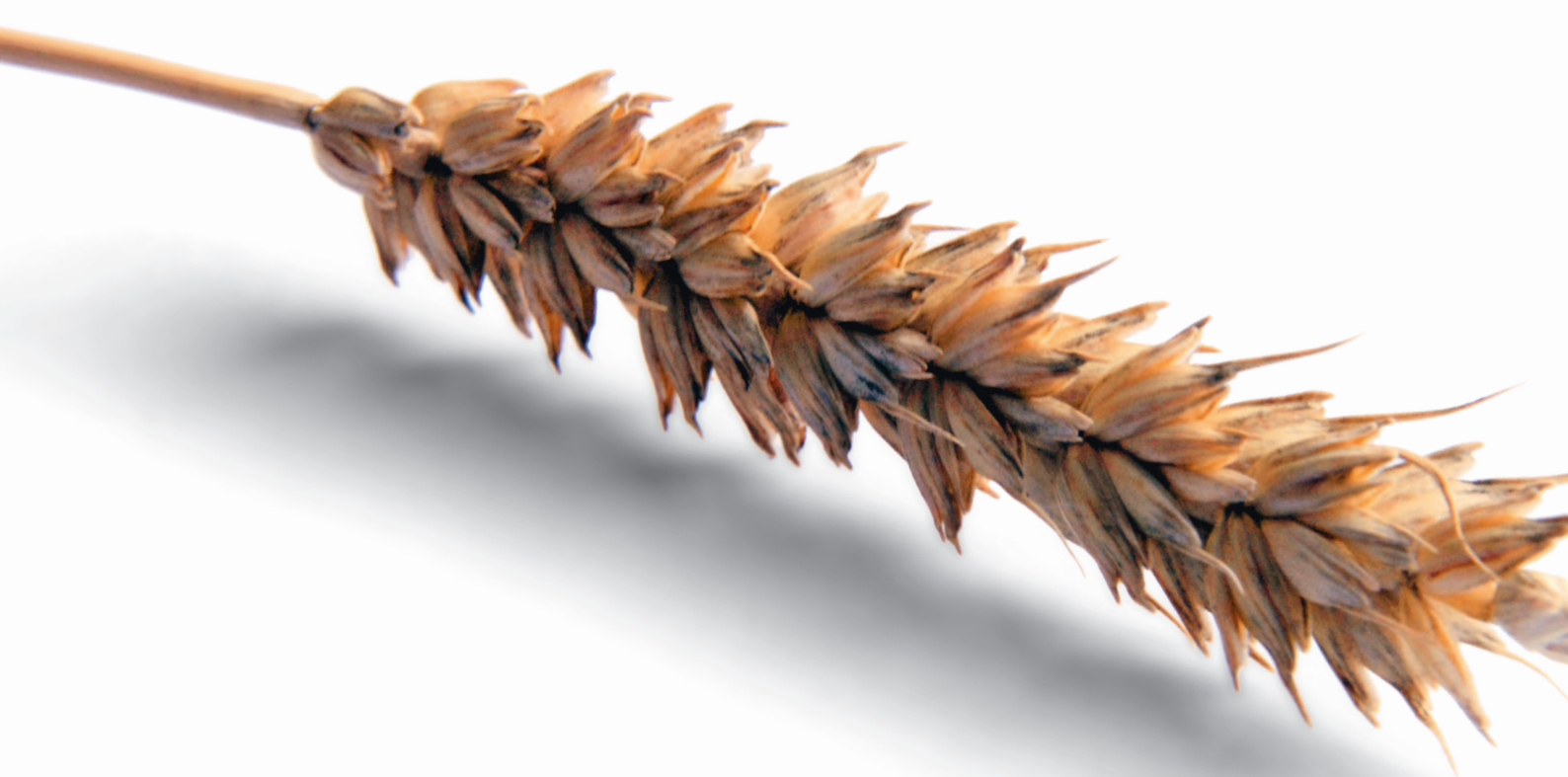


2010 Net assets



Select marketing volumes sold

millions MT	2010	2009
Grains	20.9	19.8
Oil seeds	9.4	8.1
Sugar	0.5	1.0



Agricultural products

The agricultural products business segment comprises the following underlying key commodities – wheat, corn, barley, rice, oilseeds, meals, edible oils, biodiesel, cotton and sugar. Activities within the segment include marketing and investments in storage, handling, processing and port facilities.

A summary of selected key earnings and investment related financial information for the agricultural products segment is as follows:

US \$ million	Marketing activities	Industrial activities	2010 Total	Marketing activities	Industrial activities	2009 Total
Revenue	8 238	2 180	10 418	6 793	1 789	8 582
Adjusted EBITDA ¹	659	107	766	304	78	382
Adjusted EBIT ¹	659	58	717	304	41	345
Adjusted EBITDA margin	8.0%	4.9%	–	4.5%	4.4%	–
Allocatable CE ²	3 958	1 009	4 967	1 412	569	1 981
Adjusted EBIT return on average CE ²	24.7%	7.4%	20.7%	25.4%	7.4%	19.7%

¹ Refer to note 2 of the financial statements.

² Segment current and non current capital employed (see note 2 of the financial statements) applied as a proxy for marketing and industrial activities respectively.

HIGHLIGHTS

- Adjusted EBITDA up 101% to \$ 766 million, driven in large part by the significant physical commodity market dislocations brought on by the severe weather related supply shocks and the resulting increased market volatility prevalent over much of 2010.
- Adjusted EBIT return on average capital employed was a strong 20.7% compared to 19.7% in 2009, particularly taking into account the naturally high leverage embedded in the marketing activities, which enhances return on equity.
- Industrial footprint further expanded and diversified via the acquisitions of a 60.3% stake in Biopetrol Industries, a biodiesel processor with sizeable operations in Europe, a 76% stake in Rio Vermelho, a sugar cane/ethanol processing operation in Brazil and a 50% stake in Moinhos Cruzeiro, a wheat milling facility in Brazil.

Glossary

AVAILABLE COMMITTED LIQUIDITY

US \$ million	2010	2009	2008
Cash and cash equivalents and marketable securities	1 529	935	939
Headline committed syndicated revolving credit facility	10 260	8 995	9 135
Amount drawn under syndicated revolving credit facility	– 7 259	– 5 890	– 4 819
Amount drawn under US commercial paper program	– 310	– 214	0
Total	4 220	3 826	5 255

ADJUSTED CURRENT RATIO

Current assets over current liabilities, both adjusted to exclude other financial liabilities.

ADJUSTED EBIT/EBITDA

US \$ million	2010	2009	2008
Revenue	144 978	106 364	152 236
Cost of goods sold	– 140 467	– 103 133	– 147 565
Selling and administrative expenses	– 1 063	– 839	– 850
Share of income from associates and jointly controlled entities	1 829	82	1 067
Dividend income	13	12	238
Adjusted EBIT	5 290	2 486	5 126
Exceptional items included in segment results ¹	0	821	1 086
Adjusted EBIT pre exceptional items	5 290	3 307	6 212
Depreciation and amortization	911	622	575
Adjusted EBITDA pre exceptional items	6 201	3 929	6 787

¹ Refer to note 2 of the financial statements.

CURRENT CAPITAL EMPLOYED

Current capital employed is current assets, presented before assets held for sale, less accounts payable, other financial liabilities and income tax payable.

CURRENT RATIO

Current assets over current liabilities.

GLENCORE NET INCOME

Income before attribution less attribution to non controlling interests.

GLENCORE SHAREHOLDERS' FUNDS

Total net assets attributable to profit participation shareholders, non controlling interests and equity holders less non controlling interests.

NET WORKING CAPITAL

Current assets less current liabilities.

READILY MARKETABLE INVENTORIES

Readily marketable inventories are readily convertible into cash due to their very liquid nature, widely available markets and the fact that the price risk is covered either by a physical sale transaction or hedge transaction on a commodity exchange or with a highly rated counterparty.





FINANCIAL STATEMENTS

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Deloitte AG
General Guisan-Quai 38
P.O. Box 2232
CH-8022 Zurich
Switzerland

Tel: +41 (0) 44 421 60 00
Fax: +41 (0) 44 421 66 00
www.deloitte.ch

Independent Auditors' Report

To the Board of Directors of
GLENCORE INTERNATIONAL AG, BAAR

We have audited the accompanying consolidated financial statements of Glencore International AG and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2010, and the related consolidated statements of income, comprehensive income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes, set out on pages 30 to 74.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements 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. 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Glencore International AG and its subsidiaries as of December 31, 2010 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte AG

David Quinlin

Cameron Walls

Zurich, February 28, 2011

Wirtschaftsprüfung. Steuerberatung. Consulting. Corporate Finance.
Member of Deloitte Touche Tohmatsu

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

US \$ million	Notes	2010	2009
Revenue		144 978	106 364
Cost of goods sold		– 140 467	– 103 133
Selling and administrative expenses		– 1 063	– 839
Share of income from associates and jointly controlled entities		1 829	82
(Loss)/gain on sale of investments – net	3	– 6	33
Other (expense)/income – net	4	– 8	35
Dividend income		13	12
Interest income		281	267
Interest expense		– 1 217	– 854
Income before income taxes and attribution		4 340	1 967
Income tax expense	5	– 234	– 238
Income before attribution		4 106	1 729
Attribution to hybrid profit participation shareholders	14	– 367	– 96
Attribution to ordinary profit participation shareholders	14	– 2 093	– 554
Income for the year		1 646	1 079
Attributable to:			
Non controlling interests		355	96
Equity holders		1 291	983
Earnings per share			
Basic and diluted (US \$)	14	8 606	6 555

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

US \$ million	2010	2009
Income for the year	1 646	1 079
Exchange gain on translation of foreign operations	26	37
(Loss)/gain on cash flow hedges	- 182	293
Gain on available for sale financial instruments	25	0
Share of comprehensive (loss)/income from associates and jointly controlled entities	- 43	175
Income tax relating to components of other comprehensive income	2	- 7
Net (loss)/income recognized directly in equity	- 172	498
Cash flow hedges transferred to the statement of income, net of tax	6	82
Other comprehensive (loss)/income	- 166	580
Total comprehensive income	1 480	1 659
Attributable to:		
Non controlling interests	373	96
Equity holders	1 107	1 563

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010 AND 2009

US \$ million	Notes	2010	2009
Assets			
Non current assets			
Property, plant and equipment	6	12 088	6 845
Investments in associates and jointly controlled entities	7	16 766	14 881
Other investments	7	2 438	3 202
Advances and loans	8	3 830	2 535
Deferred tax assets	5	369	88
		35 491	27 551
Current assets			
Inventories	9	17 393	15 073
Accounts receivable	10	18 994	15 189
Other financial assets	11	5 982	6 125
Prepaid expenses and other assets		118	54
Marketable securities		66	75
Cash and cash equivalents	12	1 463	860
		44 016	37 376
Assets held for sale	13	280	1 349
		44 296	38 725
Total assets		79 787	66 276
Equity and liabilities			
Net assets attributable to profit participation shareholders, non controlling interests and equity holders			
Share capital	14	46	46
Reserves and retained earnings		5 378	4 395
Non controlling interests		2 894	1 258
		8 318	5 699
Hybrid profit participation shareholders	14	1 823	1 461
Ordinary profit participation shareholders	14	12 366	10 784
Total net assets attributable to profit participation shareholders, non controlling interests and equity holders		22 507	17 944
Other non current liabilities			
Borrowings	15	18 251	16 403
Deferred income	16	164	177
Deferred tax liabilities	5	1 308	626
Provisions	17	719	545
		20 442	17 751
Current liabilities			
Borrowings	15	11 881	7 186
Commodities sold with agreements to repurchase	9	484	477
Prodeco call option arrangement	4	0	2 303
Accounts payable	19	16 145	11 482
Other financial liabilities	20	8 066	8 643
Income tax payable		217	254
		36 793	30 345
Liabilities held for sale	13	45	236
		36 838	30 581
Total equity and liabilities		79 787	66 276

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

US \$ million	Notes	2010	2009
Operating activities			
Income before income taxes and attribution		4 340	1 967
Adjustments for:			
Depreciation and amortization		1 026	622
Share of income from associates and jointly controlled entities		- 1 829	- 82
Increase in non current provisions		11	42
Loss/(gain) on sale of investments – net		6	- 33
Unrealized mark to market movements on other investments		178	- 222
Impairments and other non cash items – net		- 434	214
Interest expense – net		936	587
Cash generated by operating activities before working capital changes		4 234	3 095
Working capital changes			
Decrease in marketable securities		28	38
(Increase)/decrease in accounts receivable ¹		- 4 170	6 729
Increase in inventories		- 1 724	- 7 334
Increase/(decrease) in accounts payable ²		2 868	- 4 712
Total working capital changes		- 2 998	- 5 279
Income tax paid		- 323	- 217
Interest received		229	218
Interest paid		- 1 031	- 827
Net cash generated/(used) by operating activities		111	- 3 010
Investing activities			
Payments of non current advances and loans		- 825	- 624
Acquisition of subsidiaries	21	- 624	- 27
Disposal of subsidiaries	21	0	136
Purchase of investments		- 191	- 251
Xstrata rights issue settlement via exercise of Prodeco call option	4	- 2 000	0
Proceeds from sale of investments		131	569
Purchase of property, plant and equipment		- 1 657	- 1 088
Payments for exploration and evaluation		- 233	- 28
Proceeds from sale of property, plant and equipment		420	85
Dividends received from associates		224	64
Net cash (used) by investing activities		- 4 755	- 1 164
Financing activities			
Proceeds from issuance/(repurchase) of Euro, Swiss Franc and Sterling bonds		2 317	- 90
Proceeds from Perpetual bonds – net of repurchases of \$ 20 million (2009: \$ nil million)		327	0
Proceeds from Convertible bonds		283	1 915
Proceeds from other non current borrowings		776	40
Repayment of other non current borrowings		- 413	0
Proceeds from Xstrata secured bank loans		0	642
Net proceeds from current borrowings		2 945	2 495
Acquisition of additional interest in subsidiaries		- 75	0
Payment of profit participation certificates		- 883	- 792
Return of capital to non controlling interests		- 28	0
Dividend		- 2	- 2
Net cash generated by financing activities		5 247	4 208
Increase in cash and cash equivalents		603	34
Cash and cash equivalents, beginning of year		860	826
Cash and cash equivalents, end of year		1 463	860

¹ Includes movements in other financial assets and prepaid expenses and other assets.

