SUB-SECTION A: ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION

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4 May 2011

Dear Sirs

Glencore International plc

We report on the financial information relating to Glencore International AG (the "Operating Company") and its subsidiaries (together with the Operating Company, the "Operating Group") set out in Section VI: "Historical Financial Information" of the prospectus dated 4 May 2011 of Glencore International plc (the "Company" and, together with its subsidiaries, the "Group") prepared in connection with the Company's admission to listing on the premium segment of the Official List of the Financial Services Authority and admission to trading on the London Stock Exchange of the ordinary shares of the Company (the "UK Listing") (the "UK Prospectus") and having regard to the waivers granted by the Stock Exchange of Hong Kong Limited (the "HKSE") in connection with the secondary listing of the ordinary shares of the Company on the Main Board of the HKSE (the "HK Listing") (the "HK Prospectus"), (the UK Prospectus and HK Prospectus together being the "Investment Circular"). It is intended that the Company will acquire the entire issued share capital of the Operating Company prior to the implementation of the UK Listing. This financial information has been prepared for inclusion in the

UK Prospectus on the basis of the accounting policies set out in note 1 to the Historical Financial Information. This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the "Prospectus Directive Regulation"), and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the Historical Financial Information on the basis of preparation set out in Note 1 to the Historical Financial Information and in accordance with the International Financial Reporting Standards (the "IFRS") as issued by the International Accounting Standards Board (the "IASB") and adopted for use in the EU.

It is our responsibility to form an opinion as to whether the Historical Financial Information gives a true and fair view, for the purposes of the UK Prospectus, and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f), Chapter 4 of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (the "HK Listing Rules") and the Companies Ordinance (Cap. 32) of the Laws of Hong Kong (the "Companies Ordinance"), except where waivers have been granted by the HKSE, to any person as and to the extent there provided, to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Investment Circular.

Our responsibilities in relation to the UK Prospectus relate only to the UK Listing and our responsibilities in relation to the HK Prospectus relate only to the HK Listing.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Historical Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Historical Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Historical Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly, should not be relied upon as if it had been carried out in accordance with those standards and practices.

In connection with the use of this report in the HK Listing, it should be noted that this report has been provided with regard to the waivers granted by the HKSE.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the Investment Circular, a true and fair view of the state of affairs of the Group as at the dates stated and of its profits, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in Note 1 and in accordance with IFRS issued by the IASB and adopted for use in the EU.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the UK Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the UK Prospectus in compliance with Annex I item 1.2 and Annex III item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Deloitte LLP
Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

Member of Deloitte Touche Tohmatsu Limited

SUB-SECTION B: HISTORICAL FINANCIAL INFORMATION

Consolidated Statement of Income
For the years ended 31 December 2008, 2009 and 2010

	Notes	2008	2009	2010
			(U.S.$ million)	
Revenue		152,236	106,364	144,978
Cost of goods sold		(147,565)	(103,133)	(140,467)
Selling and administrative expenses		(850)	(839)	(1,063)
Share of income from associates and jointly controlled entities		1,067	82	1,829
(Loss)/gain on sale of investments—net	3	7	33	(6)
Other (expense)/income—net	4	(2,960)	35	(8)
Dividend income		238	12	13
Interest income		298	267	281
Interest expense		(1,135)	(854)	(1,217)
Income before income taxes and attribution		**1,336**	**1,967**	**4,340**
Income tax expense	5	(268)	(238)	(234)
Income before attribution		**1,068**	**1,729**	**4,106**
Attribution to profit participation shareholders	14	(677)	(650)	(2,460)
Income for the year		**391**	**1,079**	**1,646**
Attributable to:				
Equity holders		367	983	1,291
Non-controlling interests		24	96	355

The accompanying Notes are an integral part of the Historical Financial Information.

Consolidated Statement of Comprehensive Income
For the years ended 31 December 2008, 2009 and 2010

	2008	2009	2010
		(U.S.$ million)	
Income for the year	**391**	**1,079**	**1,646**
Exchange (loss)/gain on translation of foreign operations	(41)	37	26
(Loss)/gain on cash flow hedges	(309)	293	(182)
Gain on available for sale financial instruments	0	0	25
Share of comprehensive (loss)/income from associates and jointly controlled entities	(229)	175	(43)
Income tax relating to components of other comprehensive income	1	(7)	2
Net (loss)/income recognised directly in equity	(578)	498	(172)
Cash flow hedges transferred to the statement of income, net of tax	66	82	6
Other comprehensive (loss)/income	(512)	580	(166)
Total comprehensive (loss)/income	(121)	1,659	1,480
Attributable to:			
Equity holders	(145)	1,563	1,107
Non-controlling interests	24	96	373

The accompanying Notes are an integral part of the Historical Financial Information.

Consolidated Statement of Financial Position
As at 31 December 2008, 2009 and 2010

	Notes	2008	2009	2010
			(U.S.$ million)	
Assets				
Non-current assets				
Property, plant and equipment	6	6,859	6,845	12,088
Investments in associates and jointly controlled entities	7	13,221	14,881	16,766
Other investments	7	2,808	3,202	2,438
Advances and loans	8	1,826	2,535	3,830
Deferred tax assets	5	89	88	369
		24,803	27,551	35,491
Current assets				
Inventories	9	7,805	15,073	17,393
Accounts receivable	10	13,956	15,189	18,994
Other financial assets	11	13,762	6,125	5,982
Prepaid expenses and other assets		46	54	118
Marketable securities		113	75	66
Cash and cash equivalents	12	826	860	1,463
Assets held for sale	13	0	1,349	280
		36,508	38,725	44,296
Total assets		61,311	66,276	79,787
Equity and liabilities				
Invested capital				
Share capital	14	46	46	46
Reserves and retained earnings		2,755	4,395	5,378
Non-controlling interests		906	1,258	2,894
		3,707	5,699	8,318
Amounts attributed to profit participation shareholders	14	12,604	12,245	14,189
Invested capital		16,311	17,944	22,507
Other non-current liabilities				
Borrowings	15	13,071	16,403	18,251
Deferred income	16	191	177	164
Deferred tax liabilities	5	630	626	1,308
Provisions	17	402	545	719
		14,294	17,751	20,442
Current liabilities				
Borrowings	15	5,245	7,186	11,881
Commodities sold with agreements to repurchase	9	0	477	484
Prodeco call option arrangement	4	0	2,303	0
Accounts payable	19	11,614	11,482	16,145
Other financial liabilities	20	13,591	8,643	8,066
Income tax payable		256	254	217
Liabilities held for sale	13	0	236	45
		30,706	30,581	36,838
Total equity and liabilities		61,311	66,276	79,787

The accompanying Notes are an integral part of the Historical Financial Information.

Consolidated Statement of Cash Flows
For the years ended 31 December 2008, 2009 and 2010

	Notes	2008	2009	2010
		(U.S.$ million)		
Operating activities				
Income before income taxes and attribution		1,336	1,967	4,340
Adjustments for:				
Depreciation and amortisation		575	622	1,026
Share of income from associates and jointly controlled entities		(1,067)	(82)	(1,829)
Increase/(decrease) in non-current provisions		(112)	42	11
(Loss)/gain on sale of investments—net		(7)	(33)	6
Unrealised mark to market movements on other investments		182	(222)	178
Impairments and other non-cash items—net		2,843	214	(434)
Interest expense—net		837	587	936
Cash generated by operating activities before working capital changes		4,587	3,095	4,234
Working capital changes				
Decrease in marketable securities		131	38	28
(Increase)/decrease in accounts receivable(1)		(5,353)	6,729	(4,170)
(Increase)/decrease in inventories		4,318	(7,334)	(1,724)
Increase/(decrease) in accounts payable(2)		3,464	(4,712)	2,868
Total working capital changes		2,560	(5,279)	(2,998)
Income tax paid		(486)	(217)	(323)
Interest received		353	218	229
Interest paid		(1,054)	(827)	(1,031)
Net cash generated/(used) by operating activities after working capital and net interest and income tax payments		5,960	(3,010)	111
Investing activities				
Payments of non-current advances and loans		(350)	(624)	(825)
Acquisition of subsidiaries	21	(99)	(27)	(624)
Disposal of subsidiaries	21	0	136	0
Purchase of investments		(1,278)	(251)	(191)
Xstrata rights issue settlement via exercise of Prodeco call option	4	0	0	(2,000)
Purchase of property, plant and equipment		(1,823)	(1,088)	(1,657)
Payments for exploration and evaluation		(52)	(28)	(233)
Proceeds from sale of property, plant and equipment		47	85	420
Proceeds from sale of investments		291	569	131
Return of capital		83	0	0
Dividends received from associates		231	64	224
Net cash (used) by investing activities		(2,950)	(1,164)	(4,755)

Notes:

(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 the Historical Financial Information.

