GLENCORE

NEWS RELEASE

Baar, 5 March 2013

Preliminary Results 2012

HIGHLIGHTS

US $ million	2012	2011	Change
Key statement of income and cash flows highlights:			
Revenue	214 436	186 152	15%
Adjusted EBITDA[1]	5 943	6 464	– 8%
Adjusted EBIT[1]	4 470	5 398	– 17%
Net income attributable to equity holders pre significant items[2]	3 060	4 060	– 25%
Net income attributable to equity holders	1 004	4 048	– 75%
Earnings per share (Basic) pre significant items (US $)	0.44	0.72	– 39%
Earnings per share (Basic) (US $)	0.14	0.72	– 81%
Funds from operations (FFO)[3]	4 115	3 522	17%

US $ million	2012	2011	Change
Key financial position highlights:			
Total assets	105 537	86 165	22%
Equity attributable to equity holders	31 266	29 265	7%
Current capital employed (CCE)[1]	23 945	22 479	7%
Net debt[3]	15 416	12 938	19%
Net debt, adjusted for the Viterra acquisition	11 457	12 938	– 11%
Ratios:			
FFO to Net debt	26.7%	27.2%	– 2%
FFO to Net debt, adjusted for the Viterra acquisition	35.9%	27.2%	32%
Net debt to Adjusted EBITDA	2.59x	2.00x	30%
Net debt, adjusted for the Viterra acquisition, to Adjusted EBITDA	1.93x	2.00x	– 4%
Adjusted EBITDA to net interest	6.13x	7.63x	– 20%

[1] Refer to glossary on page 81 for definitions and calculations.
[2] Refer to page 6.
[3] Refer to page 8.

- Resilient Adjusted EBITDA / EBIT performance driven by Glencore's marketing business and volume growth in industrials.
- Adjusted EBIT down 17% to $ 4.5 billion; marketing Adjusted EBIT up 11%, Glencore industrial Adjusted EBIT down 27%.
- Continued growth of operating cash flow (FFO), up 17% to $ 4.1 billion.
- Strong balance sheet with $ 9 billion of committed liquidity.
- Completed the acquisition of Viterra, a transformational deal for our agricultural business, giving access to the grain markets in Canada and reinforcing our position in Australia.
- Industrial growth projects continue to deliver overall volume improvement; sector leading growth pipeline remains on budget.

- Continuation of bolt-on acquisitions strategy:
  – increased interest in Kazzinc to 69.6%, Optimum to 67% and Mutanda to 60%.
  – acquisition of Vale's European manganese ferroalloys operations.

- Kazzinc own gold production up 22% with recovery rates continuing to improve; successful ramp-up of new copper smelter resulting in increased copper cathode production of 25,800 tonnes.

- Katanga copper metal up 2%, with cathode production up 7%, in spite of significant disruption from power shortage. New power converter and synchronous condenser commissioned in December 2012. Agreement with SNEL to provide better reliability and availability of electricity supply in the medium to long term.

- Mutanda copper production up 37%. Following completion of the cobalt plant, Mutanda now has capacity in place to produce up to 110,000 tonnes of copper and 23,000 tonnes of cobalt.

- Murrin Murrin own sourced production was 33,400 tonnes of nickel, a record production year.

- Prodeco own production up 1% despite the three month strike at La Jagua. The expansion plan remains on track to produce annualised 20 million tonnes by 2014.

- Significant growth in South African coal production, up 104%, following the acquisitions of Optimum and Umcebo.

- Aseng oil field ahead of initial schedule producing 61.7k bbls/day, with Alen field on schedule to start producing in Q3 2013.

- Together with Vitol, agreed heads of terms for long-term crude supply contracts with Rosneft; the agreement builds on the relationship with one of the world's leading oil and gas companies and the importance of the Russian oil market.

- The Directors propose a final dividend of $ 0.1035 per share, bringing the total dividend for the year to $ 0.1575 per share, up 5% compared to 2011.

- The Xstrata merger long stop date has been extended to 16 April 2013, with the consent of Xstrata and the Panel.

Glencore's Chief Executive Officer, Ivan Glasenberg, commented:
"2012 was a year of significant achievement for Glencore. Despite the challenging environment faced by the mining industry, Glencore delivered organic growth in its industrial businesses which complemented a robust performance in its marketing operations. In addition to our healthy financial performance, 2012 also saw some major landmarks for the company. The acquisition of Viterra transformed our agricultural business into a truly global operation. Even more significantly, we announced the merger with Xstrata which will create a group with the expertise and scale to play a leading role in meeting the world's growing demand for commodities.
As we look ahead to 2013, we remain focused on ensuring that we maximise the potential of the expanded Glencore platform irrespective of prevailing economic conditions."

In addition, Glencore has today published on its website (www.glencore.com) a presentation which contains a summary of the 2012 preliminary results.

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Chief Executive Officer's review

2012 was a year in which the health of the global economy began to improve slowly albeit against a familiar backdrop established during the global financial crisis. It was also a year of major political change, which in itself brings greater uncertainty over future policy. Although too early to tell definitively, the regime transition in China and the election result in the US have so far been reasonably smooth and predictable. China looks well positioned to continue the substantial progress it has made since WTO entry in 2001. The US meanwhile has begun to show signs of underlying economic improvement notwithstanding the on-going debate about long term fiscal balance. The pick-up in construction of new houses is particularly noteworthy in the context of what appears to be a clear and growing energy advantage versus the rest of the world. The fact that the world's largest economy is regaining its feet is good news for everyone.