² Includes movements in other financial liabilities.

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

US \$ million	Retained earnings	Reserves ¹	Total reserves and retained earnings	Share capital	Total equity attributable to equity holders	Non controlling interests	Total equity
Balance January 1, 2009	3 255	– 500	2 755	46	2 801	906	3 707
Income for the year	983	0	983	0	983	96	1 079
Other comprehensive income	175	405	580	0	580	0	580
Dividend ²	– 2	0	– 2	0	– 2	0	– 2
Acquisition of subsidiaries	0	0	0	0	0	256	256
Equity portion of Convertible bonds	0	77	77	0	77	0	77
Other	2	0	2	0	2	0	2
Balance December 31, 2009	4 413	– 18	4 395	46	4 441	1 258	5 699
Balance January 1, 2010	4 413	– 18	4 395	46	4 441	1 258	5 699
Income for the year	1 291	0	1 291	0	1 291	355	1 646
Other comprehensive (loss)/income	– 43	– 141	– 184	0	– 184	18	– 166
Dividend ²	– 2	0	– 2	0	– 2	0	– 2
Return of capital to non controlling interests	0	0	0	0	0	– 28	– 28
Change in ownership interest in subsidiaries	0	– 134	– 134	0	– 134	59	– 75
Acquisition of subsidiaries	0	0	0	0	0	1 232	1 232
Equity portion of Convertible bonds	0	12	12	0	12	0	12
Balance December 31, 2010	5 659	– 281	5 378	46	5 424	2 894	8 318

¹ See note 14.

² During 2010, a dividend of \$ 13.33 per share (2009: \$ 13.33) was declared and paid.

The accompanying notes are an integral part of these consolidated financial statements

1. ACCOUNTING POLICIES

Corporate information

The Glencore Group (Glencore) is a leading integrated marketer and producer of natural resources, with worldwide activities in the marketing of metals and minerals, energy products and agricultural products and the production, refinement, processing, storage and transport of these products. Glencore operates on a global scale, marketing and distributing physical commodities sourced from third party producers and own production to industrial consumers, such as those in the automotive, steel, power generation, oil and food processing industries. Glencore also provides financing, logistics and other services to producers and consumers of commodities. Glencore's long experience as a commodity merchant has allowed it to develop and build upon its expertise in the commodities which it markets and cultivate long-term relationships with a broad supplier and customer base across diverse industries and in multiple geographic regions. Glencore's marketing activities are supported by investments in industrial assets operating in Glencore's core commodities.

On February 28, 2011, the Board of Directors approved these financial statements for issue.

Statement of compliance

The accounting policies adopted are in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) effective for Glencore's reporting for the year ended December 31, 2010.

Basis of preparation

The financial statements are prepared under the historical cost convention except for the revaluation to fair value of certain financial assets, liabilities and marketing inventories. All amounts are expressed in millions of United States Dollars, unless otherwise stated, consistent with the predominant functional currency of Glencore's operations.

Changes in accounting policies and comparability

Glencore has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) that are relevant to its operations and effective for accounting periods beginning on January 1, 2010 and that are expected to be applied for the accounting period beginning on January 1, 2011. In addition, Glencore adopted IFRS 8 "Operating Segments" which requires disclosure of certain information relating to Glencore's operating segments and IAS 33 "Earnings per share" to be consistent with publicly listed comparable companies. The adoption of these

new and revised standards and interpretations did not have a material impact on the recognition and measurement of reported amounts.

At the date of authorization of these financial statements, the following standards and interpretations applicable to Glencore were issued but not yet effective:

IFRS 9 – Financial Instruments (as amended in 2010)

IAS 24 – Related Party Disclosures (revised 2009)

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

Amendment to IFRS 3 (2008) – Business Combinations

Amendment to IFRS 7 – Transfers of Financial Assets

Amendment to IAS 32 – Classification of Rights Issues

Amendment to IFRIC 13 – Customer Loyalty Programmes

Amendment to IFRIC 14 – IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – November 2009 Amendment with respect to voluntary prepaid contributions

Amendment to IAS 12 – Income Taxes: Recovery of Underlying Assets

The Directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of Glencore other than additional note disclosures.

Principles of consolidation

The consolidated financial statements of Glencore include the accounts of Glencore International AG, a Swiss domiciled company with its registered office at Baarermattstrasse 3, 6341 Baar, (the Company) and its subsidiaries. A subsidiary is an entity that is ultimately controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is usually assumed where Glencore ultimately owns or controls more than 50% of the voting rights, unless evidence exists to the contrary. The results of subsidiaries acquired or disposed of during the year are consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intercompany balances, transactions and unrealized profits are eliminated.

Non controlling interests in subsidiaries are identified separately from Glencore'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.

Changes in Glencore'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 recognized directly in equity and attributed to owners of Glencore.

Investments in associates, jointly controlled entities and joint venture operations

Associates and jointly controlled entities (together Associates) in which Glencore 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 is not control over those policies. Significant influence is presumed if Glencore holds between 20% and 50% of the voting rights, unless evidence exists to the contrary. Joint control is the contractually agreed sharing of control over an economic entity where strategic and operating decisions require unanimous decision making.

Equity accounting involves Glencore recording its share of the Associate's net income and equity. Glencore's interest in an Associate is initially recorded at cost and is subsequently adjusted for Glencore's share of changes in net assets of the Associate, less any impairment in the value of individual investments. Where Glencore transacts with an Associate, unrealized profits and losses are eliminated to the extent of Glencore's interest in that Associate.

Changes in Glencore's interests in Associates are accounted for as a gain or loss on disposal with any difference between the amount by which the carrying value of the Associate is adjusted and the fair value of the consideration received being recognized directly in the statement of income.

Where Glencore undertakes activities under joint venture operation or asset arrangements, Glencore reports such interests using the proportionate consolidation method. Glencore's share of the assets, liabilities, income, expenses and cash flows of jointly controlled operations or asset arrangements are consolidated with the equivalent items in the consolidated financial statements on a line by line basis.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting, whereby the identifiable assets, liabilities and contingent liabilities (identifiable net assets) are measured on the basis of fair value at the date of acquisition. Acquisition related costs are recognized in the statement of income as incurred.

Where a business combination is achieved in stages, Glencore's previously held interests in the acquired entity are remeasured

to fair value at the acquisition date (i.e. the date Glencore attains control) and the resulting gain or loss, if any, is recognized in the statement of income.

Where the fair value of consideration transferred for a business combination exceeds the fair values attributable to Glencore's share of the identifiable net assets, the difference is treated as purchased goodwill, which is not amortized but is reviewed annually for impairment and when there is an indication of impairment. Any impairment identified is immediately recognized in the statement of income. If the fair value attributable to Glencore's share of the identifiable net assets exceeds the consideration transferred, the difference is immediately recognized in the statement of income.

Similar procedures are applied in accounting for the purchases of interests in Associates. Any goodwill arising from such purchases is included within the carrying amount of the investment in Associates, but not amortized thereafter. Any excess of Glencore's share of the net fair value of the Associate's identifiable net assets over the cost of the investment is included in the statement of income in the period of the purchase.

The main operating and finance subsidiaries and industrial investments of Glencore are listed in note 28.

Non current assets held for sale and disposal groups

Non current assets and assets and liabilities included in disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, they are available for immediate disposal and the sale is highly probable. Non current assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

Revenue recognition

Revenue is recognized when the seller has transferred to the buyer all significant risks and rewards of ownership of the assets sold. Revenue excludes any applicable sales taxes and is recognized at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to Glencore and the revenues and costs can be reliably measured. In most instances sales revenue is recognized when the product is delivered to the destination specified by the customer, which is typically the vessel on which it is shipped, the destination port or the customer's premises.

For certain commodities, the sales price is 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 180 days after initial booking. Revenue on provisionally priced sales is recognized based on the estimated 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 adjustment is re-estimated continuously and changes in fair value are recognized as an adjustment to revenue. In all cases, fair value is estimated by reference to forward market prices.

Interest and dividend income is recognized when the right to receive payment has been established, it is probable that the economic benefits will flow to Glencore and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

Foreign currency translation

Glencore's reporting currency and the functional currency of the majority of its operations is the U.S. Dollar as this is assessed to be the principal currency of the economic environment in which they operate.

Foreign currency transactions

Transactions in foreign currencies are converted into the functional currency of each entity using the exchange rate prevailing at the transaction date. Monetary assets and liabilities outstanding at year end are converted at year end rates. The resulting exchange differences are recorded in the consolidated statement of income.

Translation of financial statements

For the purposes of consolidation, assets and liabilities of group companies whose functional currency is in a currency other than the U.S. Dollar are translated into U.S. Dollars using year end exchange rates, while their statements of income are translated using average rates of exchange for the year. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate. Translation adjustments are included as a separate component of shareholders' equity and have no statement of income impact to the extent that no disposal of the foreign operation has occurred.

Securitizations

Glencore may obtain sources of liquidity by securitizing certain of its receivables which generally result in the legal sale of these assets to special purpose entities (SPEs) which, in turn, issue securities to investors. After securitization, Glencore continues to maintain customer relationships and provide servicing for the receivables transferred to the SPEs.

In accounting for such securitizations, two key accounting determinations are made:

An evaluation is made as to whether the securitization entity should be considered a subsidiary of Glencore and be included

in Glencore's consolidated financial statements or whether the entity is sufficiently independent that it does not need to be consolidated. For all securitizations in which Glencore participates, an evaluation is made of whether Glencore controls the entity.

Where the securitization entity is not considered a subsidiary, an evaluation is made then as to whether Glencore has transferred the rights to the cash flows, risks and rewards of ownership and control of the underlying assets, thus qualifying it for derecognition and a sale under IFRS. If a transfer of assets meets the derecognition and sale requirements, the assets are removed from Glencore's consolidated financial statements. If the conditions for derecognition and sale are not met, the transfer is considered to be a secured borrowing, the assets remain in the consolidated financial statements and the proceeds are recognized as a liability.

Repurchase agreements

Glencore enters into repurchase transactions where it sells certain marketing inventories, but retains all or a significant portion of the risks and rewards relating to the transferred inventory. Repurchase transactions are treated as collateralized borrowings, whereby the inventories are not derecognized from the statement of financial position and the cash received is recorded as a corresponding obligation within the statement of financial position as "commodities sold with agreements to repurchase" or, if the repurchase obligation is optional, within "trade advances from buyers".

Borrowing costs

Borrowing costs are generally expensed as incurred except where they relate to the financing of construction or development of qualifying assets in which case they are capitalized up to the date when the qualifying asset is ready for its intended use.

Retirement benefits

Glencore operates various pension schemes in accordance with local requirements and practices of the respective countries. The annual costs for defined contribution plans that are funded by payments to separate trustee administered funds or insurance companies equal the contributions that are required under the plans and are accounted for as an expense. Glencore uses the projected unit credit actuarial method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. Actuarial gains and losses are recognized in the statement of income over the average remaining service lives of employees. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefits become vested.

Income taxes

Income taxes consist of current and deferred income taxes. Current taxes represent income taxes expected to be payable based on enacted or substantively enacted tax rates at the period end and expected current taxable income, and any adjustment to tax payable in respect of previous years. Deferred taxes are recognized for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, using enacted or substantively enacted income tax rates. Deferred tax assets and unused tax losses are only recognized to the extent that their recoverability is probable. Deferred tax assets are reviewed at reporting period end and amended to the extent that it is no longer probable that the related benefit will be realized. To the extent that a deferred tax asset not previously recognized fulfils the criteria for recognition, an asset is recognized. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same authority and Glencore has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis. The tax effect of certain temporary differences is not recognized principally with respect to the initial recognition of an asset or liability (other than those arising in a business combination or in a manner that initially impacted accounting or taxable profit) and temporary differences relating to investments in subsidiaries and associates to the extent that Glencore can control the timing of the reversal of the temporary difference and it is probable the temporary difference will not reverse in the foreseeable future. Deferred tax is provided in respect of fair value adjustments on acquisitions. These adjustments may relate to assets such as extraction rights that, in general, are not eligible for income tax allowances.

Royalties, extraction taxes and other levies/taxes are treated as taxation arrangements when they have the characteristics of an income tax including being imposed and determined in accordance with regulations established by the respective government's taxation authority.

Current and deferred tax are recognized as an expense or income in the statement of income, except when they relate to items that are recognized outside the statement of income (whether in other comprehensive income or directly in equity) or where they arise from the initial accounting for a business combination.

Exploration and evaluation expenditure

Exploration and evaluation expenditure relates to costs incurred on the exploration and evaluation of potential mineral and petroleum resources and includes costs such as researching and analyzing historical exploration data, exploratory drilling, trenching, sampling and the costs of pre-feasibility studies. Exploration and evaluation expenditure for each area of interest, other than that acquired from the purchase of another com-

pany, is charged to the statement of income as incurred except when the expenditure will be recouped from future exploitation or sale of the area of interest and it is planned to continue with active and significant operations in relation to the area, or at the reporting period end, the activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves, in which case the expenditure is capitalized. Purchased exploration and evaluation assets are recognized at their fair value at acquisition if purchased as part of a business combination.