Consolidated Statement of Cash Flows
For the years ended 31 December 2008, 2009 and 2010 (Continued)

	Notes	2008	2009	2010
		(U.S.$ million)		
Financing activities				
Proceeds from issuance/(repurchase) of Euro, Swiss Franc and Sterling bonds		1,183	(90)	2,317
Proceeds from Perpetual bonds net of repurchases of U.S.$20 million (2009: U.S.$ nil million)		0	0	327
Proceeds from Convertible bonds		0	1,915	283
Proceeds from other non-current borrowings		317	40	776
Repayment of other non-current borrowings		0	0	(413)
Net proceeds from/(repayment of) current borrowings		(1,867)	2,495	2,945
Proceeds from/(repayment of) Xstrata secured bank loans		(1,060)	642	0
Acquisition of additional interest in subsidiaries		0	0	(75)
Payment of profit participation certificates		(799)	(792)	(883)
Repayment of exchangeable bonds		(591)	0	0
Return of capital to non-controlling interests		(23)	0	(28)
Dividend		(2)	(2)	(2)
Net cash generated/(used) by financing activities		(2,842)	4,208	5,247
Increase in cash and cash equivalents		168	34	603
Cash and cash equivalents, beginning of year		658	826	860
Cash and cash equivalents, end of year		826	860	1,463

The accompanying Notes are an integral part of the Historical Financial Information.

Consolidated Statement of Changes in Equity
For the years ended 31 December 2008, 2009 and 2010

	Retained earnings	Reserves(1)	Reserves and retained earnings	Share capital	Total equity attributable to equity holders	Non-controlling interests	Total equity
Balance 1 January 2008	3,120	(219)	2,901	46	2,947	900	3,847
Income for the year	367	0	367	0	367	24	391
Other comprehensive (loss)	(229)	(283)	(512)	0	(512)	0	(512)
Dividend(2)	(2)	0	(2)	0	(2)	(23)	(25)
Other	(1)	2	1	0	1	5	6
Balance 31 December 2008	3,255	(500)	2,755	46	2,801	906	3,707
Balance 1 January 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 31 December 2009	4,413	(18)	4,395	46	4,441	1,258	5,699
Balance 1 January 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 31 December 2010	5,659	(281)	5,378	46	5,424	2,894	8,318

Notes:

(1) See Note 14.

(2) During 2010, a dividend of U.S.$13.33 per share (2009 and 2008: U.S.$13.33) was declared and paid.

The accompanying Notes are an integral part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 Basis of Preparation and Accounting Policies

Basis of preparation

The Historical Financial Information presents the consolidated financial results, cash flows and financial position of Glencore International AG (the "Company") and its subsidiaries (together "Glencore", the "Group") for the three years ended 31 December 2010, prepared in accordance with the accounting policies set out below. It excludes the current shareholder parent entities of the Company, being Glencore Holding AG and Glencore LTE AG (the "Parents"), the operations, assets and liabilities of which are limited solely to their holdings of shares in the Company and are therefore considered immaterial to the presentation of the Historical Financial Information. The operations, assets and liabilities of Glencore International plc, the entity that will be inserted as the new holding company and ultimate parent entity of the Group on completion of the transaction, are not taken into account in the Historical Financial Information.

The Historical Financial Information is 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 U.S. dollars, unless otherwise stated, consistent with the predominant functional currency of Glencore's operations.

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

Changes in accounting policies and comparability

Glencore has adopted all of the new and revised standards and interpretations issued by the IASB and IFRIC and as adopted by the EU that are relevant to its operations and effective for accounting periods beginning on 1 January 2010 and that are expected to be applied for the accounting period beginning on 1 January 2011. In addition, Glencore adopted IFRS 8 "Operating Segments" which requires disclosure of certain information relating to Glencore's operating segments pending the filing of its financial statements with a securities commission for the purpose of issuing shares to the public. The adoption of these new and revised standards and interpretations did not have a material impact on the recognition and measurement of reported amounts. Glencore early adopted the requirements of IFRS 3 (Revised) "Business Combinations" and Amendments to IAS 27 "Consolidated and Separate Financial Statements" and consequently there were no significant changes in accounting policies in 2010, other than disclosures and presentation standards.

At the date of authorisation of the Historical Financial Information, 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 information of Glencore, other than additional note disclosures.

Principles of consolidation

The consolidated Historical Financial Information of Glencore includes the accounts of Glencore International AG, a Swiss domiciled company with its registered office at Baarermattstrasse 3, CH-6341 Baar, (the "Company and parent entity") 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 per cent. 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 unrealised 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 recognised 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 per cent. and 50 per cent. 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, unrealised 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 recognised 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 Historical Financial Information 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 recognised 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 recognised 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 amortised, but is reviewed annually for impairment and when there is an indication of impairment. Any impairment identified is immediately recognised 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 recognised 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 amortised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised as an adjustment to revenue. In all cases, fair value is estimated by reference to forward market prices.

Interest and dividend income is recognised 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 information

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.

Securitisations

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

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

An evaluation is made as to whether the securitisation entity should be considered a subsidiary of Glencore and be included in Glencore's consolidated financial information or whether the entity is sufficiently independent that it does not need to be consolidated. For all securitisations in which Glencore participates, an evaluation is made of whether Glencore controls the entity.

Where the securitisation entity is not considered a subsidiary, an evaluation is then made 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 information. 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 information and the proceeds are recognised 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 collateralised borrowings, whereby the inventories are not derecognised 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 capitalised 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 recognised in the statement of income over the average remaining service lives of employees. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised 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 recognised for temporary differences between the carrying amounts of assets and liabilities in the financial information 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 recognised to the extent that their recoverability is probable. Deferred tax assets are reviewed at each reporting period end and amended to the extent that it is no longer probable that the related benefit will be realised. To the extent that a deferred tax asset not previously recognised fulfils the criteria for recognition, an asset is recognised. 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 recognised 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 recognised as an expense or income in the statement of income, except when they relate to items that are recognised 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 analysing 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 company, 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 capitalised. Purchased exploration and evaluation assets are recognised at their fair value at acquisition if purchased as part of a business combination.

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

All capitalised 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 capitalised 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, capitalised exploration and evaluation expenditure is transferred to construction in progress. Upon completion of development and commencement of production, capitalised 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 capitalised and amortised 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 capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised 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 amortised 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 recognised in the assessment of fair values on acquisition. Mineral Rights for which values cannot be reasonably determined are not recognised. Exploitable Mineral Rights are amortised using the unit of production method over the commercially recoverable reserves.

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 capitalised at the time such an obligation arises. The costs are charged to the statement of income over the life of the operation through depreciation of the asset and the unwinding of the discount on the provision.

Costs for restoration of subsequent site disturbance, which 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 recognised in other comprehensive income and are subsequently recognised in the statement of income when realised 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 recognised. The carrying amount is increased to the recoverable amount, but not beyond the carrying amount net of depreciation or amortisation which would have arisen if the prior impairment loss had not been recognised. Goodwill impairments and impairments of available for sale equity investments are not reversed.

Provisions

Provisions are recognised 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 realisable value. Unrealised 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 realisable value. Cost is determined using the first-in first-out ("FIFO") or the weighted average method and comprises material costs, labour 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 recognised 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 amortised cost less impairment (accounts receivable and advances and loans). Financial liabilities, other than derivatives, are initially recognised at fair value of consideration received net of transaction costs, as appropriate, and subsequently carried at amortised 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 amortised cost basis using the effective interest method. The equity component is recognised 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 recognised 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 recognised 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 recognised asset or liability or an unrecognised firm commitment, or (ii) a Cash Flow Hedge of the change in cashflows to be received or paid relating to a recognised asset or liability or a highly probable transaction.

A change in the fair value of derivatives designated as a "Fair Value Hedge" is reflected together with the change in the fair value of the hedged item in the statement of income.

A change in the fair value of derivatives designated as "Cash Flow Hedge" is initially recognised 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 recognised in the statement of income when the committed or forecast transaction is ultimately recognised 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 recognised 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 judgements and estimates

The preparation of the Historical Financial Information 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 information 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 judgements 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 amortisation of mineral and petroleum rights and project development costs

Mineral and petroleum rights and project development costs are amortised using the unit of production method (the "UOP"). The calculation of the UOP rate of amortisation, and therefore the annual amortisation 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 recognised. 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 recognised 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 recognising 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 organised 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 added services and the margin earned from industrial asset activities (net resulting from the sale of physical commodities over the cost of production and/or other cost of sales) and comprise the following underlying key commodities:

- Metals and minerals: Zinc, copper, lead, alumina, aluminium, 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 as if the sales or transfers were to third parties, i.e. at current market prices. Exceptional items represent significant items of income and expense which, due to their financial impact, nature or the expected infrequency of the events giving rise to them, have been separated for internal reporting and analysis of Glencore's results.

2008	Metals and Minerals	Energy Products	Agricultural Products	Corporate and other	Total
			(U.S.$ million)		
Revenue					
Revenue from third parties	40,685	98,157	13,394	0	152,236
Marketing activities					
Adjusted EBIT	776	1,609	579	(103)	2,861
Exceptional items included above[(1)]	341	0	0	0	341
Adjusted EBIT pre-exceptional items	1,117	1,609	579	(103)	3,202
Depreciation and amortisation	0	0	0	13	13
Adjusted EBITDA pre-exceptional items	1,117	1,609	579	(90)	3,215
Industrial activities					
Adjusted EBIT	497	522	99	1,147	2,265
Exceptional items included above[(1)]	356	0	0	389	745
Adjusted EBIT pre-exceptional items	853	522	99	1,536	3,010
Depreciation and amortisation	441	110	11	0	562
Adjusted EBITDA pre-exceptional items	1,294	632	110	1,536	3,572
Total Adjusted EBITDA pre-exceptional items	2,411	2,241	689	1,446	6,787
Depreciation and amortisation excluded above	(441)	(110)	(11)	(13)	(575)
Total Adjusted EBIT pre-exceptional items	1,970	2,131	678	1,433	6,212
Exceptional items excluded above					(1,086)
Interest expense—net					(837)
(Loss)/gain on sale of investments—net					7
Other (expense)/income/—net					(2,960)
Income tax expense					(268)
Income before attribution					1,068

Note:

(1) U.S.$341 million of marketing activities exceptional items related primarily to inventory net realisable value adjustments and U.S.$745 million of industrial activities exceptional items related primarily to U.S.$330 million of inventory net realisable value adjustments, severance and other related expenses and Glencore's share of asset impairment charges booked directly by Xstrata (U.S.$415 million).

2008	Metals and Minerals	Energy Products	Agricultural Products	Corporate and other	Total
			(U.S.$ million)		
Current assets	16,257	14,746	2,315	2,251	35,569
Current liabilities	(10,538)	(10,900)	(1,331)	(2,692)	(25,461)
Allocatable current capital employed	5,719	3,846	984	(441)	10,108
Property, plant and equipment	4,859	1,587	413	0	6,859
Investments in Associates and other investments	2,421	1,453	95	12,060	16,029
Non-current advances and loans	494	1,243	25	64	1,826
Allocatable non-current capital employed	7,774	4,283	533	12,124	24,714
Other assets(1)	0	0	0	1,028	1,028
Other liabilities(2)	0	0	0	(19,539)	(19,539)
Total net assets	13,493	8,129	1,517	(6,828)	16,311
Included in property, plant and equipment are:					
Additions	1,062	698	102	13	1,875

Notes:

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

(2) Other liabilities include borrowings, deferred income, deferred tax liabilities, provisions and commodities sold with agreements to repurchase.

2009	Metals and Minerals	Energy Products	Agricultural Products	Corporate and other	Total
			(U.S.$ million)		
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 amortisation	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 amortisation	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 amortisation 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

Note:

(1) U.S.$30 million of marketing activities exceptional items related primarily to inventory net realisable value adjustments and $791 million of industrial activities exceptional items related to severance and other related expenses (U.S.$30 million) and Glencore's share of asset impairment charges booked directly by Xstrata (U.S.$736 million) and Century (U.S.$25 million).

2009	Metals and Minerals	Energy Products	Agricultural Products	Corporate and other	Total
			(U.S.$ million)		
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

Notes:

(1) Other assets include deferred tax assets, cash and cash equivalents, marketable securities 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.

2010	Metals and Minerals	Energy Products	Agricultural Products	Corporate and other	Total
			(U.S.$ million)		
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 amortisation	0	20	0	10	30
Adjusted EBITDA pre-exceptional items	1,401	470	659	(163)	2,367
Industrial activities					
Adjusted EBIT	1,160	235	58	1,500	2,953
Depreciation and amortisation	708	124	49	0	881
Adjusted EBITDA pre-exceptional items	1,868	359	107	1,500	3,834
Total Adjusted EBITDA pre-exceptional items	3,269	829	766	1,337	6,201
Depreciation and amortisation excluded above	(708)	(144)	(49)	(10)	(911)
Total Adjusted EBIT pre-exceptional items	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	Metals and Minerals	Energy Products	Agricultural Products	Corporate and other	Total
			(U.S.$ million)		
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

Notes:

(1) Other assets include deferred tax assets, cash and cash equivalents, marketable securities 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.

Geographical information

	2008	2009	2010
		(U.S.$ million)	
Revenue from third parties(1)			
The Americas	41,262	27,736	39,183
Europe	61,056	37,647	47,724
Asia	31,553	31,081	42,820
Africa	16,913	9,089	13,975
Oceania	1,452	811	1,276
	152,236	106,364	144,978
Non-Current assets(2)			
The Americas	4,120	2,554	3,755
Europe	10,911	12,858	15,224
Asia	2,506	2,730	5,880
Africa	1,221	2,252	2,702
Oceania	1,322	1,332	1,293
	20,080	21,726	28,854

Notes:

(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

	2008	2009	2010
		(U.S.$ million)	
Gain on sale of subsidiaries	7	97	0
Loss on sale of investments in associates	0	(64)	(6)
Total	7	33	(6)

The net gain on sale of subsidiaries and investments in 2009 comprised primarily a gain of U.S.$97 million relating to the disposal of East Tennessee Zinc Company LLC in December 2009 (see Note 21) and a gain on the disposal of Refineria de Cartagena S.A. (see Note 7), offset by a dilution loss following Xstrata's capital raising in March 2009, which resulted in Glencore's effective ownership reducing from 35.2 per cent. to 34.9 per cent.

4 Other (Expense)/Income—Net

	Notes	2008	2009	2010
		(U.S.$ million)		
Changes in mark to market valuation—net[1]		(137)	222	(178)
Impairment[2]		(2,763)	0	(336)
Prodeco transaction and related expenses[3]	13	0	(303)	(225)
Changes in mark to market valuation of forward contracts[4]		0	0	(790)
Gain on settlement of restructured Russneft loans	8	0	0	382
Impairment reversal[5]		0	0	674
Revaluation of previously held interest in newly acquired businesses	21	0	161	462
Impairment on Katanga related goodwill	21	0	(161)	0
Foreign exchange gain/(loss)		(80)	26	31
Other		20	90	(28)
Total		(2,960)	35	(8)

In addition to foreign exchange gains/(losses) and mark to market movements on investments held for trading, other (expense)/income—net includes 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.

Notes:

(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 2010, an impairment was recognised following the Russneft debt amendment and restatement (see Note 8). In 2008, the rapid and severe impacts arising from the global financial crisis in the latter part of that year, resulting in a substantial fall in commodity prices, increased uncertainty in the credit markets and an increase in political risk, led to the deferral of a number of expansion projects, cutbacks in production output and mine closures, leading to impairments to the carrying value of property, plant and equipment (U.S.$97 million), investments in Associates (U.S.$1,883 million), other investments (U.S.$500 million), non-current loans (U.S.$217 million) and other current assets (U.S.$66 million). The recoverable amounts were determined on the basis of the assets' fair value less cost to sell, determined using discounted cash flow techniques which incorporated discount rates commensurate with the nature of the underlying forecast cash flows ranging from 6.4 per cent. to 12.5 per cent.

(3) In March 2009, Xstrata acquired Glencore's Colombian Coal Group ("Prodeco") for U.S.$2 billion and concurrently granted Glencore an option to repurchase Prodeco within 12 months for U.S.$2.25 billion 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 recognised 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, U.S.$115 million of additional depreciation expense was recognised to reflect the depreciation that would have been charged if the related assets had not previously been classified as held for sale.

(4) Changes in mark to market valuation of forward contracts represents movements in the 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.

(5) 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 U.S.$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:

	2008	2009	2010
	(U.S.$ million)		
Current income tax expense	(314)	(259)	(292)
Deferred income tax credit	46	21	58
Total	(268)	(238)	(234)

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

	2008	2009	2010
	(U.S.$ million)		
Income before income taxes and attribution	1,336	1,967	4,340
Less: share of income from Associates	(1,067)	(82)	(1,829)
Parent company's and subsidiaries' income before income tax and attribution	269	1,885	2,511
Income tax expense calculated at the Swiss income tax rate	(43)	(297)	(401)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(160)	(19)	(78)
Tax-exempt income, net of non-deductible expenses and other permanent differences	26	56	254
Effect of use of tax losses and other deferred tax assets, not previously recognised[1]	(26)	15	135
Effect of change in tax rate on temporary differences	(23)	0	(145)
Other	(42)	7	1
Income tax expense	(268)	(238)	(234)

Note:

(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 unrecognised tax losses could be recognised.

Deferred taxes as at 31 December 2008, 31 December 2009 and 31 December 2010 are attributable to the items detailed in the table below:

	2008	2009	2010
	(U.S.$ million)		
Deferred tax assets[1]			
Tax losses carried forward	25	29	274
Mark to market valuations	64	59	95
Total	89	88	369
Deferred tax liabilities[1]			
Depreciation and amortisation	(167)	(257)	(926)
Mark to market valuations	(417)	(328)	(320)
Other	(46)	(41)	(62)
Total	(630)	(626)	(1,308)
Deferred tax—net	(541)	(538)	(939)
Reconciliation of deferred tax—net			
Opening balance	(573)	(541)	(538)
Recognised in income for the year	46	21	58
Recognised in other comprehensive income/(loss)	1	(7)	2
Acquisitions	(15)	(11)	(461)
Closing balance	(541)	(538)	(939)

Note:

(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.