Capitalized exploration and evaluation expenditure is recorded as a component of mineral and petroleum rights in property, plant and equipment.

All capitalized exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, an assessment is performed for each area of interest or at the cash generating unit level. To the extent that capitalized expenditure is not expected to be recovered it is charged to the statement of income.

Development expenditure

When commercially recoverable reserves are determined and such development receives the appropriate approvals, capitalized exploration and evaluation expenditure is transferred to construction in progress. Upon completion of development and commencement of production, capitalized development costs are transferred to deferred mining costs and depreciated using the unit of production method.

Property, plant and equipment

Property, plant and equipment are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment is depreciated to its estimated residual value over the estimated useful life of the specific asset concerned, or the estimated remaining life of the associated mine, field or lease, if shorter. Depreciation commences when the asset is available for use.

The major categories of property, plant and equipment are depreciated on a unit of production and/or straight-line basis as follows:

Buildings	10–45 years
Land	not depreciated
Plant and equipment	3–20 years
Mineral rights and development costs	unit of production

Assets under finance leases, where substantially all the risks and rewards of ownership transfer to the Group as lessee, are capitalized and amortized over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. All other leases are classified as operating leases, the expenditures for which, are charged against income over the accounting periods covered by the lease term.

Deferred stripping costs

Stripping costs incurred in the development of a mine (or pit) before production commences are capitalized as part of the cost of constructing the mine (or pit) and subsequently amortized over the life of the mine (or pit) on a unit of production basis. Production stripping costs are deferred when the actual stripping ratio incurred significantly exceeds the expected long term average stripping ratio and are subsequently amortized when the actual stripping ratio falls below the long term average stripping ratio. Where the ore is expected to be evenly distributed, waste removal is expensed as incurred.

Mineral and petroleum rights

Mineral and petroleum reserves, resources and rights (together Mineral Rights) which can be reasonably valued, are recognized in the assessment of fair values on acquisition. Mineral Rights for which values cannot be reasonably determined are not recognized. Exploitable Mineral Rights are amortized using the unit of production method over the commercially recoverable reserves.

Restoration, rehabilitation and decommissioning

Restoration, rehabilitation and decommissioning costs arising from the installation of plant and other site preparation work, discounted to their present value, are provided for and capitalized 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 is 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.

Other investments

Equity investments, other than investments in Associates, are recorded at fair value unless such fair value is not reliably determinable in which case they are carried at cost. Changes in fair value are recorded in the statement of income unless they are classified as available for sale, in which case fair value movements are recognized in other comprehensive income and are subsequently recognized in the statement of income when realized by sale or redemption, or when a reduction in fair value is judged to be a significant or prolonged decline.

Impairment

Investments in Associates and other investments, advances and loans and property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, a review is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less costs to sell and its value in use. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash generating unit level.

Where a cash generating unit, or group of cash generating units, has goodwill allocated to it, or includes intangible assets which are either not available for use or which have an indefinite useful life (and which can only be tested as part of a cash generating unit), an impairment test is performed at least annually or whenever there is an indication that the carrying amounts of such assets may be impaired.

If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recorded in the income statement to reflect the asset at the lower amount.

An impairment loss is reversed in the statement of income if there is a change in the estimates used to determine the recoverable amount since the prior impairment loss was recognized. The carrying amount is increased to the recoverable amount but not beyond the carrying amount net of depreciation or amortization which would have arisen if the prior impairment loss had not been recognized. Goodwill impairments and impairments of available for sale equity investments are not reversed.

Provisions

Provisions are recognized when Glencore has a present obligation, as a result of past events, and it is probable that an outflow of resources embodying economic benefits that can be reliably estimated will be required to settle the liability.

Inventories

The majority of marketing inventories are valued at fair value less costs to sell with the remainder valued at the lower of cost or net realizable value. Unrealized gains and losses from changes in fair value are reported in cost of goods sold.

Production inventories are valued at the lower of cost or net realizable value. Cost is determined using the first in first out (FIFO) or the weighted average method and comprises material costs, labor costs and allocated production related overhead costs. Financing and storage costs related to inventory are expensed as incurred.

Financial instruments

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available for sale financial assets depending upon the purpose for which the financial assets were acquired. Financial assets are initially recognized at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable transaction costs. Subsequently, financial assets are carried at fair value (other investments, derivatives and marketable securities) or amortized cost less impairment (accounts receivable and advances and loans). Financial liabilities other than derivatives are initially recognized at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortized cost.

Convertible bonds

At the date of issue, the fair value of the liability component is determined by discounting the contractual future cash flows using a market rate for a similar non convertible instrument. The liability component is recorded as a liability on an amortized cost basis using the effective interest method. The equity component is recognized as the difference between the fair value of the proceeds as a whole and the fair value of the liability component and it is not subsequently remeasured.

Derivatives and hedging activities

Derivative instruments, which include contracts to sell or purchase commodities that do not meet the own use exemption, are initially recognized at fair value when Glencore becomes a party to the contractual provisions of the instrument and are subsequently remeasured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations or using models and other valuation techniques, the key inputs for which include current market and contractual prices for the underlying instrument, time to expiry, yield curves, volatility of the underlying instrument and counterparty risk.

Gains and losses on derivative instruments for which hedge accounting is not applied, other than the revenue adjustment mechanism embedded within provisionally priced sales, are recognized in cost of goods sold.

Those derivatives qualifying and designated as hedges are either (i) a Fair Value Hedge of the change in fair value of a recognized asset or liability or an unrecognized firm commitment, or (ii) a Cash Flow Hedge of the change in cashflows to be received or paid relating to a recognized 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 recognized as a cash flow hedge reserve in shareholders' equity. 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. Hedge ineffectiveness is recorded in the statement of income when it occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders' equity and is recognized in the statement of income when the committed or forecast transaction is ultimately recognized in the statement of income. However, if a forecast or committed transaction is no longer expected to occur, the cumulative gain or loss that was recognized in equity is immediately transferred to the statement of income.

A derivative may be embedded in a "host contract". Such combinations are known as hybrid instruments and at the date of issuance, the embedded derivative is separated from the host contract and accounted for as a stand alone derivative if the criteria for separation are met. The host contract is accounted for in accordance with its relevant accounting policy.

Critical accounting policies, key judgments and estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the 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 other factors that are considered to be relevant. Actual outcomes could differ from those estimates.

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

Valuation of derivative instruments

Derivative instruments are carried at fair value and Glencore 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 7. 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 Glencore to make market based assumptions (Level 3). For more details refer to note 23.

Depreciation and amortization of mineral and petroleum rights and project development costs

Mineral and petroleum rights and project development costs are amortized using the unit of production method (UOP). The calculation of the UOP rate of amortization, and therefore the annual amortization charge to operations, can fluctuate from initial estimates. This could generally result when there are significant changes in any of the factors or assumptions used in estimating mineral or petroleum reserves, notably changes in the geology of the reserves and assumptions used in determining the economic feasibility of the reserves. Such changes in reserves could similarly impact the useful lives of assets depreciated on a straight line basis, where those lives are limited to the life of the project, which in turn is limited to the life of the proven and probable mineral or petroleum reserves. Estimates of proven and probable reserves are prepared by experts in extraction, geology and reserve determination. Assessments of UOP rates against the estimated reserve base and the operating and development plan are performed regularly.

Impairments

Investments in Associates and other investments, advances and loans and property, plant and equipment, goodwill and other 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 recognized. 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, 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.

Restoration, rehabilitation and decommissioning costs

A provision for future restoration, rehabilitation and decommissioning costs requires estimates and assumptions to be made around the relevant regulatory framework, the magnitude of the possible disturbance and the timing, extent and costs of the required closure and rehabilitation activities. To the extent that the actual future costs differ from these estimates, adjustments will be recorded and the statement of income could be impacted. The provisions including the estimates and assumptions contained therein are reviewed regularly by management.

Provisions

The amount recognized as a provision, including tax, legal, 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.

Fair value

In addition to recognizing derivative instruments at fair value, as discussed above, an assessment of fair value of assets and liabilities is also required in accounting for other transactions, most notably, business combinations and disclosures related to fair values of financial assets and liabilities. In such instances, 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 cashflow 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.

2. SEGMENT INFORMATION

Glencore is organized and operates on a worldwide basis in three core business segments – metals and minerals, energy products and agricultural products, with each business segment responsible for the marketing, sourcing, hedging, logistics and industrial investment activities of their respective markets and reflecting the structure used by Glencore’s management to assess the performance of Glencore.

The business segments’ contributions to the Group are primarily derived from the net margin or premium earned from physical marketing activities (net sale and purchase of physical commodities), provision of marketing and related value-add services and the margin earned from industrial asset activities (net resulting from the sale of physical commodities over the cost of production and/or cost of sales) and comprise the following underlying key commodities:

- Metals and minerals: Zinc, copper, lead, alumina, aluminum, ferro alloys, nickel, cobalt and iron ore, including smelting, refining, mining, processing and storage related operations of the relevant commodities;
- Energy products: Crude oil, oil products, steam coal and metallurgical coal supported by investments in coal mining and oil production operations, ports, vessels and storage facilities;
- Agriculture products: Wheat, corn, barley, rice, oilseeds, meals, edible oils, biodiesel, cotton and sugar supported by investments in storage, handling, processing and port facilities.

Corporate and other: statement of income amounts represent Glencore’s share of income related to Xstrata and other unallocated Group related expenses (mainly variable pool bonus accrual). Balance sheet amounts represent Group related balances.

The financial performance of the segments is principally evaluated with reference to Adjusted EBIT/EBITDA which is the net result of revenue less cost of goods sold and selling and administrative expenses plus share of income from associates and jointly controlled entities and dividends as disclosed on the face of the consolidated statement of income. Furthermore, given that funding costs in relation to working capital employed in the marketing activities are sought to be “recovered” via transactional terms, the performance of marketing activities is also assessed at a net income level.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Glencore accounts for inter-segment sales and transfers where applicable as if the sales or transfers were to third parties, i.e. at current market prices.

2010 US \$ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Revenue					
Revenue from third parties	45 211	89 349	10 418	0	144 978
Marketing activities					
Adjusted EBIT	1 401	450	659	– 173	2 337
Depreciation and amortization	0	20	0	10	30
Adjusted EBITDA	1 401	470	659	– 163	2 367
Industrial activities					
Adjusted EBIT	1 160	235	58	1 500	2 953
Depreciation and amortization	708	124	49	0	881
Adjusted EBITDA	1 868	359	107	1 500	3 834
Total adjusted EBITDA	3 269	829	766	1 337	6 201
Depreciation and amortization excluded above	– 708	– 144	– 49	– 10	– 911
Total adjusted EBIT	2 561	685	717	1 327	5 290
Interest expense – net					– 936
(Loss)/gain on sale of investments – net					– 6
Other (expense)/income – net					– 8
Income tax expense					– 234
Income before attribution					4 106

2010 US \$ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Current assets	17 901	15 759	5 958	2 869	42 487
Current liabilities	– 8 597	– 11 237	– 2 000	– 2 594	– 24 428
Allocatable current capital employed	9 304	4 522	3 958	275	18 059
Property, plant and equipment	8 860	2 489	739	0	12 088
Investments in Associates and other investments	2 134	1 108	157	15 805	19 204
Non current advances and loans	813	2 832	113	72	3 830
Allocatable non current capital employed	11 807	6 429	1 009	15 877	35 122
Other assets ¹	0	0	0	2 178	2 178
Other liabilities ²	0	0	0	– 32 852	– 32 852
Total net assets	21 111	10 951	4 967	– 14 522	22 507
Included in property, plant and equipment are:					
Additions	1 001	818	71	0	1 890

¹ Other assets include deferred tax assets, marketable securities, cash and cash equivalents and assets held for sale.

² Other liabilities include borrowings, deferred income, deferred tax liabilities, provisions, commodities sold with agreements to repurchase and liabilities held for sale.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2009 US \$ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Revenue					
Revenue from third parties	35 391	62 391	8 582	0	106 364
Marketing activities					
Adjusted EBIT	523	945	304	– 211	1 561
Exceptional items included above ¹	30	0	0	0	30
Adjusted EBIT pre exceptional items	553	945	304	– 211	1 591
Depreciation and amortization	0	0	0	15	15
Adjusted EBITDA pre exceptional items	553	945	304	– 196	1 606
Industrial activities					
Adjusted EBIT	443	413	41	28	925
Exceptional items included above ¹	55	0	0	736	791
Adjusted EBIT pre exceptional items	498	413	41	764	1 716
Depreciation and amortization	521	49	37	0	607
Adjusted EBITDA pre exceptional items	1 019	462	78	764	2 323
Total adjusted EBITDA pre exceptional items	1 572	1 407	382	568	3 929
Depreciation and amortization excluded above	– 521	– 49	– 37	– 15	– 622
Total adjusted EBIT pre exceptional items	1 051	1 358	345	553	3 307
Exceptional items excluded above					– 821
Interest expense – net					– 587
(Loss)/gain on sale of investments – net					33
Other (expense)/income – net					35
Income tax expense					– 238
Income before attribution					1 729

¹ Exceptional items represent significant items of income and expense which, due to their financial impacts, nature or the expected infrequency of the events giving rise to them, have been separated for internal reporting and analysis of Glencore's results. In 2009, \$ 30 million of marketing activities exceptional items related primarily to inventory net realizable value adjustments and \$ 791 million of industrial activities exceptional items related to severance and other related expenses (\$ 30 million) and Glencore's share of asset impairment charges booked directly by Xstrata (\$ 736 million) and Century (\$ 25 million).

2009 US \$ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Current assets	18 244	13 860	2 294	2 043	36 441
Current liabilities	– 9 759	– 6 844	– 882	– 2 894	– 20 379
Allocatable current capital employed	8 485	7 016	1 412	– 851	16 062
Property, plant and equipment	5 672	679	494	0	6 845
Investments in Associates and other investments	2 129	924	41	14 989	18 083
Non current advances and loans	1 054	1 382	34	65	2 535
Allocatable non current capital employed	8 855	2 985	569	15 054	27 463
Other assets ¹	0	0	0	2 372	2 372
Other liabilities ²	0	0	0	– 27 953	– 27 953
Total net assets	17 340	10 001	1 981	– 11 378	17 944
Included in property, plant and equipment are:					
Additions	607	393	116	0	1 116

¹ Other assets include deferred tax assets, marketable securities, cash and cash equivalents and assets held for sale.

² Other liabilities include borrowings, deferred income, deferred tax liabilities, provisions, commodities sold with agreements to repurchase, Prodeco call option arrangement and liabilities held for sale.

Geographical information

US \$ million	2010	2009
Revenue from third parties¹		
The Americas	39 183	27 736
Europe	47 724	37 647
Asia	42 820	31 081
Africa	13 975	9 089
Oceania	1 276	811
	144 978	106 364
Non current assets²		
The Americas	3 755	2 554
Europe	15 224	12 858
Asia	5 880	2 730
Africa	2 702	2 252
Oceania	1 293	1 332
	28 854	21 726

¹ Revenue by geographical destination is based on the country of incorporation of the sales counterparty.

² Non current assets are non current operating assets other than financial instruments and deferred tax assets.

3. (LOSS)/GAIN ON SALE OF INVESTMENTS - NET

US \$ million	2010	2009
Gain on sale of subsidiaries	0	97
Loss on sale of investments in associates	- 6	- 64
Total	- 6	33

The net gain on sale of subsidiaries and investments in 2009 comprised primarily the disposal of East Tennessee Zinc Company LLC in December 2009 (see note 21) and a gain on the disposal of Refineria de Cartagena, offset by a dilution loss following Xstrata's capital raising in March 2009, which resulted in Glencore's effective ownership reducing from 35.2% to 34.9%.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. OTHER (EXPENSE)/INCOME – NET

US \$ million	Notes	2010	2009
Changes in mark to market valuation – net ¹		– 178	222
Prodeco transaction and related expenses ²	13	– 225	– 303
Changes in mark to market valuation of forward contracts ³		– 790	0
Gain on settlement of restructured Russneft loans	8	382	0
Impairment on equity interest in various Russneft Group entities	8	– 336	0
Impairment reversal ⁴		674	0
Revaluation of previously held interest in newly acquired businesses	21	462	161
Impairment on Katanga related goodwill	21	0	– 161
Foreign exchange gain		31	26
Other		– 28	90
Total		– 8	35

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, gains/losses on restructured loans, revaluation of previously held interests in business combinations and restructuring and closure costs.

¹ 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. accounting for the majority of the movement in 2010 and 2009.

² 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 recognized as a liability. In March 2010, the option was exercised (see note 13). Following the exercise of the option, in addition to the option repurchase expenses (including the option premium and profit entitlement) incurred during the year, \$ 115 million of additional depreciation expense was recognized to reflect the depreciation that would have been charged if the related assets had not previously been classified as held for sale.

³ 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 year end, approximately 19.3 million tonnes of such coal had been sold forward at a fixed price in respect of quarterly periods to the end of 2013.

⁴ During the regular assessment of whether there is an indication of an asset impairment or whether a previously recorded impairment may no longer be required, an upward revision of long term base metals and coal price assumptions resulted in an impairment reversal of \$ 674 million against Glencore's interest in Xstrata. The recoverable amount of Glencore's share of the underlying net assets have been determined on the basis of its fair value less costs to sell using discounted cash flow techniques.

5. INCOME TAXES

Income taxes consist of the following:

US \$ million	2010	2009
Current income tax expense	– 292	– 259
Deferred income tax credit	58	21
Total	– 234	– 238

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

US \$ million	2010	2009
Income before income taxes and attribution	4 340	1 967
Less: share of income from Associates	– 1 829	– 82
Parent companies' and subsidiaries' income before income tax and attribution	2 511	1 885
Income tax expense calculated at the Swiss income tax rate	– 401	– 297
Effect of different tax rates of subsidiaries operating in other jurisdictions	– 78	– 19
Tax exempt income, net of non-deductible expenses and other permanent differences	254	56
Effect of use of tax losses and other deferred tax assets, not previously recognized ¹	135	15
Effect of change in tax rate on temporary differences	– 145	0
Other	1	7
Income tax expense	– 234	– 238

¹ Following the regular assessment and review of business plans related to Katanga Mining Limited, it was determined that a substantial portion of the previously unrecognized tax losses could be recognized.

Deferred taxes as at December 31, 2010 and 2009, are attributable to the items detailed in the table below:

US \$ million	2010	2009
Deferred tax assets¹		
Tax losses carried forward	274	29
Mark to market valuations	95	59
Total	369	88
Deferred tax liabilities¹		
Depreciation and amortization	– 926	– 257
Mark to market valuations	– 320	– 328
Other	– 62	– 41
Total	– 1 308	– 626
Deferred tax – net	– 939	– 538
Reconciliation of deferred tax – net		
Opening balance	– 538	– 541
Recognized in income for the year	58	21
Recognized in other comprehensive (loss)/income	2	– 7
Acquisitions	– 461	– 11
Closing balance	– 939	– 538

¹ Asset and liability positions in the same category reflect the impact of tax assets and liabilities arising in local tax jurisdictions that cannot be offset against tax assets and liabilities arising in other tax jurisdictions.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Deferred tax assets are recognized for tax losses carried forward only to the extent that realization of the related tax benefit is probable. As at December 31, 2010, \$ 562 million (2009: \$ 312 million) of deferred tax assets related to available loss carry forwards have been brought to account, of which \$ 274 million (2009: \$ 29 million) are disclosed as deferred tax assets with the remaining balance being offset against deferred tax liabilities arising in the same respective entity. Available gross tax losses carried forward, for which no deferred tax assets have been recognized in the consolidated financial statements are detailed below and will expire as follows:

US \$ million	2010	2009
1 year	75	85
2 years	56	48
3 years	38	8
Thereafter	394	904
Total	563	1 045

As at December 31, 2010, unremitted earnings of \$ 12,255 million (2009: \$ 10,263 million) have been retained by subsidiaries and associates for reinvestment. No provision is made for income taxes that would be payable upon the distribution of such earnings. If earnings were remitted, an immaterial tax charge would result based on the tax statutes currently in effect.

6. PROPERTY, PLANT AND EQUIPMENT

US \$ million	Notes	Land and buildings	Plant and equipment	Mineral and petroleum rights	Deferred mining costs	Total
Gross carrying amount:						
January 1, 2010		1 066	6 255	1 718	229	9 268
Business combination		370	910	2 283	91	3 654
Additions		26	1 346	422	96	1 890
Disposals		– 35	– 525	– 38	– 2	– 600
Reclassified from held for sale	13	112	908	73	155	1 248
Other movements		– 258	293	26	– 27	34
December 31, 2010		1 281	9 187	4 484	542	15 494
Accumulated depreciation and impairment:						
January 1, 2010		235	1 810	364	14	2 423
Depreciation		77	752	171	26	1 026
Disposals		– 15	– 177	– 12	0	– 204
Reclassified from held for sale	13	7	128	7	10	152
Other movements		– 65	43	18	13	9
December 31, 2010		239	2 556	548	63	3 406
Net book value December 31, 2010		1 042	6 631	3 936	479	12 088

US \$ million	Notes	Land and buildings	Plant and equipment	Mineral and petroleum rights	Deferred mining costs	Total
Gross carrying amount:						
January 1, 2009		1 046	6 518	1 075	319	8 958
Business combination		1	257	598	0	856
Additions		40	960	62	54	1 116
Business divestment		– 31	– 135	– 51	0	– 217
Disposals		– 9	– 230	– 7	– 8	– 254
Held for sale	13	– 112	– 908	– 73	– 155	– 1 248
Other movements		131	– 207	114	19	57
December 31, 2009		1 066	6 255	1 718	229	9 268
Accumulated depreciation and impairment:						
January 1, 2009		179	1 580	325	15	2 099
Business divestment		– 2	– 96	– 47	0	– 145
Depreciation		63	466	82	11	622
Disposals		– 2	– 75	0	– 2	– 79
Held for sale	13	– 7	– 128	– 7	– 10	– 152
Other movements		4	63	11	0	78
December 31, 2009		235	1 810	364	14	2 423
Net book value December 31, 2009		831	4 445	1 354	215	6 845

Plant and equipment includes expenditure for construction in progress of \$ 1,343 million (2009: \$ 1,233 million) and a net book value of \$ 64 million (2009: \$ 72 million) of obligations recognized under finance lease agreements. Mineral and petroleum rights include expenditures for exploration and evaluation of \$ 379 million (2009: \$ 146 million). Depreciation expenses included in cost of goods sold are \$ 893 million (2009: \$ 607 million), in selling and administrative expenses \$ 18 million (2009: \$ 15 million) and in other (expense)/income – net – Prodeco transaction related expenses \$ 115 million (2009: \$ nil million).

7. INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS

US \$ million	2010	2009
Listed Associates	15 511	13 267
Non listed Associates	1 255	1 614
Investments in Associates	16 766	14 881
Other investments	2 438	3 202
Total	19 204	18 083

A list of the principal operating, finance and industrial subsidiaries and Associates and other investments is included in note 28. As at December 31, 2010, the fair value of listed Associates using published price quotations was \$ 24,511 million (2009: \$ 19,090 million).

Other investments

Other investments primarily include a 8.8% interest in United Company Rusal ("UCR") (\$ 2,048 million; 2009: \$ 2,003 million) which, following its listing on the Hong Kong Stock Exchange in January 2010, is carried at fair value with associated movements recognized within a related equity reserve (see note 14). As at December 31, 2010, \$ 113 million (2009: \$ nil million) of Glencore's investment in UCR was pledged as a guarantee against certain borrowings of UCR.

Summarized financial information in respect of Glencore's Associates, reflecting 100% of the underlying Associate's relevant figures, are set out below. Glencore's share of the joint venture's capital commitments for which the joint venture already has contractually committed financing in place, amounts to \$ 831 million (2009: \$ 346 million).

US \$ million	2010	2009
Total assets	77 247	66 522
Total liabilities	32 506	30 136
Revenue	48 116	25 337
Net profit	4 941	826

8. ADVANCES AND LOANS

US \$ million	2010	2009
Loans to Parents	72	66
Loans to Associates	426	832
Other non current receivables and loans	3 332	1 637
Total	3 830	2 535

Loans to Parents (see note 14) and Associates bear interest at applicable floating market rates plus a premium.

Other non current receivables and loans comprise the following:

US \$ million	2010	2009
Counterparty		
OAo Russneft		
Interest bearing loan at 9% per annum (see note below)	2 082	1 033
Atlas Petroleum International Limited ("Atlas")		
Interest bearing loans at LIBOR plus 3% ¹	477	270
PT Bakrie & Brothers Tbk		
Interest bearing secured loans at LIBOR plus 9% ²	200	0
Secured marketing related financing arrangements ³	330	148
Other	243	186
Total	3 332	1 637

¹ Primarily relates to carried interest loans associated with the development of the Aseng oil project in Equatorial Guinea, where Atlas is one of the equity partners. The operator of the field and project is Noble Energy, based in Houston. The Aseng project is expected to commence oil production in Q1 2012, with loans subsequently repaid from oil proceeds.

² The principal under this loan is payable in five equal semi-annual installments from June 2012 to June 2014. The loan is secured by 968,442,000 shares (equivalent to 4.66%) in PT BUMI Resources Tbk., which at December 31, 2010, were valued at \$ 323 million.

³ Various marketing related financing facilities, generally secured against certain assets and/or payable from the future sale of production of the counterparty. The weighted average interest rate of the loans is 10% and on average are to be repaid over a 3 year period.

Russneft loans

In December 2010, OAo Russneft ("Russneft") completed a significant debt amendment and restatement with its major lenders, whereby Glencore's previously existing facilities including some amounts, which had been advanced for conversion into Russneft equity, were consolidated into a single facility. The consolidated facility, with a principal amount of \$ 2,080 million, bears interest at 9% per annum, with 3% paid quarterly and the remaining 6% payable along with the principal. Repayment is expected in monthly installments over a 3 year period commencing Q4 2017, but in any event, not before repayment of the debt owing to the other major lender. The facility is secured by a second ranked charge over certain of Russneft's assets.

Glencore has accounted for this amendment and restatement as a substantial modification, which resulted in derecognition of all amounts carried under the previous facilities including principal, accrued interest and equity conversion advances and recognition, at fair value, of the consolidated facility. The transaction resulted in a gain (after taking into account the carrying value of the principal, net of allowance for doubtful accounts, and the accrued interest (\$ 1,413 million) and equity conversion advances (\$ 285 million)) of \$ 382 million.

The loan amendment also constituted a loss event with respect to Glencore's equity holdings in certain Russneft subsidiaries due to the increased leverage, amended repayment profile and the enhancement of prioritized security of the consolidated loans and, as a consequence, an impairment charge of \$ 336 million was recognized against other investments.