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable. As at 31 December 2010, U.S.$562 million (2009: U.S.$312 million; 2008: U.S.$208 million) of deferred tax assets related to available loss carry forwards have been brought to account, of which U.S.$274 million (2009: U.S.$29 million; 2008: U.S.$25 million) are disclosed as deferred tax assets with the remaining balance being offset against deferred tax liabilities arising in the same respective entity. For the following gross tax losses carried forward, no deferred tax assets have been recognised in the consolidated Historical Financial Information and will expire as follows:

	2008	2009	2010
	(U.S.$ million)		
1 year	70	85	75
2 years	21	48	56
3 years	72	8	38
Thereafter	222	904	394
Total	385	1,045	563

As at 31 December 2010, unremitted earnings of U.S.$12,255 million (2009: U.S.$10,263 million; 2008: U.S.$9,329 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

	Land and buildings	Plant and equipment	Mineral and petroleum rights	Deferred mining costs	Total
			(U.S.$ million)		
Gross carrying amount:					
1 January 2008	725	5,136	1,030	256	7,147
Business combination	29	65	(36)	0	58
Additions	51	1,624	132	68	1,875
Disposals	(13)	(69)	(4)	(5)	(91)
Other movements	254	(238)	(47)	0	(31)
31 December 2008	1,046	6,518	1,075	319	8,958
Accumulated depreciation and impairment:					
1 January 2008	135	1,064	205	1	1,405
Depreciation	42	433	86	14	575
Impairment	6	50	39	2	97
Disposals	(3)	(32)	0	0	(35)
Other movements	(1)	65	(5)	(2)	57
31 December 2008	179	1,580	325	15	2,099
Net book value 31 December 2008	867	4,938	750	304	6,859

Plant and equipment includes expenditure for construction in progress of U.S.$1,381 million and a net book value of U.S.$80 million of obligations recognised under finance lease agreements. Mineral and petroleum rights include expenditures for exploration and evaluation of U.S.$118 million. Depreciation expenses included in cost of goods sold are U.S.$562 million and in selling and administrative expenses U.S.$13 million.

	Notes	Land and buildings	Plant and equipment	Mineral and petroleum rights	Deferred mining costs	Total
				(U.S.$ million)		
Gross carrying amount:						
1 January 2009		1,046	6,518	1,075	319	8,958
Business combination	21	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
31 December 2009		1,066	6,255	1,718	229	9,268
Accumulated depreciation and impairment:						
1 January 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
31 December 2009		235	1,810	364	14	2,423
Net book value 31 December 2009		831	4,445	1,354	215	6,845

Plant and equipment includes expenditure for construction in progress of U.S.$1,233 million and a net book value of U.S.$72 million of obligations recognised under finance lease agreements. Mineral and petroleum rights include expenditures for exploration and evaluation of U.S.$146 million. Depreciation expenses included in cost of goods sold are U.S.$607 million and in selling and administrative expenses U.S.$15 million.

	Notes	Land and buildings	Plant and equipment	Mineral and petroleum rights	Deferred mining costs	Total
				(U.S.$ million)		
Gross carrying amount:						
1 January 2010		1,066	6,255	1,718	229	9,268
Business combination	21	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
31 December 2010		1,281	9,187	4,484	542	15,494
Accumulated depreciation and impairment:						
1 January 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
31 December 2010		239	2,556	548	63	3,406
Net book value 31 December 2010		1,042	6,631	3,936	479	12,088

Plant and equipment includes expenditure for construction in progress of U.S.$1,343 million and a net book value of U.S.$64 million of obligations recognised under finance lease agreements. Mineral and petroleum rights include expenditures for exploration and evaluation of U.S.$379 million. Depreciation expenses included in cost of goods sold are U.S.$893 million, in selling and administrative expenses U.S.$18 million and in other income/(expense)—net, Prodeco transaction related expenses U.S.$115 million.

7 Investments in Associates and Other Investments

	2008	2009	2010
		(U.S.$ million)	
Listed Associates	11,345	13,267	15,511
Non-listed Associates	1,876	1,614	1,255
Investments in Associates	13,221	14,881	16,766
Other investments	2,808	3,202	2,438
Total	16,029	18,083	19,204

A list of the principal operating, finance and industrial subsidiaries and Associates and other investments is included in Note 28. As at 31 December 2010, the fair value of listed Associates using price published quotations was U.S.$24,511 million (2009: U.S.$19,090 million; 2008: U.S.$3,454 million).

Listed Associates

In March 2009, Glencore participated in Xstrata's rights issue for U.S.$2,023 million.

In June 2009, following the conversion of a Katanga Mining Limited ("Katanga") convertible loan, Glencore acquired a controlling interest and its initial equity interest was therefore included and considered as part of the cost of acquisition (see Note 21).

Non-listed Associates

In May 2009, Glencore disposed of its 51 per cent. interest in Refineria de Cartagena for cash proceeds of U.S.$549 million (see Note 3).

Other investments

Other investments primarily include a 8.8 per cent. interest in United Company Rusal Plc ("UCR") (U.S.$2,048 million; 2009: U.S.$2,003 million; 2008: U.S.$2,003 million) which, following its listing on the Hong Kong Stock Exchange in January 2010, is carried at fair value with associated movements recognised within a related equity reserve (see Note 14). As at 31 December 2010, U.S.$113 million (2009 and 2008: U.S.$ nil million) of Glencore's investment in UCR was pledged as a guarantee against certain borrowings of UCR.

Summarised financial information in respect of Glencore's Associates, reflecting 100 per cent. 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 U.S.$831 million (2009: U.S.$346 million; 2008: U.S.$319 million).

	2008	2009	2010
		(U.S.$ million)	
Total assets	59,731	66,522	77,247
Total liabilities	32,965	30,136	32,506
Revenue	33,787	25,337	48,116
Net profit	3,125	826	4,941

8 Advances and Loans

	2008	2009	2010
		(U.S.$ million)	
Loans to Parents	64	66	72
Loans to Associates	378	832	426
Other non-current receivables and loans	1,384	1,637	3,332
Total	1,826	2,535	3,830

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:

	2008	2009	2010
	(U.S.$ million)		
Counterparty			
OAO Russneft			
Interest-bearing loan at 9 per cent. per annum (see note below)	1,033	1,033	2,082
Atlas Petroleum International Limited ("Atlas")			
Interest-bearing loans at LIBOR plus 3 per cent.(1)	210	270	477
PT Bakrie & Brothers Tbk			
Interest-bearing secured loans at LIBOR plus 9 per cent.(2)	0	0	200
Secured marketing related financing arrangements(3)	0	148	330
Other	141	186	243
Total	1,384	1,637	3,332

Notes:

(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 the first quarter of 2012, with loans subsequently repaid from oil proceeds.

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

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

Russneft loans

In December 2010, OAO Russneft ("Russneft") completed a significant debt amendment and restatement with its major lender, 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 U.S.$2,080 million, bears interest at 9 per cent. per annum, with 3 per cent. paid quarterly and the remaining 6 per cent. payable along with the principal. Repayment is expected in monthly instalments over a three-year period commencing in the fourth quarter of 2017, but in any event, not before repayment of the debt owing to the other major lender. The facility is secured by various pledges of shares of members of the Russneft group.

Glencore has accounted for this amendment and restatement as a substantial modification, which resulted in derecognition of all amounts carried under the existing 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 accrued interest (U.S.$1,413 million) and equity conversion advances (U.S.$285 million)) of U.S.$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 prioritised security of the consolidated loans and, as a consequence, an impairment charge of U.S.$336 million was recognised against other investments.

9 Inventories

	2008	2009	2010
	(U.S.$ million)		
Production inventories	1,511	1,894	2,805
Marketing inventories	6,294	13,179	14,588
Total	7,805	15,073	17,393

Production inventories consist of materials, spare parts, work in process and finished goods held by the production entities, whereas marketing inventories are commodities held by the marketing entities. Marketing inventories include readily marketable inventories of U.S.$14,331 million (2009: U.S.$12,945;

2008: U.S.$5,877 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 derecognised as the Group retains the principal risks and rewards of ownership. The proceeds received are recognised as either current borrowings, commodities sold with agreements to repurchase or trade advances from buyers, depending upon their funding nature. As at 31 December 2010, the total amount of inventory securitised under such facilities was U.S.$2,426 million (2009: U.S.$3,192 million; 2008: U.S.$659 million). The proceeds received recognised as current borrowings were U.S.$1,338 million (2009: U.S.$1,663 million; 2008: U.S.$369 million), as commodities sold with agreements to repurchase, U.S.$484 million (2009: U.S.$477 million; 2008: U.S.$ nil million) and as trade advances from buyers, U.S.$67 million (2009: U.S.$419 million; 2008: U.S.$261 million).