9. INVENTORIES

US \$ million	2010	2009
Production inventories	2 805	1 894
Marketing inventories	14 588	13 179
Total	17 393	15 073

Production inventories consist of materials, spare parts, work in process and finished goods held by the production entities. Marketing inventories are commodities held by the marketing entities. Marketing inventories include readily marketable inventories of \$ 14,331 million (2009: \$ 12,945 million). Readily marketable inventories are inventories that Glencore considers to be readily convertible into cash due to their very liquid nature, widely available markets and the fact that the price risk is covered either by a physical sale transaction or hedge transaction on a commodity exchange or with a highly rated counterparty.

Glencore has a number of dedicated financing facilities, which finance a portion of its marketing inventories. In each case, the inventory has not been derecognized as the Group retains the principal risks and rewards of ownership. The proceeds received are recognized as either current borrowings, commodities sold with agreements to repurchase or trade advances from buyers, depending upon their funding nature. As at December 31, 2010, the total amount of inventory securitized under such facilities was \$ 2,426 million (2009: \$ 3,192 million). The proceeds received and recognized as current borrowings were \$ 1,338 million (2009: \$ 1,663 million), as commodities sold with agreements to repurchase \$ 484 million (2009: \$ 477 million) and as trade advances from buyers \$ 67 million (2009: \$ 419 million).

10. ACCOUNTS RECEIVABLE

US \$ million	2010	2009
Trade receivables ¹	12 663	9 156
Trade advances and deposits ¹	4 297	4 415
Associated companies ¹	494	315
Other receivables	1 540	1 303
Total	18 994	15 189

¹ Collectively referred to as receivables.

The average credit period on sales of goods is 28 days (2009: 33 days).

As at December 31, 2010, 5% of receivables were between 1–60 days overdue, and 2% were greater than 60 days overdue (2009: 6% were between 1–60 days overdue and 2% 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. Receivables are net of allowances for doubtful accounts of \$ 155 million (2009: \$ 302 million), which take into consideration the diverse geographic and industrial composition of the accounts receivable portfolio. The decrease in allowance for doubtful accounts over 2010 is primarily attributable to the Russneft loan amendment and restatement described in note 8.

Glencore has a number of dedicated financing facilities, which finance a portion of its receivables. In each case, the receivables have not been derecognized, as the Group retains the principal risks and rewards of ownership. The proceeds received are recognized as current borrowings (see note 15). As at December 31, 2010, the total amount of trade receivables securitized was \$ 2,349 million (2009: \$ 1,590 million) and proceeds received and classified as current borrowings amounted to \$ 1,950 million (2009: \$ 1,300 million).

11. OTHER FINANCIAL ASSETS

US \$ million	Notes	2010	2009
Commodity related contracts	23		
Futures		1 796	2 785
Options		149	409
Swaps		645	587
Physical forwards		3 118	2 049
Financial contracts	23		
Cross currency swaps		149	246
Foreign currency and interest rate contracts		125	49
Total		5 982	6 125

12. CASH AND CASH EQUIVALENTS

US \$ million	2010	2009
Banks and cash on hand	1 090	738
Deposits and treasury bills	373	122
Total	1 463	860

As at December 31, 2010, \$ 23 million (2009: \$ 10 million) was restricted.

13. ASSETS AND LIABILITIES HELD FOR SALE

Following Glencore's acquisition in September 2010 of the Pacorini metals warehousing division ("Pacorini"), Glencore commenced a review of the strategic alternatives to strengthen Glencore's participation in the metals warehousing business, which is expected to result in a merger involving the acquired business and a third party. As a result, the corresponding assets (\$ 161 million non current and \$ 119 million current) and liabilities (\$ 1 million non current and \$ 44 million current) at December 31, 2010 were classified as held for sale.

Following the exercise of the call option to repurchase Prodeco from Xstrata in March 2010 and the subsequent decision not to partially or fully dispose of it, following a review of divestment options, the net assets (assets of \$ 1,349 million and liabilities of \$ 236 million) previously classified as held for sale in 2009 were reclassified to the respective line items in the statement of financial position at depreciated cost. As a result of this change in accounting classification, a one time depreciation charge of \$ 115 million was recognized within the total costs associated with the Prodeco option exercise (see note 4), to reflect the additional depreciation that would have been charged if the related assets had not previously been classified as held for sale.

14. SHARE CAPITAL AND RESERVES

The share capital of the Company consists of 150,000 registered shares with a nominal value of CHF 500 each, a restriction on transferability and carry the right to a preferred dividend at the Company's discretion of up to 10% of nominal value per annum. Glencore Holding AG (the ultimate parent) and Glencore L.T.E. AG (together the "Parents"), both wholly owned by the management and employees of Glencore, own 85% and 15% respectively, of the Company.

The Company is authorized by its articles of incorporation to issue to employees of Glencore, non voting profit participation certificates ("PPC") with no nominal value, enabling the employees to participate in the four profit sharing arrangements described below. The profit sharing arrangements entitle the participating employees to a portion of Glencore shareholders' funds accumulated during the period that such employees hold the PPCs. The PPCs attribute Glencore's net income pro rata based on the 150,000 (2009: 150,000) shares issued, however, upon termination of employment, the arrangements differ in the way that the accumulated financial benefits are settled as follows:

Glencore L.T.E. Profit Participation Shareholders ("LTS")

Participants in the Glencore L.T.E. AG Profit Participation Plan, representing 15% of the Company's registered share capital, have pooled both their shares in Glencore L.T.E. AG and their respective PPCs. Under such agreements, in contrast to PPS and HPPS (noted below), termination of employment of a LTS does not trigger any claims against the Company, but rather, it is in the Company's control if and when any amount should be redeemed. In this manner, the portion of net income accumulated by LTS is consistent with the traditional characteristics of an entity's retained earnings and is classified as equity.

Long Term Profit Participation Shareholders ("LTPPS")

LTPPS, upon termination of employment, have agreed to forgo their accumulated financial benefits in the Company until the occurrence of certain triggering events, such as an IPO. Until such triggering event occurs, the accumulated financial benefits are non-interest bearing. As with LTS above, given that termination of employment does not trigger any claims against the Company, but rather it is in the Company's control if and when any amount will be redeemed, the portion of net income accumulated by LTPPS is consistent with the traditional characteristics of an entity's retained earnings and is classified as equity. As at December 31, 2010, LTPPS represented 15% of the Company's registered share capital.

Hybrid Profit Participation Shareholders ("HPPS")

HPPS have agreed to receive their accumulated financial benefits upon termination of employment in the form of hybrid notes, which have been structured to achieve Basket D equity credit (75%) from Moody's and high equity content (100%) from Standard & Poor's. The key features include no maturity (perpetual), legally binding replacement covenant and mandatory coupon deferral where non current borrowings exceeds equity, current ratio falls below 1.1x, or a minimum cash flow to net debt ratio is breached. The notes, upon issuance, will constitute unsecured and subordinated obligations, that will rank senior to LTS claims (see above), pari passu with PPS/LTPPS claims and junior to any present or future claims of unsecured lenders and investors. As at December 31, 2010, HPPS represented 10% of the Company's registered share capital. As at December 31, 2010 and 2009 no such hybrid notes were outstanding.

Ordinary Profit Participation Shareholders ("PPS")

Upon termination of employment, the accumulated financial benefits of a PPS employee are reclassified into non current borrowings, as "Ordinary profit participation certificates" and paid in installments over a period of five years, with the portion falling due within 12 months included in current borrowings.

In 2009, many key employees, including department heads, holding in aggregate 76% of PPS as at December 31, 2010 agreed to defer the commencement of all payments of PPS claims, which may become due to them as a result of termination of their employment, until January 2012 at the earliest. In December 2009, various senior executives agreed to a further extension, such that 45% of PPS as at December 31, 2010 is locked up until January 2013 at the earliest. In the event of certain triggering events, which include any breach of a financial covenant, redemptions under all four plans are subordinated to claims of unsecured lenders and investors. According to the existing agreements, the Company redeemed and reclassified as borrowings during 2010 a certain number of PPC from PPS representing an aggregate amount of \$ 504 million (2009: \$ 993 million).

Reserves

US \$ million	Notes	Translation adjustment	Equity portion of Convertible bonds	Cash flow hedge reserve	Net unrealized gain/(loss)	Net ownership changes in subsidiaries	Reserves restricted	Total
Balance January 1, 2009		- 44	0	- 457	0	0	1	- 500
Exchange gain on translation of foreign operations		37	0	0	0	0	0	37
Gain on cash flow hedges, net of tax	22	0	0	286	0	0	0	286
Cash flow hedges transferred to the statement of income, net of tax		0	0	82	0	0	0	82
Equity portion of Convertible bonds	15	0	77	0	0	0	0	77
Balance December 31, 2009		- 7	77	- 89	0	0	1	- 18
Balance January 1, 2010		- 7	77	- 89	0	0	1	- 18
Exchange gain on translation of foreign operations		8	0	0	0	0	0	8
Loss on cash flow hedges, net of tax	22	0	0	- 180	0	0	0	- 180
Gain on available for sale financial instruments	7	0	0	0	25	0	0	25
Cash flow hedges transferred to the statement of income, net of tax		0	0	6	0	0	0	6
Change in ownership interest in subsidiaries	21	0	0	0	0	- 134	0	- 134
Equity portion of Convertible bonds	15	0	12	0	0	0	0	12
Balance December 31, 2010		1	89	- 263	25	- 134	1	- 281

Earnings per share

	2010	2009
Profit attributable to equity holders (US \$ million)	1 291	983
Weighted average number of shares for the purposes of basic and diluted earnings per share	150 000	150 000
Basic and diluted earnings per share (US \$)	8 606	6 555

Convertible bonds, convertible into 9,584 shares (2009: 188 shares), have been excluded from the determination of diluted earnings per share as they are anti-dilutive. There are no other potentially dilutive investments outstanding.

15. BORROWINGS

US \$ million	Notes	2010	2009
Non current borrowings			
144A Notes		946	945
Xstrata secured bank loans		0	2 282
Convertible bonds		2 132	1 838
Eurobonds		3 725	3 001
Swiss franc bonds		639	0
Sterling bonds		999	1 013
Perpetual notes		735	700
Ordinary profit participation certificates	14	1 059	1 392
Committed syndicated revolving credit facility		6 744	4 734
Other bank loans ¹		1 272	498
Total non current borrowings		18 251	16 403
Current borrowings			
Committed syndicated revolving credit facility		515	1 156
Committed secured inventory/receivables facility	9/10	1 700	0
Committed secured inventory facility	9	0	310
Committed secured receivables facilities	10	700	0
Committed asset backed (receivables) commercial paper program	10	0	1 300
Bilateral uncommitted secured inventory facilities	9	888	1 353
U.S. commercial paper		310	214
Xstrata secured bank loans		2 292	0
Eurobonds		765	0
Perpetual notes		292	0
Ordinary profit participation certificates	14	796	830
Other bank loans ^{1,2}		3 623	2 023
Total current borrowings		11 881	7 186

¹ Includes \$ 63 million (2009: \$ 65 million) of obligations under financial leases of which \$ 4 million (2009: \$ 6 million) were current as at year end.

² Comprises various uncommitted bilateral bank credit facilities and other financings.

144A Notes

\$ 950 million 6% coupon Notes due 2014. The Notes are recognized at amortized cost at an effective interest rate of 6.15% per annum.

Xstrata secured bank loans

Comprising two facilities with a total amount of \$ 2,800 million, with \$ 2,300 million outstanding at December 31, 2010 and 2009. Both facilities mature in September 2011. 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 December 31, 2010 \$ 4,199 million (2009: \$ 4,188 million) of the carrying value of Glencore's investment in Xstrata was pledged as security.

Convertible bonds

In December 2009, the Group issued \$ 2,000 million 5.0% coupon convertible bonds due December 2014. The bonds are convertible at the option of investors into a certain percentage of Glencore's equity upon a qualifying IPO or upon other pre-determined qualifying events. The bonds contain several embedded derivatives which IFRS requires be accounted for separately, the most significant of these being that if the bonds have not been converted and no qualifying event occurs, they will be redeemed at maturity at 108.1% of their nominal amount. In addition, if a qualifying IPO or other pre-determined qualifying events have not occurred prior to December 2012, bondholders may, subject to Glencore having achieved a "pre exceptional" net income of \$ 3.5 billion in the preceding 12 months or in the event that Glencore is acquired for cash consideration, put the bonds back to Glencore at an amount which achieves a cumulative annualized return of 20%. Payment in this regard could occur from mid 2013 at the earliest.

The bonds consist of a liability component and an equity component. The fair values of the liability component (\$ 1,923 million) and the equity component (\$ 77 million) were determined, using the residual method, at issuance of the bonds. The liability component is measured at amortized cost at an effective interest rate of 5.90% per annum. At issuance and each subsequent period end, the embedded derivatives were concluded to have a fair value of \$ nil due to the probability weighting attributed to the related conditions. Over the first half of 2010, \$ 300 million of additional Convertible bonds, convertible into 0.84% of the Company's equity, were issued under the same terms and conditions as those issued in December 2009 with the equity component equalling to \$ 12 million and the liability component equalling \$ 288 million. In relation to the potential conversion, the terms of the bonds enable a conversion into 6.25% of the Company's equity as at December 31, 2010.