10 Accounts Receivable

	2008	2009	2010
		(U.S.$ million)	
Trade receivables[(1)]	9,617	9,156	12,663
Trade advances and deposits[(1)]	2,526	4,415	4,297
Associated companies[(1)]	487	315	494
Other receivables	1,326	1,303	1,540
Total	13,956	15,189	18,994

Note:

(1) Collectively referred to as receivables.

The average credit period on sales of goods is 28 days (2009: 33 days; 2008: 26 days).

As at 31 December 2010, 5 per cent. of receivables were between 1 and 60 days overdue, and 2 per cent. were greater than 60 days overdue (2009: 6 per cent. were between 1 and 60 days overdue and 2 per cent. were greater than 60 days overdue; 2008: 9 per cent. were between 1 and 60 days overdue and 2 per cent. 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 U.S.$155 million (2009: U.S.$302 million; 2008: U.S.$312 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 derecognised, as the Group retains the principal risks and rewards of ownership. The proceeds received are recognised as current borrowings (see Note 15). As at 31 December 2010, the total amount of trade receivables securitised was U.S.$2,349 million (2009: U.S.$1,590 million; 2008: U.S.$1,822 million) and proceeds received and classified as current borrowings amounted to U.S.$1,950 million (2009: U.S.$1,300 million; 2008: U.S.$1,600 million).

11 Other Financial Assets

	Notes	2008	2009	2010
			(U.S.$ million)	
Commodity-related contracts	23			
Futures		8,537	2,785	1,796
Options		300	409	149
Swaps		875	587	645
Physical forwards		3,874	2,049	3,118
Financial contracts	23			
Cross currency swaps		95	246	149
Foreign currency and interest rate contracts		81	49	125
Total		13,762	6,125	5,982

12 Cash and Cash Equivalents

	2008	2009	2010
		(U.S.$ million)	
Banks and cash on hand	776	738	1,090
Deposits and treasury bills	50	122	373
Total	826	860	1,463

U.S.$23 million (2009: U.S.$10 million; 2008: U.S.$83 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 (U.S.$161 million non-current and U.S.$119 million current) and liabilities (U.S.$1 million non-current and U.S.$44 million current) at 31 December 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 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 U.S.$115 million was recognised 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.

The major classes of assets and liabilities of Prodeco were as follows as at 31 December 2009:

	2009
	(U.S.$ million)
Property, plant and equipment	1,096
Investments in associates	37
Long term advances and loans	18
Deferred tax assets	2
Inventories	138
Accounts receivable	55
Cash and cash equivalents	3
Assets held for sale	1,349
Non-current provisions	29
Current borrowings	3
Accounts payable	203
Income tax payable	1
Liabilities held for sale	236

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 a maximum of 10 per cent. of nominal value per annum. Glencore Holding AG and Glencore L.T.E. AG (together the "Parents"), both wholly owned by the management and employees of Glencore, own 85 per cent. and 15 per cent., respectively, of the Company.

The Company is authorised 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 four profit sharing arrangements. 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 and 2008: 150,000) shares issued. The amounts attributed out of net income for the year to profit participation shareholders are presented within Invested Capital, comprising equity share capital, reserves, accumulated amounts attributed to profit participation shareholders and non-controlling interests. All amounts attributed to profit participation shareholders are to convert to ordinary shares in the new parent company on the Global Offer.

On cessation of employment, the accumulated amounts attributed to an ordinary profit participation shareholder are reclassified into non-current borrowings as "Ordinary Profit Participation Certificates" and paid in instalments over a period of five years with interest accruing at six month U.S.$ LIBOR, with the portion falling due within 12 months included in current borrowings.

Earnings Per Share information is not presented on the grounds that the historical number of ordinary shares will have no relevance on completion of the Global Offer, the conversion of amounts attributable to profit participation shareholders to ordinary shares of the new parent company and the issuance of new share capital raised.

Reserves

	Notes	Translation adjustment	Equity portion of Convertible bonds	Cash Flow Hedge reserve	Net unrealised gain/ (loss)	Net ownership changes in subsidiaries	Reserves restricted	Total
				(U.S.$ million)				
Balance 1 January 2008		(5)	0	(215)	0	0	1	(219)
Exchange gain/(loss) on translation of foreign operations		(41)	0	0	0	0	0	(41)
Gain/(loss) on cash flow hedges, net of tax	22	0	0	(309)	0	0	0	(309)
Deferred taxes on hedges		0	0	1	0	0	0	1
Cash flow hedges transferred to the statement of income, net of tax		0	0	66	0	0	0	66
Equity related movements in Associates and other		2	0	0	0	0	0	2
Balance 31 December 2008		(44)	0	(457)	0	0	1	(500)
Balance 1 January 2009		(44)	0	(457)	0	0	1	(500)
Exchange gain/(loss) on translation of foreign operations		37	0	0	0	0	0	37
Gain/(loss) 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 31 December 2009		(7)	77	(89)	0	0	1	(18)
Balance 1 January 2010		(7)	77	(89)	0	0	1	(18)
Exchange gain/(loss) on translation of foreign operations		8	0	0	0	0	0	8
Gain/(loss) on cash flow hedges, net of tax	22	0	0	(180)	0	0	0	(180)
Gain/(loss) 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 31 December 2010		1	89	(263)	25	(134)	1	(281)

15 Borrowings

	Notes	2008	2009	2010
			(U.S.$ million)	
Non-current borrowings				
144A Notes		944	945	946
Xstrata secured bank loans		740	2,282	0
Convertible bonds		0	1,838	2,132
Eurobonds		3,036	3,001	3,725
Swiss franc bonds		0	0	639
Sterling bonds		920	1,013	999
Perpetual notes		700	700	735
Ordinary profit participation certificates	14	1,341	1,392	1,059
Committed syndicated revolving credit facility		4,819	4,734	6,744
Other bank loans(1)		571	498	1,272
Total non-current borrowings		13,071	16,403	18,251
Current borrowings				
Committed syndicated revolving credit facility		0	1,156	515
Committed secured inventory/receivables facility	9/10	0	0	1,700
Committed secured inventory facility	9	369	310	0
Committed secured receivables facilities	10	0	0	700
Committed asset-backed (receivables) commercial paper programme	10	1,600	1,300	0
Bilateral uncommitted secured inventory facilities	9	0	1,353	888
U.S. commercial paper		0	214	310
Xstrata secured bank loans		900	0	2,292
Eurobonds		0	0	765
Perpetual notes		0	0	292
Ordinary profit participation certificates	14	706	830	796
Other bank loans(1)(2)		1,670	2,023	3,623
Total current borrowings		5,245	7,186	11,881

Notes:

(1) Includes U.S.$63 million (2009: U.S.$65 million; 2008: U.S.$69 million) of obligations under financial leases of which U.S.$4 million (2009: U.S.$6 million; 2008: U.S.$7 million) was current as at the year end.

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

144A Notes

U.S.$950 million 6 per cent. coupon Notes due 2014. The Notes are recognised at amortised cost at an effective interest rate of 6.15 per cent. per annum.

Xstrata secured bank loans

Comprising two facilities with a total amount of U.S.$2,800 million, with U.S.$2,300 million outstanding as at 31 December 2010 and 31 December 2009. Both facilities mature in September 2011. The facilities have been accounted for as secured bank loans which bear interest at a rate of U.S.$ LIBOR plus a margin. As at 31 December 2010, U.S.$4,199 million (2009: U.S.$4,188 million; 2008: U.S.$2,739 million) of the carrying value of Glencore's investment in Xstrata was pledged as security.

Convertible bonds

In December 2009, the Group issued U.S.$2,000 million 5 per cent. 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 per cent. 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 U.S.$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 annualised return of 20 per cent. 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 (U.S.$1,923 million) and the equity component (U.S.$77 million) were determined, using the residual method, at issuance of the bonds. The liability component is measured at amortised cost at an effective interest rate of 5.90 per cent. per annum. At issuance and each subsequent period end, the embedded derivatives were concluded to have a fair value of U.S.$ nil due to the probability weighting attributed to the related conditions. Over the first half of 2010, U.S.$300 million of additional Convertible bonds, convertible into 0.84 per cent. of Glencore's equity were issued under the same terms and conditions as those issued in December 2009, with the equity component equalling U.S.$12 million and the liability component equalling U.S.$288 million. In relation to the potential conversion, the terms of the bonds enable a conversion into 6.25 per cent. of Glencore's equity as at 31 December 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:

	Maturity	Initial U.S.$ equivalent	U.S.$ fixed interest rate in %	2008	2009	2010
				(U.S.$ million)		
Euro 600 million 5.375 per cent. coupon bonds	September 2011	739	5.78	834	817	765
Euro 850 million 5.250 per cent. coupon bonds	October 2013	1,078	6.60	1,171	1,154	1,080
Euro 750 million 7.125 per cent. coupon bonds	April 2015	1,200	6.86	1,031	1,030	968
Euro 1,250 million 5.250 per cent. coupon bonds	March 2017	1,708	6.07	0	0	1,677
Total		4,725		3,036	3,001	4,490
GBP 650 million 6.50 per cent. coupon bonds	February 2019	1,266	6.58	920	1,013	999
CHF 600 million 3.625 per cent. coupon bonds	April 2016	593	4.87	0	0	639
		6,584		3,956	4,014	6,128

Perpetual notes

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

Ordinary profit participation certificates

Profit participation certificates ("PPC") bear interest at six 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 U.S.$815 million revolving credit facility with a new 364-day U.S.$1,375 million facility with a one-year term out option at Glencore's discretion as well as a 364-day U.S.$515 million Asian focused tranche. In addition, Glencore replaced the U.S.$8,180 million medium-term revolving credit facility with a new three-year revolving credit facility of U.S.$8,370 million and cancelled the U.S.$6,650 million forward start facility concluded in 2009. Up to U.S.$1,000 million of the medium-term tranche may be used as liquidity back up for Glencore's corporate U.S. commercial paper programme.