Euro, Sterling and Swiss Franc bonds

The Group has issued bonds denominated in Euro, Sterling and Swiss Franc where upon issuance, the principal amounts and the future interest payments were swapped into their U.S. Dollar equivalent. The details of amounts issued and outstanding are as follows:

US \$ million	Maturity	Initial US \$ equivalent	US \$ fixed interest rate in %	2010	2009
Euro 600 million 5.375% coupon bonds	Sep 2011	739	5.78	765	817
Euro 850 million 5.250% coupon bonds	Oct 2013	1 078	6.60	1 080	1 154
Euro 750 million 7.125% coupon bonds	April 2015	1 200	6.86	968	1 030
Euro 1 250 million 5.250% coupon bonds	March 2017	1 708	6.07	1 677	0
Eurobonds		4 725		4 490	3 001
GBP 650 million 6.50% coupon bonds	Feb 2019	1 266	6.58	999	1 013
CHF 600 million 3.625% coupon bonds	April 2016	593	4.87	639	0
Total		6 584		6 128	4 014

Perpetual notes

\$ 700 million 8% notes, callable after February 2011 at par. In December 2010, Glencore announced its intention to call \$ 300 million of the outstanding notes. This partial redemption was subsequently completed on 6 February 2011. In October 2010, Glencore issued \$ 350 million 7.5% notes, callable after October 2015 at par.

Ordinary profit participation certificates

Profit participation certificates (PPC) bear interest at 6 month U.S. \$ LIBOR and in the event of certain triggering events (see note 14), all PPC would be subordinated to unsecured lenders.

Committed revolving credit facilities

In May 2010, Glencore replaced the previous 364 day \$ 815 million revolving credit facility with a new 364 day \$ 1,375 million facility with a one year term out option at Glencore's discretion as well as a 364 day \$ 515 million Asian focused tranche. In addition, Glencore replaced the \$ 8,180 million medium term revolving credit facility with a new 3 year revolving credit facility of \$ 8,370 million and cancelled the \$ 6,650 million forward start facility concluded in 2009. Up to \$ 1,000 million of the medium term tranche may be used as liquidity back up for Glencore's corporate U.S. commercial paper program.

Committed secured inventory/receivables facility

In November 2010, Glencore entered into a 364 day committed \$ 1.7 billion secured inventory and receivables borrowing base facility. Under the program, Glencore has the option to pledge up to \$ 750 million of eligible base metals inventory or up to \$ 1.7 billion of eligible receivables. Funds drawn under the facility bear interest at U.S. \$ LIBOR plus a margin.

Committed secured receivables facilities

In April 2010, Glencore entered into a six month \$ 550 million committed secured receivables financing program which was extended for a further year and increased to \$ 700 million in December 2010. Funds drawn under the facility bear interest at U.S. \$ LIBOR plus a margin.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

U.S. commercial paper

Glencore has in place a stand alone U.S. commercial paper program for \$ 1,000 million rated A3 and P2 respectively by Standard & Poor's and Moody's rating agencies. The notes issued under this program carry interest at floating market rates and mature not more than 270 days from the date of issue.

16. DEFERRED INCOME

During 2006, Glencore entered into an agreement to deliver a fixed quantity of silver concentrate, a by-product from its mining operations, for a period of 15 years at a fixed price for which Glencore received an upfront payment of \$ 285 million. The outstanding balance represents the remaining non current portion of the upfront payment. The upfront payment is released to revenue at a rate consistent with the implied forward price curve at the time of the transaction and the actual quantities delivered.

17. PROVISIONS

US \$ million	Post retirement benefits ¹	Employee entitlement ²	Rehabilitation costs ³	Other ⁴	Total
January 1, 2009	58	71	197	76	402
Provision utilized in the year	- 2	- 4	0	- 26	- 32
Provisions assumed in business combination	2	0	10	40	52
Additional provision in the year	1	18	29	75	123
December 31, 2009	59	85	236	165	545
January 1, 2010	59	85	236	165	545
Provision utilized in the year	- 4	- 2	- 5	- 22	- 33
Provisions assumed in business combination	4	0	3	0	7
Additional provision in the year	1	15	145	39	200
December 31, 2010	60	98	379	182	719

¹ See note 18.

² The employee entitlement provision represents the value of state governed employee entitlements due to employees upon their termination of employment.

³ Rehabilitation provision represents the accrued cost required to provide adequate restoration and rehabilitation upon the completion of extraction activities. These amounts will be settled when rehabilitation is undertaken, generally at the end of a project's life, which ranges from 2 to 50 years. The Group makes contributions to rehabilitation trusts to meet some of the costs of rehabilitation liabilities in South Africa.

⁴ Other includes primarily provisions in respect of mine concession obligations of \$ 54 million (2009: \$ 56 million) and construction related contractual provisions of \$ 29 million (2009: \$ 45 million).

18. PERSONNEL COSTS AND RETIREMENT BENEFITS

Total personnel costs, which includes salaries, wages, social security and other personnel costs and excludes attribution to profit participation shareholders, incurred for the years ended December 31, 2010 and 2009, were \$ 1,677 million and \$ 1,281 million, respectively. Personnel costs related to consolidated industrial subsidiaries of \$ 885 million (2009: \$ 672 million) are included in cost of goods sold. Other personnel costs are included in selling and administrative expenses.

The Company and certain subsidiaries sponsor various pension schemes in accordance with local regulations and practices. Eligibility for participation in the various plans is either based on completion of a specified period of continuous service, or date of hire. The plans provide for certain employee and employer contributions, ranging from 5% to 16% of annual salaries, depending on the employee's years of service. Among these schemes are defined contribution plans as well as defined benefit plans. The main locations with defined benefit plans are Switzerland, the UK and the US.

Defined contribution plans

Glencore's contributions under these plans amounted to \$ 11 million in 2010 and to \$ 6 million in 2009.

Defined benefit plans

The amounts recognized in the statement of income are as follows:

US \$ million	2010	2009
Current service cost	14	15
Interest cost	16	15
Expected return on plan assets	- 11	- 9
Net actuarial (gains)/losses recognized in the year	6	4
Past service cost	1	0
Exchange differences	- 1	2
Total	25	27

The actual return on plan assets amounted to a gain of \$ 14 million (2009: a gain of \$ 17 million).

The amounts recognized in the statement of financial position are determined as follows:

US \$ million	Notes	2010	2009
Present value of defined benefit obligations		422	363
Less: fair value of plan assets		- 267	- 232
Unrecognized actuarial gains/(losses)		- 91	- 71
Restrictions of assets recognized		- 4	- 1
Liability in the statement of financial position	17	60	59

Movement in the present value of the defined benefit obligation is as follows:

US \$ million	2010	2009
Opening defined benefit obligation	363	324
Current service cost	14	15
Interest cost	16	15
Past service cost	1	0
Benefits paid	- 27	- 24
Actuarial (gain)/loss	17	4
Exchange differences on foreign plans	- 5	9
Other movements	43	20
Closing defined benefit obligation	422	363

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Movement in the present value of the plan assets is as follows:

US \$ million	2010	2009
Opening fair value of plan assets	232	190
Expected return on plan assets	11	9
Contribution from the employer	27	24
Actuarial gain/(loss)	- 5	0
Exchange differences on foreign plans	- 5	5
Other movements	7	4
Closing fair value of plan assets	267	232

The plan assets consist of the following:

US \$ million	2010	2009
Cash and short term investments	5	5
Fixed income	115	107
Equities	96	77
Other	51	43
Total	267	232

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. Glencore's assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset in the next twelve months.

The principal actuarial assumptions used were as follows:

US \$ million	2010	2009
Discount rate	3-6%	4-10%
Expected return on plan assets	3-8%	4-9%
Future salary increases	2-6%	2-6%
Future pension increases	3-4%	1-10%

The Group expects to make a contribution of \$ 27 million (2009: \$ 24 million) to the defined benefit plans during the next financial year.

Summary historical information:

US \$ million	Present value of defined benefit obligation	Fair value of plan assets
2008	324	190
2007	370	260
2006	471	399

19. ACCOUNTS PAYABLE

US \$ million	Notes	2010	2009
Trade payables		12 450	8 162
Trade advances from buyers	9	634	946
Associated companies		1 788	1 371
Other payables and accrued liabilities		1 273	1 003
Total		16 145	11 482

20. OTHER FINANCIAL LIABILITIES

US \$ million	Notes	2010	2009
Commodity related contracts	23		
Futures		4 142	5 747
Options		194	565
Swaps		784	657
Physical forwards		2 218	1 274
Financial contracts	23		
Cross currency swaps		660	371
Foreign currency and interest rate contracts		68	29
Total		8 066	8 643

21. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

2010

Acquisitions

During 2010, Glencore acquired controlling interests in various businesses, the most significant being Vasilkovskoje Gold, Chemoil Energy Limited (Chemoil) and Pacorini. The net cash used in the acquisition of subsidiaries and the fair value of the assets acquired and liabilities assumed at the date of acquisition are detailed below:

US \$ million	Vasilkovs-koje	Chemoil	Pacorini ¹	Other ²	Total
Property, plant and equipment	2 855	519	0	280	3 654
Investments in Associates	0	69	0	0	69
Inventories	44	317	0	93	454
Accounts receivable	103	703	0	76	882
Cash and cash equivalents	13	108	0	11	132
Assets held for sale	0	0	277	0	277
Non controlling interest	– 947	– 230	0	– 55	– 1 232
Non current borrowings	– 14	– 166	0	– 61	– 241
Deferred tax liabilities	– 365	– 96	0	0	– 461
Accounts payable	– 81	– 493	0	– 212	– 786
Current borrowings	0	– 494	0	– 10	– 504
Liabilities held for sale	0	0	– 68	0	– 68
Total fair value of net assets acquired	1 608	237	209	122	2 176
Less: amounts previously recognized through investments and loans	1 403	0	0	17	1 420
Less: cash and cash equivalents acquired	13	108	0	11	132
Net cash used in acquisition of subsidiaries	192	129	209	94	624

¹ Acquisition accounting determined on a provisional basis.

² Includes the acquisitions of a 76% interest in Rio Vermelho, a 60% interest in Biopetrol Industries AG and a 100% interest in Minera Altos de Punitaqui.

Vasilkovskoje

In February 2010, Kazzinc purchased the remaining 60% of Vasilkovskoje Gold, a gold development company, that it did not previously own for \$ 1,140 million to enhance its existing gold production base. The acquisition was funded through the payment of \$ 204 million and the issuance of new Kazzinc shares which resulted in Glencore's ultimate ownership in Kazzinc being diluted from 69% to 50.7% (without a loss of control). The dilution resulted in a loss of \$ 99 million which has been recognized in reserves (see note 14). Prior to acquisition, Kazzinc owned a 40% interest in Vasilkovskoje Gold which, at the date of acquisition, was revalued to its fair value of \$ 760 million and as a result, a net gain of \$ 462 million was recognized in other income (see note 4). The acquisition has been accounted for as a business combination with the non controlling interest being measured at its percentage of net assets acquired determined by using discounted cash flow techniques with a discount rate of 8.5%.

For the period post acquisition, Vasilkovskoje Gold contributed revenue of \$ 130 million and a loss before attribution of \$ 15 million. If the acquisition had taken place effective January 1, 2010, the operation would have contributed revenue of \$ 131 million and a loss before attribution of \$ 22 million.

Chemoil

In April 2010, Glencore completed the acquisition of a 51.5% stake in Chemoil, a Singapore listed fuel oil storage and supply company, for \$ 237 million cash consideration. The acquisition has been accounted for as a business combination with the non controlling interest being measured at its percentage of net assets acquired.

For the period post acquisition, Chemoil contributed revenue of \$ 6,089 million and income before attribution of \$ 4 million. If the acquisition had taken place effective January 1, 2010, the operation would have contributed revenue of \$ 7,175 million and a loss before attribution of \$ 3 million.

Pacorini

In September 2010, Glencore acquired the metals warehousing division 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 is expected to result in a merger involving the acquired business and a third party. As a result, the assets and liabilities have been classified as held for sale (see note 13).

For the period post acquisition, Pacorini contributed revenue of \$ 64 million and income before attribution of \$ 5 million. If the acquisition had taken place effective January 1, 2010, the operation would have contributed revenue of \$ 220 million and an income before attribution of \$ 31 million.

2009

Acquisitions

During 2009, the net cash used in the acquisition of subsidiaries related mainly to Katanga Mining Limited (Katanga). The fair value of the assets acquired and liabilities assumed at the date of acquisition were:

US \$ million	2009
Property, plant and equipment	856
Goodwill	161
Inventories	83
Accounts receivable	61
Cash and cash equivalents	242
Non controlling interest	- 240
Non current borrowings	- 102
Provisions and other non current borrowings	- 52
Deferred tax liability	- 11
Accounts payable	- 192
Total fair value of net assets acquired	806
Less: amounts previously recognized through investments and loans	537
Less: cash and cash equivalents acquired	242
Net cash used in acquisition of subsidiaries	27

In January 2009, Glencore participated in a Katanga convertible loan issue via a combination of existing and new loans which, when converted on June 2, 2009, resulted in Glencore holding a 68% interest in Katanga. Shortly thereafter, Glencore acquired an additional 1.2% interest, bringing its ownership to 69.2%. The acquisition has been accounted for as a business combination with the non controlling interest being measured at fair value using discounted cash flow techniques. The total cash consideration of the acquisition, including the amounts paid prior to 2009, was \$ 619 million. However, under IFRS, the consideration, for acquisition purposes, is deemed to be fair value of the previously held equity interests and the convertible loan determined by reference to the quoted share price on the date of acquisition. In this regard, Glencore realized a net, non cash gain of \$ 161 million comprising a gain on conversion of the convertible loan, offset by a loss on its original 8.5% interest in Katanga. The total consideration measured under IFRS 3 was therefore \$ 780 million and a goodwill impairment of \$ 161 million was recognized forthright, based on a detailed fair value assessment of the acquired assets and liabilities, using discounted cash flow techniques with a discount rate of 12%.

Disposals

In 2010, there were no material disposals of subsidiaries.

In 2009, Glencore disposed of its interests in the East Tennessee Zinc Company LLC operations.