Committed secured inventory/receivables facility

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

Committed secured receivables facilities

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

U.S. commercial paper

Glencore has in place a stand-alone U.S. commercial paper programme for U.S.$1,000 million rated A3 and P2, respectively, by Standard & Poor's and Moody's rating agencies. The notes issued under this programme 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 U.S.$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

	Post retirement benefits(1)	Employee entitlement(2)	Rehabilitation costs(3)	Exchange feature(4)	Other(5)	Total
			(U.S.$ million)			
1 January 2008	72	80	199	506	142	999
Provision utilised in the year	(24)	(9)	(6)	(506)	(82)	(627)
Additional provision in the year	10	0	4	0	16	30
31 December 2008	58	71	197	0	76	402
1 January 2009	58	71	197	0	76	402
Provision utilised in the year	(2)	(4)	0	0	(26)	(32)
Provisions assumed in business combination	2	0	10	0	40	52
Additional provision in the year	1	18	29	0	75	123
31 December 2009	59	85	236	0	165	545
1 January 2010	59	85	236	0	165	545
Provision utilised in the year	(4)	(2)	(5)	0	(22)	(33)
Provisions assumed in business combination	4	0	3	0	0	7
Additional provision in the year	1	15	145	0	39	200
31 December 2010	60	98	379	0	182	719

Notes:

(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) In 2008, Glencore repurchased and cancelled all the remaining Exchangeable bonds it had previously issued and simultaneously settled the embedded derivative (exchange feature) contained therein.

(5) Other includes primarily provisions in respect of mine concession obligations of U.S.$54 million (2009: U.S.$56 million; 2008: U.S.$nil million) and construction-related contractual provisions of U.S.$29 million (2009: U.S.$45 million; 2008: U.S.$nil 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 year ended 31 December 2010 were U.S.$1,677 million (2009: U.S.$1,281 million; 2008: U.S.$1,363 million). Personnel costs related to consolidated industrial subsidiaries of U.S.$885 million (2009: U.S.$672 million; 2008: U.S.$791 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 per cent. to 16 per cent. 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 U.S.

Defined contribution plans

Glencore's contributions under these plans amounted to U.S.$11 million in 2010 and to U.S.$6 million in 2009 and 2008.

Defined benefit plans

The total present value of the Group's defined benefit obligation amounted to U.S.$422 million at 31 December 2010 (2009: U.S.$363 million; 2008: U.S.$324 million) compared to the total fair value of plan assets of U.S.$267 million (2009: U.S.$232 million; 2008: U.S.$190 million). Further details of the Group's defined benefit plans are not disclosed on the basis that they are not material to the Group's financial position.

19 Accounts Payable

	2008	2009	2010
		(U.S.$ million)	
Trade payables	7,445	8,162	12,450
Trade advances from buyers(1)	2,118	946	634
Associated companies	1,074	1,371	1,788
Other payables and accrued liabilities	977	1,003	1,273
Total	11,614	11,482	16,145

Note:

(1) See Note 9.

20 Other Financial Liabilities

	Notes	2008	2009	2010
			(U.S.$ million)	
Commodity-related contracts	23			
Futures		8,409	5,747	4,142
Options		904	565	194
Swaps		568	657	784
Physical forwards		2,868	1,274	2,218
Financial contracts	23			
Cross currency swaps		764	371	660
Foreign currency and interest rate contracts		78	29	68
Total		13,591	8,643	8,066

21 Acquisition and Disposal of Subsidiaries

2008 Acquisitions

During 2008, Glencore completed a few smaller acquisitions which have been accounted for as business combinations. The acquisitions are not individually significant to the Historical Financial Information and are therefore presented in aggregate. The fair value of the assets acquired and liabilities assumed at the date of acquisition were:

	2008
	(U.S.$ million)
Property, plant and equipment	58
Inventories	49
Accounts receivable	77
Cash and cash equivalents	11
Non-controlling interest	114
Deferred tax liabilities	(15)
Accounts payable	(156)
Total fair value of net assets acquired	138
Less: amounts previously recognised through investments and loans	28
Less: cash and cash equivalents acquired	11
Net cash used in acquisition of subsidiaries	99

For the period post-acquisition, these operations contributed net income of a loss of U.S.$10 million to Glencore.

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:

	2009
	(U.S.$ million)
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 recognised 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 2 June 2009, resulted in Glencore holding a 68 per cent. interest in Katanga. Shortly thereafter, Glencore acquired an additional 1.2 per cent. interest, bringing its ownership to 69.2 per cent. 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 U.S.$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 realised a net, non-cash gain of U.S.$161 million comprising a gain on conversion of the convertible loan, offset by a loss on its original 8.5 per cent. interest in Katanga. The total consideration measured under IFRS 3 was therefore U.S.$780 million and a goodwill impairment of U.S.$161 million was recognised 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 per cent.

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:

	Vasilkovskoje	Chemoil	Pacorini[1]	Other[2]	Total
			(U.S.$ million)		
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 liabilities/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 recognised 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

Notes:

(1) Acquisition accounting determined on a provisional basis.

(2) Includes the acquisition of a 76 per cent. interest in Rio Vermelho, a 60 per cent. interest in Biopetrol Industries AG and a 100 per cent. interest in Minera Altos de Punitaqui.

Vasilkovskoje

In February 2010, Kazzinc purchased the remaining 60 per cent. of Vasilkovskoje Gold, a gold development company, that it did not previously own for U.S.$1,140 million to enhance its existing gold production base. The acquisition was funded through the payment of U.S.$204 million and the issuance of new Kazzinc shares, which resulted in Glencore's ultimate ownership in Kazzinc being diluted from 69 per cent. to 50.7 per cent. (without a loss of control). The dilution resulted in a loss of U.S.$99 million which has been recognised in reserves (see Note 14). Prior to acquisition, Kazzinc owned a 40 per cent. interest in Vasilkovskoje Gold which, at the date of acquisition, was revalued to its fair value of U.S.$760 million and as a result, a net gain of U.S.$462 million was recognised 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 per cent.

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

Chemoil

In April 2010, Glencore completed the acquisition of a 51.5 per cent. stake in Chemoil, a Singapore-listed fuel oil storage and supply company, for U.S.$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 U.S.$6,089 million and income before attribution of U.S.$4 million. If the acquisition had taken place effective 1 January 2010, the operation would have contributed revenue of U.S.$7,175 million and a loss before attribution of U.S.$3 million.

Pacorini

In September 2010, Glencore acquired the metals warehousing division of Italy's Pacorini Group ("Pacorini") for U.S.$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 U.S.$64 million and income before attribution of U.S.$5 million. If the acquisition had taken place effective 1 January 2010, the operation would have contributed revenue of U.S.$220 million and an income before attribution of U.S.$31 million.

Disposals

In 2008, there were no material disposals of subsidiaries.

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

	2009
	(U.S.$ million)
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

In 2010, there were no material disposals of subsidiaries.

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, unfavourable 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 base (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.

	2008	2009	2010
		(U.S.$ million)	
Invested capital	16,311	17,944	22,507
Less: non-controlling interests	906	1,258	2,894
Shareholders' funds	15,405	16,686	19,613

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 favour 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 management and its prudent risk management policies can in part be attributed to its employee ownership structure. Furthermore, Glencore operates a number of centralised 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 programme 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 co-ordination with the commodity departments, monitor, manage and report regularly to 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 non-current 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 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:

	Notional amounts		Recognised fair values		
	Buy	Sell	Assets	Liabilities	Maturity
			(U.S.$ million)		
Commodity futures—2008	0	391	0	75	2010
Commodity futures—2009	0	195	0	41	2011
Commodity futures—2010	0	187	0	75	2012

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 recognising 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 (one day 95 per cent.) of U.S.$100 million representing less than 1 per cent. 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 per cent. 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 31 December 2010, Glencore's 95 per cent., one-day market risk VaR was U.S.$58 million (2009: U.S.$28 million; 2008: U.S.$53 million). Average market risk VaR (one-day 95 per cent.) during 2010 was U.S.$43 million compared to U.S.$27 million during 2009 and to U.S.$50 million in 2008.