US \$ million	2009
Property, plant and equipment	72
Inventories	12
Accounts receivable	52
Cash and cash equivalents	6
Accounts payable	– 119
Total net assets disposed	23
Net gain on disposal	97
Net cash proceeds	120

22. FINANCIAL AND CAPITAL RISK MANAGEMENT

Components of Glencore's business could be impacted by various external factors, such as a major global economic downturn, which could result in significantly lower commodity prices and demand, political events, unfavorable actions by governments, natural catastrophes, operational disruptions or financial risks such as market risk (including commodity price risk, interest rate risk and currency risk), credit risk (including performance risk) and liquidity risk. It is Glencore's policy and practice to identify and, where appropriate and practical, actively manage such risks to support its objectives in managing its capital and future financial security and flexibility.

Glencore's objectives in managing its capital (see table below) include preserving its overall financial health and strength for the benefit of all stakeholders and safeguarding its ability to continue as a going concern, while generating sustainable long term profitability.

US \$ million	2010	2009
Total net assets attributable to profit participation shareholders, non controlling interests and equity holders	22 507	17 944
Less: non controlling interests	2 894	1 258
Glencore shareholders' funds	19 613	16 686

Glencore believes that effective, proactive and transparent risk management supports its objective of protecting its current and future financial security, and is of primary importance to its success. An important component of this process is Glencore's employee ownership structure, which aligns the interests of shareholders and management, and fosters a culture of excellence, teamwork and accountability. As management has significant amounts of capital invested in Glencore, with overall compensation skewed in favor of longer term incentives, it is strongly motivated to take a long term view of overall business performance and to protect Glencore's capital base. Glencore believes that its consistent profitability, the long term tenure of its senior management and its prudent risk management policies can in part be attributed to its employee ownership structure. Furthermore, Glencore operates a number of centralized financial, operational, compliance and legal risk management functions in order to monitor, manage and mitigate overall risk exposure, within approved guidelines.

Glencore's overall risk management program focuses on the unpredictability of financial markets and seeks to protect its financial security and flexibility by using derivative financial instruments where possible to substantially hedge these financial risks. Glencore's finance and risk professionals, working in coordination with the commodity departments, monitor, manage and report regularly to senior management on the financial risks and exposures facing the Group.

Certain borrowing arrangements require compliance with specific financial covenants related to working capital, minimum current ratio and a maximum long term debt to tangible net worth ratio. During the period, the Company has complied with these requirements.

Commodity price risk

Glencore is exposed to price movements for the inventory it holds and the products it produces which are not held to meet priced forward contract obligations and forward priced purchase or sale contracts which are not hedged. Glencore manages a significant portion of this exposure through futures and options transactions on worldwide commodity exchanges or in over the counter (OTC) markets, to the extent available. Commodity price risk management activities are considered an integral part of Glencore's physical commodity marketing activities and the related assets and liabilities are included in other financial assets from and other financial liabilities to derivative counterparties, including clearing brokers and exchanges.

Glencore has entered into futures transactions to hedge the price risk of specific future operating expenditures. These transactions were identified as cash flow hedges. The fair value of these derivatives is as follows:

US \$ million	Notional amounts		Recognized fair values		Maturity
	Buy	Sell	Assets	Liabilities	
Commodity futures – 2010	0	187	0	75	2012
Commodity futures – 2009	0	195	0	41	2011

Value at risk

One of the tools used by Glencore to monitor and limit its primary market risk exposure, namely commodity price risk related to its physical marketing activities, is the use of a value at risk (VaR) computation. VaR is a risk measurement technique which estimates the potential loss that could occur on risk positions as a result of movements in risk factors over a specified time horizon, given a specific level of confidence. The VaR methodology is a statistically defined, probability based approach that takes into account market volatilities, as well as risk diversification by recognizing offsetting positions and correlations between commodities and markets. In this way, risks can be measured consistently across all markets and commodities and risk measures can be aggregated to derive a single risk value. Glencore has set a consolidated VaR limit (1 day 95%) of \$ 100 million representing less than 1% of Glencore shareholders' funds.

Glencore uses a VaR approach based on Monte Carlo simulations and is either a one day or one week time horizon computed at a 95% confidence level with a weighted data history.

Daily position sheets are distributed and monitored, and weekly Monte Carlo simulations are applied to the various business groups' net marketing positions to determine potential future exposures. As at December 31, 2010, Glencore's 95%, one day market risk VaR was \$ 58 million (2009: \$ 28 million). Average market risk VaR (1 day 95%) during 2010 was \$ 43 million compared to \$ 27 million during 2009.

VaR does not purport to represent actual gains or losses in fair value on earnings to be incurred by Glencore, nor does Glencore claim that these VaR results are indicative of future market movements or representative of any actual impact on its future results. VaR should always be viewed in the context of its limitations; notably, the use of historical data as a proxy for estimating future events, market illiquidity risks and tail risks. Glencore recognizes these limitations, and thus complements and continuously refines its VaR analysis by analyzing forward looking stress scenarios and back testing calculated VaR against actual movements arising in the next business week. During 2009, certain commodities that Glencore markets and accounts for at fair value were not included in the VaR calculation as well established and liquid price points were not available. These positions are nonetheless reported on the daily position sheets and assuming the net year end positions had been outstanding for the whole year, and market prices were 5% higher/lower and all other variables held constant, Glencore's income and shareholders' funds for the year ended December 31, 2009, would have decreased/increased by \$ 30 million. During 2010, all key commodities which Glencore markets have been included in the VaR analysis.

Net present value at risk

Glencore's future cash flows related to its forecast energy, minerals and agricultural production activities are also exposed to commodity price movements. Glencore manages this exposure through a combination of portfolio diversification, occasional shorter term hedging via futures and options transactions, insurance products and continuous internal monitoring, reporting and quantification of the underlying operations' estimated valuations.

Interest rate risk

Glencore is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its assets and liabilities and cash flows. Matching of assets and liabilities is utilized as the dominant method to hedge interest rate risks. Floating rate debt which is predominantly used to fund fast turning working capital (interest is internally charged on the funding of this working capital) is primarily based on U.S. \$ LIBOR plus an appropriate premium. Accordingly, prevailing market interest rates are continuously factored into transactional pricing and terms.

Assuming the amount of floating rate liabilities at the reporting period end were outstanding for the whole year, interest rates were 50 basis points higher/lower and all other variables held constant, Glencore's income and shareholders' funds for the year ended December 31, 2010 would decrease/increase by \$ 91 million (2009: decrease/increase by \$ 71 million).

Currency risk

The U.S. Dollar is the predominant functional currency of the Group. Currency risk is the risk of loss from movements in exchange rates related to transactions and balances in currencies other than the U.S. Dollar. Such transactions include operating expenditure, capital expenditure and to a lesser extent purchases and sales in currencies other than the functional currency. Purchases or sales of commodities concluded in currencies other than the functional currency, apart from certain limited domestic sales at industrial operations which act as a hedge against local operating costs, are promptly hedged through forward exchange contracts. Consequently, foreign exchange movements against the U.S. Dollar on recognized transactions would have a negligible financial impact. Glencore enters into currency hedging transactions with leading financial institutions.

Glencore's debt related payments (both principal and interest) are denominated in or swapped using hedging instruments into U.S. Dollars. Glencore's operating expenses, being a small portion of its revenue base, are incurred in a mix of currencies of which the U.S. Dollar, Swiss Franc, Pound Sterling, Australian Dollar and Euro are the predominant currencies.

Glencore has issued Euro, Swiss Franc and Sterling denominated bonds (see note 15). Cross currency swaps were concluded to hedge the currency risk on the principal and related interest payments of these bonds. These contracts were designated as cash flow hedges of the foreign currency risks associated with the bonds. The fair value of these derivatives is as follows:

US \$ million	Notional amounts		Recognized fair values		Average maturity ¹
	Buy	Sell	Assets	Liabilities	
Cross currency swap agreements – 2010	0	6 584	0	185	2015
Cross currency swap agreements – 2009	0	4 283	0	48	2015

¹ Refer to note 15 for details.

Credit risk

Credit risk arises from the possibility that counterparties may not be able to settle obligations due to Glencore within their agreed payment terms. Financial assets which potentially expose Glencore to credit risk consist principally of cash and cash equivalents, marketable securities, receivables and advances, derivative instruments and non current advances and loans. Glencore's credit management process includes the assessment, monitoring and reporting of counterparty exposure on a regular basis. Glencore's cash equivalents are placed overnight with a diverse group of highly credit rated financial institutions. Credit risk with respect to receivables and advances is mitigated by the large number of customers comprising Glencore's customer base, their diversity across various industries and geographical areas, as well as Glencore's policy to mitigate these risks through letters of credit, netting, collateral and insurance arrangements where appropriate. Additionally, it is Glencore's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable offsetting of balances due to/from a common counterparty in the event of default by the counterparty. Glencore actively and continuously monitors the credit quality of its counterparties through internal reviews and a credit scoring process, which includes, where available, public credit ratings. Balances with counterparties not having a public investment grade or equivalent internal rating are typically enhanced to investment grade through the extensive use of credit enhancement products, such as letters of credit or insurance products. Glencore has a diverse customer base, with no customer representing more than 3.4% (2009: 2.3%) of its trade receivables or accounting for more than 3% of its revenues over the year ended 2010 (2009: 2.8%).

The maximum exposure to credit risk, without considering netting agreements or without taking account of any collateral held or other credit enhancements, is equal to the carrying amount of Glencore's financial assets plus the guarantees to third parties and Associates (see note 25).

Performance risk

Performance risk arises from the possibility that counterparties may not be willing or able to meet their future contractual physical sale or purchase obligations to/from Glencore. Glencore undertakes the assessment, monitoring and reporting of performance risk within its overall credit management process. Glencore's market breadth, diversified customer base as well as the standard pricing mechanism in the majority of Glencore's commodity portfolio which does not fix prices beyond three months, with the main exception being coal where longer term fixed price contracts are common, ensure that performance risk is adequately mitigated. The commodity industry is continuing a trend towards shorter fixed price contract periods, in part to mitigate against such potential performance risk, but also due to the development of more transparent and liquid spot markets, e.g. coal and iron ore and associated derivative products and indexes.

Liquidity risk

Liquidity risk is the risk that Glencore is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents through the availability of adequate committed funding facilities. Glencore has set itself an internal minimum liquidity target to maintain at all times, available committed undrawn credit facilities of \$ 3 billion. Glencore's credit profile, diversified funding sources and committed credit facilities, ensure that sufficient liquid funds are maintained to meet its liquidity requirements. As part of its liquidity management, Glencore closely monitors and plans for its future capital expenditure and proposed investments, as well as credit facility refinancing/extension requirements, well ahead of time.

Glencore's financial forecasts and projections, taking into account reasonably possible changes in performance, indicate it is appropriate to adopt the going concern basis in preparing these financial statements.

As at December 31, 2010, Glencore had available committed undrawn credit facilities, cash and marketable securities amounting to \$ 4,220 million (2009: \$ 3,826 million). The maturity profile of Glencore's financial liabilities based on the contractual terms is as follows:

2010 US \$ million	After 5 years	Due 3–5 years	Due 2–3 years	Due 1–2 years	Due 0–1 years	Total
Borrowings	4 152	4 974	7 094	2 031	11 881	30 132
Expected future interest payments	668	949	766	800	834	4 017
Commodities sold with agreements to repurchase	0	0	0	0	484	484
Accounts payable	0	0	0	0	16 145	16 145
Other financial liabilities	0	739	288	955	6 084	8 066
Liabilities held for sale	0	0	0	0	45	45
Total	4 820	6 662	8 148	3 786	35 473	58 889
Current assets					44 296	44 296

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2009 US \$ million	After 5 years	Due 3–5 years	Due 2–3 years	Due 1–2 years	Due 0–1 years	Total
Borrowings ¹	2 943	4 344	5 507	3 950	6 845	23 589
Expected future interest payments	602	842	554	697	689	3 384
Commodities sold with agreements to repurchase	0	0	0	0	477	477
Prodeco call option arrangement	0	0	0	0	2 303	2 303
Accounts payable	0	0	0	0	11 482	11 482
Other financial liabilities	0	0	627	2 163	5 853	8 643
Liabilities held for sale	0	0	0	0	236	236
Total	3 545	5 186	6 688	6 810	27 885	50 114
Current assets					38 725	38 725

¹ 2009: \$ 341 million of reported current debt is drawn under a 3 year committed facility.

23. FINANCIAL INSTRUMENTS

Fair value of financial instruments

The following table presents the carrying values and fair values of Glencore's financial instruments. Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced or liquidated sale. Where available, market values have been used to determine fair values. When market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest and exchange rates. The estimated fair values have been determined using market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that Glencore could realize in the normal course of business.

2010 US \$ million	Carrying value ¹	Available for sale	FVtPL ²	Total	Fair value
Assets					
Other investments ³	0	2 048	390	2 438	2 438
Advances and loans	3 830	0	0	3 830	3 830
Accounts receivable	18 994	0	0	18 994	18 994
Other financial assets	0	0	5 982	5 982	5 982
Cash and cash equivalents and marketable securities	0	0	1 529	1 529	1 529
Total financial assets	22 824	2 048	7 901	32 773	32 773
Liabilities					
Ordinary and hybrid profit participation shareholders	14 189	0	0	14 189	14 189
Borrowings	30 132	0	0	30 132	31 476
Commodities sold with agreements to repurchase	484	0	0	484	484
Accounts payable	16 145	0	0	16 145	16 145
Other financial liabilities	0	0	8 066	8 066	8 066
Total financial liabilities	60 950	0	8 066	69 016	70 360

¹ Carrying value comprises investments, loans, accounts receivable, accounts payable and other liabilities measured at amortized cost.

² FVtPL – Fair value through profit and loss – held for trading.