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 recognises these limitations, and thus complements and continuously refines its VaR analysis by analysing forward-looking stress scenarios and back-testing calculated VaR against actual movements arising in the next business week. During 2009 and 2008, 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 per cent. higher/lower and all other variables held constant, Glencore's income and shareholders' funds for the year ended 31 December 2009, would have decreased/increased by U.S.$30 million (2008: decrease/increase by U.S.$14 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 utilised 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 31 December 2010 would decrease/increase by U.S.$91 million (2009: decrease/increase by U.S.$71 million; 2008: decrease/increase by U.S.$64 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 recognised 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:

	Notional amounts		Recognised fair values		Average maturity[(1)]
	Buy	Sell	Assets	Liabilities	
			(U.S.$ million)		
Cross currency swap agreements—2008	0	4,283	0	384	2015
Cross currency swap agreements—2009	0	4,283	0	48	2015
Cross currency swap agreements—2010	0	6,584	0	185	2015

Note:

(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 per cent. (2009: 2.3 per cent.; 2008: 2.8 per cent.) of its trade receivables or accounting for more than 3 per cent. of its revenues over the year ended 2010 (2.8 per cent. in 2009 and 2008).

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 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 U.S.$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 31 December 2010, Glencore had available committed undrawn credit facilities, cash and marketable securities amounting to U.S.$4,220 million (2009: U.S.$3,826 million; 2008: U.S.$5,255 million).

The maturity profile of Glencore's financial liabilities, excluding amounts attributed to profit participation shareholders, based on the contractual terms is as follows:

	2008					
	After 5 years	Due 3–5 years	Due 2–3 years	Due 1–2 years	Due 0–1 years	Total
			(U.S.$ million)			
Borrowings[(1)]	3,684	1,505	7,048	834	5,245	18,316
Expected future interest payments	882	623	516	527	527	3,075
Accounts payable	0	0	0	0	11,614	11,614
Other financial liabilities	0	0	2,119	3,139	8,333	13,591
Total	4,566	2,128	9,683	4,500	25,719	46,596
Current assets					36,508	36,508

	2009					
	After 5 years	Due 3–5 years	Due 2–3 years	Due 1–2 years	Due 0–1 years	Total
			(U.S.$ million)			
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

	2010					
	After 5 years	Due 3–5 years	Due 2–3 years	Due 1–2 years	Due 0–1 years	Total
			(U.S.$ million)			
Borrowings[(1)]	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

Note:

(1) 2008: U.S.$ nil million; 2009: U.S.$341 million; 2010: U.S.$ nil million of reported short-term debt is drawn under a three-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 realise in the normal course of business.

	2008				
	Carrying value[1]	Available for sale	FVtPL[2]	Total	Fair value
	(U.S.$ million)				
Assets					
Other investments	0	2,623	185	2,808	2,808
Advances and loans	1,826	0	0	1,826	1,826
Accounts receivable	13,956	0	0	13,956	13,956
Other financial assets	0	0	13,762	13,762	13,762
Cash and cash equivalents and marketable securities	0	0	939	939	939
Total financial assets	15,782	2,623	14,886	33,291	33,291
Liabilities					
Amounts attributed to profit participation shareholders	12,604	0	0	12,604	12,604
Borrowings	18,316	0	0	18,316	15,392
Accounts payable	11,614	0	0	11,614	11,614
Other financial liabilities	0	0	13,591	13,591	13,591
Total financial liabilities	42,534	0	13,591	56,125	53,201

Notes:

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

(2) FVtPL—Fair value through profit and loss—held for trading.

	2009				
	Carrying value[1]	Available for sale	FVtPL[2]	Total	Fair value
	(U.S.$ million)				
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					
Amounts attributed to 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

Notes:

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

(2) FVtPL—Fair value through profit and loss—held for trading.

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

	2010				
	Carrying value(1)	Available for sale	FVtPL(2)	Total	Fair value
			(U.S.$ million)		
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					
Amounts attributed to 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

Notes:

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

(2) FVtPL—Fair value through profit and loss—held for trading.

(3) Other investments contain U.S.$2,438 million in Level 1. As at 31 December 2009, U.S.$2,624 million of other investments were considered Level 3 valuations, which during 2010 U.S.$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), U.S.$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 opening Level 3 valuation amount (U.S.$336 million) was impaired.

The following tables show the fair values of the derivative financial instruments including trade financial and physical forward purchase and sale commitments by type of contract as at 31 December 2008, 2009 and 2010. 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 cannot 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, OTC 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.

Other financial assets

2008	Level 1	Level 2	Level 3	Total
		(U.S.$ million)		
Commodity-related contracts				
Futures	1,218	7,319	0	8,537
Options	3	297	0	300
Swaps	0	875	0	875
Physical forwards	0	862	3,012	3,874
Financial contracts				
Cross currency swaps	0	95	0	95
Foreign currency and interest rate contracts	0	81	0	81
Total	1,221	9,529	3,012	13,762

2009	Level 1	Level 2	Level 3	Total
		(U.S.$ million)		
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

2010	Level 1	Level 2	Level 3	Total
		(U.S.$ million)		
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

Other financial liabilities

2008	Level 1	Level 2	Level 3	Total
		(U.S.$ million)		
Commodity-related contracts				
Futures	911	7,498	0	8,409
Options	0	848	56	904
Swaps	0	568	0	568
Physical forwards	0	358	2,510	2,868
Financial contracts				
Cross currency swaps	0	764	0	764
Foreign currency and interest rate contracts	0	78	0	78
Total	911	10,114	2,566	13,591

2009	Level 1	Level 2	Level 3	Total
		(U.S.$ million)		
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

2010	Level 1	Level 2	Level 3	Total
		(U.S.$ million)		
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

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

	Swaps	Physical forwards	Options	Total Level 3
		(U.S.$ million)		
1 January 2008	0	710	(12)	698
Total gain/(loss) recognised in cost of goods sold	0	(208)	(44)	(252)
31 December 2008	0	502	(56)	446
1 January 2009	0	502	(56)	446
Total gain/(loss) recognised in cost of goods sold	0	1,164	13	1,177
Sales	(1)	0	(101)	(102)
Realised	0	(985)	56	(929)
31 December 2009	(1)	681	(88)	592
1 January 2010	(1)	681	(88)	592
Total gain/(loss) recognised in cost of goods sold	2	(209)	(58)	(265)
Sales	0	0	(41)	(41)
Realised	(1)	(117)	88	(30)
31 December 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 31 December 2010, U.S.$787 million (2009: U.S.$815 million; 2008: U.S.$967 million), 100 per cent. of which relates to expenditure to be incurred over the next year (2009: 63 per cent.; 2008: 42 per cent.), was contractually committed for the acquisition of property, plant and equipment.

Certain of Glencore's exploration tenements and licences 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 31 December 2010, U.S.$404 million (2009: U.S.$284 million; 2008: U.S.$262 million) of such development expenditures are to be incurred, of which 36 per cent. 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 U.S.$2,608 million (2009: U.S.$2,185 million; 2008: U.S.$2,880 million) of which U.S.$325 million (2009: U.S.$272 million; 2008: U.S.$nil million) are with associated companies. 50 per cent. of these charters are for services to be received over the next two 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 31 December 2010, U.S.$8,956 million (2009: U.S.$7,178 million; 2008: U.S.$5,450 million) of such commitments have been issued on behalf of Glencore, which will generally be settled 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, U.S.$62 million, U.S.$53 million and U.S.$66 million for the years ended 31 December 2008, 2009 and 2010. Future net minimum lease payments under non-cancellable operating leases are as follows:

	2008	2009	2010
		(U.S.$ million)	
Within one year	15	26	97
Between two and five years	47	51	225
After five years	110	93	151
Total	172	170	473

Future development and related commitments

Prodeco currently exports the majority of its coal through Puerto Zuñiga which operates under a private concession awarded by the Colombian government. The concession expired in 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 became effective from July 2010 and to alleviate itself from the uncertainty of the annual concession renewal process associated with Puerto Zuñiga, Prodeco has initiated the construction of a new, wholly owned, port facility (Puerto Nuevo) which is estimated to cost U.S.$520 million and be commissioned during 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 31 December 2010, U.S.$55 million of the estimated initial investment has been incurred.

In August 2010, Glencore acquired an ultimate 37.5 per cent. interest in the Kansuki concession ("Kansuki"), a 180 square kilometre copper and cobalt pre-development project which borders Glencore's partly-owned Mutanda concession in the DRC. In exchange, Glencore has (a) an obligation to finance the first U.S.$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 per cent. ultimate interest to Glencore at the then calculated equity value of the operation, at the earlier of the date the operation produces a minimum annual 70,000 metric tonnes of copper and August 2013. Kansuki is currently completing its initial feasibility study for submission by June 2011. As at 31 December 2010, U.S.$11 million of development expenditure had been incurred.

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 per cent. effective ownership in Perkoa in exchange for (a) an obligation to finance the first U.S.$80 million of development related expenditures, if any, as and when such expenditure gets incurred, (b) the right to operate the operations and (c) a life of mine off-take agreement for all zinc produced by Perkoa. As at 31 December, 2010, U.S.$ nil million of development expenditure had been incurred.

25 Contingent Liabilities

The amount of corporate guarantees in favour of associated and third parties as at 31 December 2010, was U.S.$69 million (2009: U.S.$73 million and 2008: U.S.$66 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 cash flows.

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 Historical Financial Information, are summarised 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 unrealised profits and losses between its subsidiaries and Associates.

2008	Associated companies	Parent companies	Total
		(U.S.$ million)	
Sales	786	0	786
Purchases	(9,153)	0	(9,153)
Interest income	16	2	18
Interest expense	(3)	0	(3)
Agency income	117	0	117
Agency expense	(4)	0	(4)

2009	Associated companies	Parent companies	Total
		(U.S.$ million)	
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)

2010	Associated companies	Parent companies	Total
		(U.S.$ million)	
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)

Remuneration of key management personnel

The remuneration of directors and other members of key management personnel recognised in the statement of income, including salaries and other current employee benefits amounted to U.S.$146 million (2009: U.S.$148 million; 2008: U.S.$149 million) and amounts attributable to profit participation amounts are U.S.$938 million (2009: U.S.$291 million; 2008: U.S.$242 million). As at 31 December 2010, included in the amounts attributable to profit participation shareholders are U.S.$6,130 million (2009: U.S.$5,192 million; 2008: U.S.$4,901 million).

27 Subsequent Events

Subsequent to year end, the following significant events occurred:

In January, Glencore issued CHF 225 million (U.S.$235 million) 3.625 per cent. 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 U.S.$65 million in cash on hand) were used to redeem U.S.$300 million of the U.S.$700 million 8 per cent. perpetual notes.

In February 2011, Glencore concluded a new one year committed U.S.$600 million European oil receivables borrowing base facility.

In April 2011, Glencore agreed with Verny to acquire additional stakes in Kazzinc. These purchases will increase its ownership from 50.7 per cent. to 93.0 per cent. for a total transaction consideration of $3.2 billion. Subject to the satisfaction of certain conditions (including Glencore completing the International Offer and obtaining applicable regulatory approvals), the consideration will be settled through the issuance of U.S.$1 billion of Ordinary Shares at the Offer Price and U.S.$2.2 billion in cash (to be paid in tranches between October and December 2011). The acquisition, if completed, will be accounted for under IAS 27 *Consolidated and Separate Financial Statements* as an equity transaction (a transaction with owners in their capacity as owners) and on the date of completion will result in a net decrease in total equity on Glencore's consolidated statement of financial position of U.S.$2.2 billion equating to the cash component of the consideration. There will be no change to the underlying assets and liabilities of Kazzinc in Glencore's consolidated statement of financial position. Following the date of closing an additional 42.3 per cent. of Kazzinc's income thereafter will be attributable to equity holders of Glencore with the remaining 7 per cent. being attributed to the non controlling interests in Kazzinc.

On 3 May 2011, Glencore replaced the previous 364 day U.S.$1,375 million and the U.S.$515 million Asian focused tranche revolving credit facilities with two new 364 day revolving credit facilities for U.S.$2,925 million and U.S.$610 million, both with a one year extension option at the borrower's discretion. In addition, Glencore extended the final maturity of U.S.$8,340 million of the U.S.$8,370 million medium term revolver for a further year to May 2014. In aggregate, the three tranches represent an increase in committed available liquidity of U.S.$1,645 million.

28 List of Principal Operating, Finance and Industrial Subsidiaries and Investments

	Method of Consolidation in 2010[1]	Country of incorporation	% interest 2008	% interest 2009	% interest 2010	Main activity
Glencore International AG	P	Switzerland				Operating
Glencore AG	F	Switzerland	100.0	100.0	100.0	Operating
Allied Alumina Inc. (Sherwin Alumina)	F	United States	100.0	100.0	100.0	Alumina production
Columbia Falls Aluminum Company	F	United States	100.0	100.0	100.0	Aluminium production
Century Aluminum Company	E	United States	47.0[2]	44.1[2]	44.0[2]	Aluminium production
Glencore Funding LLC	F	United States	100.0	100.0	100.0	Finance
East Tennessee Zinc Company LLC	F	United States	100.0	0.0	0.0	Zinc production
Glencore UK Ltd	F	U.K.	100.0	100.0	100.0	Operating
Glencore Commodities Ltd	F	U.K.	100.0	100.0	100.0	Operating
Glencore Energy UK Ltd	F	U.K.	100.0	100.0	100.0	Operating
Glencore Group Funding Limited	F	UAE	100.0	100.0	100.0	Finance
Glencore Finance (Bermuda) Ltd	F	Bermuda	100.0	100.0	100.0	Finance
AR Zinc Group	F	Argentina	100.0	100.0	100.0	Zinc/Lead production
Empresa Minera Los Quenuales S.A.	F	Peru	97.1	97.1	97.1	Zinc/Lead production
Glencore Exploration (EG) Ltd.	F	Bermuda	100.0	100.0	100.0	Oil exploration/development
Glencore Finance (Europe) S.A.	F	Luxembourg	100.0	100.0	100.0	Finance
Kansuki Group	E	DRC	0.0	0.0	37.5	Copper production
Minera Altos de Punitaqui	F	Chile	0.0	0.0	100.0	Copper production
Mopani Copper Mines PLC	F	Zambia	73.1	73.1	73.1	Copper production
Mutanda Group	E	DRC	40.0	40.0	40.0	Copper production
Prodeco Group	F	Colombia	100.0	100.0	100.0	Coal production
Recylex S.A.	E	France	32.2	32.2	32.2	Zinc/Lead production
Sinchi Wayra	F	Bolivia	100.0	100.0	100.0	Zinc/Tin production
Refineria de Cartagena S.A.	E	Colombia	51.0	0.0	0.0	Oil refining
United Company Rusal Plc	O	Jersey	10.3	9.7	8.8	Aluminum production
Finges Investment B.V.	F	Netherlands	100.0	100.0	100.0	Finance
Biopetrol Industries AG[3]	F	Switzerland	0.0	0.0	60.3	Biodiesel production
Glencore Grain B.V	F	Netherlands	100.0	100.0	100.0	Operating
Nyrstar N.V.	O	Belgium	0.0	7.8	7.8	Zinc production
Rio Vermelho	F	Brazil	0.0	0.0	76.0	Sugar cane/ethanol production
Xstrata plc	E	U.K.	35.2	34.9	34.5	Diversified production
Chemoil Energy Limited[4]	F	Singapore	0.0	0.0	51.5	Oil storage
Cobar Group	F	Australia	100.0	100.0	100.0	Copper production
Glencore Singapore Pte Ltd	F	Singapore	100.0	100.0	100.0	Operating
Kazzinc Ltd.	F	Kazakhstan	69.0	69.0	50.7	Zinc/Lead production
Vasilkovskoje Gold	F	Kazakhstan	40.0	40.0	100.0	Gold production
Katanga Mining Limited[5]	F	Bermuda	8.5	69.2	74.4	Copper production
Murrin Murrin Joint Venture[6]	F	Australia	40.0	40.0	40.0	Nickel production
Minara Resources Ltd[6]	F	Australia	70.6	70.6	70.6	Nickel production
Moreno Group	F	Argentina	100.0	100.0	100.0	Edible oils production
Pacorini Group	F	Switzerland	0.0	0.0	100.0	Metals warehousing
Pasar Group	F	Philippines	78.2	78.2	78.2	Copper production
Polymet Mining Corp.	O	Canada	0.0	2.6	6.3	Copper production
Portovesme S.r.L.	F	Italy	100.0	100.0	100.0	Zinc/Lead production
Russneft Group (various companies)[7]	O	Russia	40.0-49.0	40.0-49.0	40.0-49.0	Oil production
Shanduka Coal (Pty) Ltd	F	South Africa	70.0	70.0	70.0	Coal production
ST Shipping & Transport Pte Ltd	F	Singapore	100.0	100.0	100.0	Operating
Topley Corporation	F	B.V.I.	100.0	100.0	100.0	Ship owner
Volcan Compania Minera S.A.A.	O	Peru	4.1	4.1	4.1	Zinc production

Notes:

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

(2) Represents Glencore's economic interest in Century, comprising 39.1 per cent. (2009: 39.1 per cent.; 2008: 28.5 per cent.) voting interest and 4.9 per cent. (2009: 5 per cent.; 2008: 18.5 per cent.) non-voting interest.

(3) Publicly traded on the Frankfurt Stock Exchange under the 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 per cent. in the joint venture.

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

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