³ Other investments contain \$ 2,438 million in Level 1. As at December 31, 2009, \$ 2,624 million of other investments were considered Level 3 valuations, which during 2010, \$ 2,003 million were reclassified to Level 1 following UCR's listing on the Hong Kong Stock Exchange in January 2010 (see note 7) and as a result of the Russneft debt amendment and restatement (see note 8), \$ 285 million of equity conversion advances were reclassified from other investments to non current advances (a level 2 fair value measurement) and the balance of the Russneft investment and the Level 3 valuation amount (\$ 336 million) was impaired.

2009 US \$ million	Carrying value ¹	Available for sale	FVtPL ²	Total	Fair value
Assets					
Other investments ³	0	2 624	578	3 202	3 202
Advances and loans	2 535	0	0	2 535	2 535
Accounts receivable	15 189	0	0	15 189	15 189
Other financial assets	0	0	6 125	6 125	6 125
Cash and cash equivalents and marketable securities	0	0	935	935	935
Total financial assets	17 724	2 624	7 638	27 986	27 986
Liabilities					
Ordinary and hybrid profit participation shareholders	12 245	0	0	12 245	12 245
Borrowings	23 589	0	0	23 589	23 641
Commodities sold with agreements to repurchase	477	0	0	477	477
Prodeco call option arrangement	0	0	2 303	2 303	2 303
Accounts payable	11 482	0	0	11 482	11 482
Other financial liabilities	0	0	8 643	8 643	8 643
Total financial liabilities	47 793	0	10 946	58 739	58 791

¹ Carrying value comprises investments, loans, accounts receivable, accounts payable and other liabilities measured at amortized cost.

² FVtPL – Fair value through profit and loss – held for trading.

³ Other investments contain \$ 578 million in Level 1 and \$ 2,624 million in Level 3. There were no changes in Level 3 for the year.

The following tables show the fair values of the derivative financial instruments including trade related financial and physical forward purchase and sale commitments by type of contract as at December 31, 2010 and 2009. Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. Glencore classifies the fair values of its financial instruments into a three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

- Level 1 unadjusted quoted inputs in active markets for identical assets or liabilities; or
- Level 2 inputs other than quoted inputs included in Level 1 that are directly or indirectly observable in the market; or
- Level 3 unobservable market inputs or observable but can not be market corroborated, requiring Glencore to make market based assumptions.

Level 1 classifications primarily include futures with a tenor of less than one year and options that are exchange traded. Level 2 classifications primarily include futures with a tenor greater than one year, over the counter options, swaps and physical forward transactions which derive their fair value primarily from exchange quotes and readily observable broker quotes. Level 3 classifications primarily include physical forward transactions which derive their fair value predominately from models that use broker quotes and applicable market based estimates surrounding location, quality and credit differentials. In circumstances where Glencore cannot verify fair value with observable market inputs (Level 3 fair values), it is possible that a different valuation model could produce a materially different estimate of fair value.

It is Glencore's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable balances due to/from a common counterparty to be offset in the event of default by the counterparty.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Other financial assets

2010 US \$ million	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	1 168	628	0	1 796
Options	106	43	0	149
Swaps	174	471	0	645
Physical forwards	0	1 744	1 374	3 118
Financial contracts				
Cross currency swaps	0	149	0	149
Foreign currency and interest rate contracts	45	80	0	125
Total	1 493	3 115	1 374	5 982

2009 US \$ million	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	1 838	947	0	2 785
Options	132	277	0	409
Swaps	193	394	0	587
Physical forwards	0	343	1 706	2 049
Financial contracts				
Cross currency swaps	0	246	0	246
Foreign currency and interest rate contracts	21	28	0	49
Total	2 184	2 235	1 706	6 125

Other financial liabilities

2010 US \$ million	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	2 786	1 356	0	4 142
Options	25	70	99	194
Swaps	295	489	0	784
Physical forwards	0	1 199	1 019	2 218
Financial contracts				
Cross currency swaps	0	660	0	660
Foreign currency and interest rate contracts	37	31	0	68
Total	3 143	3 805	1 118	8 066

2009 US \$ million	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	3 463	2 284	0	5 747
Options	144	333	88	565
Swaps	241	415	1	657
Physical forwards	0	249	1 025	1 274
Financial contracts				
Cross currency swaps	0	371	0	371
Foreign currency and interest rate contracts	19	10	0	29
Total	3 867	3 662	1 114	8 643

The following table shows the net changes in fair value of Level 3 other financial assets and other financial liabilities:

US \$ million	Swaps	Physical forwards	Options	Total Level 3
January 1, 2009	0	502	- 56	446
Total gain/(loss) recognized in cost of goods sold	0	1 164	13	1 177
Sales	- 1	0	- 101	- 102
Realized	0	- 985	56	- 929
December 31, 2009	- 1	681	- 88	592
January 1, 2010	- 1	681	- 88	592
Total gain/(loss) recognized in cost of goods sold	2	- 209	- 58	- 265
Sales	0	0	- 41	- 41
Realized	- 1	- 117	88	- 30
December 31, 2010	0	355	- 99	256

24. 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 December 31, 2010, \$ 787 million (2009: \$ 815 million), of which 100% (2009: 63%) 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 December 31, 2010, \$ 404 million (2009: \$ 284 million) of such development expenditures are to be incurred, of which 36% are for commitments to be settled over the next year.

Glencore procures seagoing vessel/chartering services to meet its overall marketing objectives and commitments. At year end, Glencore has committed to future hire costs to meet future physical delivery and sale obligations and expectations of \$ 2,608 million (2009: \$ 2,185 million) of which \$ 325 million (2009: \$ 272 million) are with associated companies. 50% of these charters 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 December 31, 2010, \$ 8,956 million (2009: \$ 7,178 million) of such commitments have been issued on behalf of Glencore, which will generally be settled simultaneously with the payment for such commodity.

Glencore has entered into various operating leases mainly as lessee for office and warehouse/storage facilities. Rental expenses for these leases totalled respectively \$ 66 million and \$ 53 million for the years ended December 31, 2010 and 2009. Future net minimum lease payments under non cancellable operating leases are as follows:

US \$ million	2010	2009
Within 1 year	97	26
Between 2 and 5 years	225	51
After 5 years	151	93
Total	473	170

Future development and related commitments

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 \$ 520 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 December 31, 2010, \$ 55 million of the estimated initial investment has been incurred.

Kansuki

In August 2010, Glencore acquired an ultimate 37.5% interest in the Kansuki concession (Kansuki), a 180 square kilometer 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 gets incurred, b) the right to operate the operations 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 tons of copper and August 2013. Kansuki is currently completing its initial feasibility study for submission to Gecamines by June 2011. As at December 31, 2010, \$ 11 million of development expenditures had been incurred.

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 gets 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 December 31, 2010, \$ nil million of development expenditure had been incurred.

25. CONTINGENT LIABILITIES

The amount of corporate guarantees in favor of associated and third parties as at December 31, 2010, was \$ 69 million (2009: \$ 73 million). Also see note 7.

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 defenses 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.

26. 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 (see notes 8, 10, 13 and 19). There have been no guarantees provided or received for any related party receivables or payables.

Related party transactions, unless discussed elsewhere in the notes to the financial statements, are summarized below. The principal related parties are included in notes 14 and 28. All transactions between Glencore and its subsidiaries are eliminated on consolidation along with any unrealized profits and losses between its subsidiaries and Associates.

2010 US \$ million	Associated companies	Parent companies	Total
Sales	1 086	0	1 086
Purchases	- 9 472	0	- 9 472
Interest income	32	2	34
Interest expense	- 1	0	- 1
Agency income	82	0	82
Agency expense	- 5	0	- 5

2009 US \$ million	Associated companies	Parent companies	Total
Sales	907	0	907
Purchases	- 7 423	0	- 7 423
Interest income	20	2	22
Interest expense	- 2	0	- 2
Agency income	51	0	51
Agency expense	- 4	0	- 4

Remuneration of key management personnel

The remuneration of directors and other members of key management personnel recognized in the statement of income including salaries and other current employee benefits amounted to \$ 146 million (2009: \$ 148 million) and amounts attributable to PPS and HPPS (as described in note 14) amounted to \$ 938 million (2009: \$ 291 million). As at December 31, 2010, included in the amounts attributable to PPS and HPPS are \$ 6,130 million (2009: \$ 5,192 million) related to key management personnel.

27. SUBSEQUENT EVENTS

Subsequent to year end, the following significant events occurred:

- In January, Glencore issued CHF 225 million (\$ 235 million) 3.625% interest bearing bonds due April 2016, increasing the size of this CHF bond series to CHF 825 million. The proceeds from this bond issue (plus \$ 65 million in cash on hand) were used to redeem \$ 300 million of the \$ 700 million 8% perpetual notes.

28. LIST OF PRINCIPAL OPERATING, FINANCE AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

	Method of consolidation in 2010 ¹	Country of incorporation	% interest 2010	% interest 2009	Main activity
Glencore International AG	P	Switzerland			Operating
Glencore AG	F	Switzerland	100.0	100.0	Operating
Allied Alumina Inc. (Sherwin Alumina)	F	United States	100.0	100.0	Alumina production
Century Aluminum Company ²	E	United States	44.0	44.1	Aluminum production
Glencore Funding LLC	F	United States	100.0	100.0	Finance
Glencore UK Ltd	F	U.K.	100.0	100.0	Operating
Glencore Commodities Ltd	F	U.K.	100.0	100.0	Operating
Glencore Energy UK Ltd	F	U.K.	100.0	100.0	Operating
Glencore Group Funding Limited	F	UAE	100.0	100.0	Finance
Glencore Finance (Bermuda) Ltd	F	Bermuda	100.0	100.0	Finance
AR Zinc Group	F	Argentina	100.0	100.0	Zinc/Lead production
Empresa Minera Los Quenuales S.A.	F	Peru	97.1	97.1	Zinc/Lead production
Glencore Exploration (EG) Ltd.	F	Bermuda	100.0	100.0	Oil exploration/development
Glencore Finance (Europe) S.A.	F	Luxembourg	100.0	100.0	Finance
Kansuki Group	E	DRC	37.5	0.0	Copper production
Minera Altos de Punitaqui	F	Chile	100.0	0.0	Copper production
Mopani Copper Mines PLC	F	Zambia	73.1	73.1	Copper production
Mutanda Group	E	DRC	40.0	40.0	Copper production
Prodeco Group	F	Colombia	100.0	100.0	Coal production
Recylex S.A.	E	France	32.2	32.2	Zinc/Lead production
Sinchi Wayra Group	F	Bolivia	100.0	100.0	Zinc/Tin production
United Company Rusal Limited	O	Jersey	8.8	9.7	Aluminum production
Finges Investment B.V.	F	Netherlands	100.0	100.0	Finance
Biopetrol Industries AG ³	F	Switzerland	60.3	0.0	Biodiesel production
Glencore Grain B.V.	F	Netherlands	100.0	100.0	Operating
Nyrstar N.V.	O	Belgium	7.8	7.8	Zinc production
Rio Vermelho	F	Brazil	76.0	0.0	Sugar cane/ethanol production
Xstrata plc	E	U.K.	34.5	34.9	Diversified production
Chemoil Energy Limited ⁴	F	Hong Kong	51.5	0.0	Oil storage
Cobar Group	F	Australia	100.0	100.0	Copper production
Glencore Singapore Pte Ltd	F	Singapore	100.0	100.0	Operating
Kazzinc Ltd.	F	Kazakhstan	50.7	69.0	Zinc/Lead production
Vasilkovskoje Gold	F	Kazakhstan	100.0	40.0	Gold production
Katanga Mining Limited ⁵	F	Bermuda	74.4	69.2	Copper production
Murrin Murrin Joint Venture ⁶	F	Australia	40.0	40.0	Nickel production
Minara Resources Ltd ⁷	F	Australia	70.6	70.6	Nickel production
Moreno Group	F	Argentina	100.0	100.0	Edible oils production
Pacorini Group	F	Italy	100.0	0.0	Metals warehousing
Pasar Group	F	Philippines	78.2	78.2	Copper production
Polymet Mining Corp.	O	Canada	6.3	2.6	Copper production
Portovesme S.r.L.	F	Italy	100.0	100.0	Zinc/Lead production
Russneft Group (various companies) ⁸	O	Russia	40.0–49.0	40.0–49.0	Oil production
Shanduka Coal (Pty) Ltd	F	South Africa	70.0	70.0	Coal production
ST Shipping & Transport Pte Ltd	F	Singapore	100.0	100.0	Operating
Topley Corporation	F	B.V.I.	100.0	100.0	Ship owner
Volcan Compania Minera S.A.A.	O	Peru	4.1	4.1	Zinc production

¹ P=Parent; F = Full consolidation; E = Equity method; O = Other investment

² Represents Glencore's economic interest in Century, comprising 39.1% (2009: 39.1%) voting interest and 4.9% (2009: 5%) non voting interest.

³ Publicly traded on the Frankfurt Stock Exchange under a symbol A0HNQ5. Glencore owns 46,812,601 shares.

⁴ Publicly traded on the Singapore Exchange under the symbol CHEL.SI. Glencore owns 666,204,594 shares.

⁵ Publicly traded on the Toronto Stock Exchange under the symbol KAT.TO. Glencore owns 1,419,031,161 shares.

⁶ The balance of the joint venture is held by Minara Resources Ltd, giving Glencore an effective interest of 82.4% in the joint venture.

⁷ Publicly traded on the Australian Stock Exchange under the symbol MRE.AX. Glencore owns 824,829,760 shares.

⁸ Although Glencore holds more than 20% of the voting rights, it has limited key management influence and thus does not exercise significant influence.