Against this background and despite highly accommodative global monetary policy, commodities experienced a relatively lacklustre year with average prices down 10-20% year on year. We are therefore particularly pleased that Glencore's results proved to be far more robust than the sector. Our marketing operations' performance and the growth delivered within our industrial energy business were especially pleasing.

The performance of the marketing business reinforces the strength and resilience of Glencore's business model and the diversification benefits associated with combining and integrating a portfolio of industrial assets with large scale physical sourcing, marketing and logistics capabilities. We continued to maintain a clear focus on organic growth across the industrial business through our key industrial expansion projects, which remain broadly on track and on budget. Both the marketing and industrial operations are underpinned by the highly diversified nature of our business across commodity, geography and operation. This provides a natural hedge in times of economic uncertainty as well as enabling the Group to be at the forefront of spotting emerging trends and opportunities.

We believe 2012 will also prove to have been a turning point in the history of the mining industry in respect of capital allocation. It has been evident for some time that capital discipline in the sector had been eroded by the period of higher commodity prices. The result has been a material misallocation of capital across the sector in respect of organic capex and acquisitions. This year investors called time with results for all to see. This development augurs well for long term returns in the sector though investors are likely to have to remain vigilant.

Outside of our robust financial performance, 2012 also saw some major strategic landmarks for Glencore. Most importantly, we commenced the process to reunite Xstrata with Glencore following a decade in the public markets. We continue to work on closing the merger with Xstrata. Completion of the merger remains conditional upon the receipt of the outstanding regulatory approval in China and completion of the Xstrata court process as further set out in the New Scheme Document in connection with the merger published by Xstrata on 25 October 2012 and Glencore giving effect to the commitments required by the European Commission. Accordingly, Glencore and Xstrata have agreed, with the consent of the Panel, to extend further the long stop date for the merger to 16 April 2013. When completed it will provide Glencore with full access to Xstrata's production flows and allow optimisation of the combined capex pipeline and operating structure. Our approach to integration will be to incorporate the best of both businesses and plans to this effect are well advanced. The benefits of this process will accrue to all stakeholders in the combined business.

Our second major step during 2012 was to acquire Viterra. This acquisition transforms our agricultural business into a global operation through entry into the Canadian grain market and significant expansion of our Australian operations. This materially strengthens our ability to assist in ensuring that the world's grain and oilseeds production flows to those areas where it is most needed. This is likely to become increasingly important given the shift towards more energy intensive diets globally.

The Board of Directors proposes a final dividend of $ 0.1035 per share resulting in a total dividend of $ 0.1575 per share for 2012, up 5% on 2011, reflecting our confidence in our business and the continued ramp-up of our brownfield industrial assets.

Looking forward we will continue to take nothing for granted whether it be economic circumstances or the goodwill of our stakeholders. We continue to see a healthy long term outlook for our commodities based on the continuing growth within emerging market economies and sustained levels of consumption within developed markets.

Ivan Glasenberg
Chief Executive Officer

Financial Review

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

The financial information included in this preliminary announcement has been prepared on a basis as outlined in note 1 of the financial statements. It is presented in the Chief Executive Officer's Report and the Financial review sections before significant items unless otherwise stated to provide an enhanced understanding and comparative basis of the underlying financial performance. Significant items are items of income and expense which, due to their financial impact and nature or the expected infrequency of the events giving rise to them, are separated for internal reporting and analysis of Glencore's results.

RESULTS

Adjusted EBIT decreased by 17% to $ 4,470 million in 2012 compared to 2011 due to lower contributions from our industrial activities which were affected by generally lower year on year average commodity prices for the key commodities which we and our associates (primarily Xstrata) produce. Given the largely fixed cost nature of 'depreciation and amortisation' (non-cash) over a certain level of production, Adjusted EBITDA was only 8% lower in 2012, compared to 2011. Adjusted EBIT contribution from marketing was $ 2,130 million (2011: $ 1,911 million) representing 48% of Adjusted EBIT for the year, an increase from 35% in the prior year. These results highlight the reinforcing the strength and resilience of Glencore's business model and the diversification benefits associated with combining and integrating, across a broad spectrum of commodities, a portfolio of industrial assets with large scale physical sourcing, marketing and logistics capabilities.

Adjusted EBIT

Adjusted EBIT by business segment is as follows:

US $ million	Marketing activities	Industrial activities	2012 Adjusted EBIT		Marketing activities	Industrial activities	2011 Adjusted EBIT	
Metals and minerals	1 363	708	2 071	46%	1 242	1 357	2 599	48%
Energy products	435	594	1 029	23%	697	375	1 072	20%
Agricultural products	371	– 10	361	8%	– 8	– 39	– 47	– 1%
Corporate and other[1]	– 39	1 048	1 009	23%	– 20	1 794	1 774	33%
Total	**2 130**	**2 340**	**4 470**	**100%**	**1 911**	**3 487**	**5 398**	**100%**

[1] Corporate industrial activities include $ 1,174 million (2011: $ 1,893 million) of Glencore's equity accounted share of Xstrata's income.

Marketing Adjusted EBIT was $ 2,130 million up 11% over 2011. 2012 saw an improved performance by metals and minerals, with generally good volume growth e.g. copper and nickel and healthy physical premia for many of Glencore's core products. The energy result was weaker due to fewer arbitrage opportunities, against a backdrop of relatively low volatility and the continuing weak freight markets. Agricultural products showed a marked improvement over 2011, with the events surrounding cotton now behind us and on an adjusted comparable basis, its performance was relatively stable year over year.

Industrial Adjusted EBIT declined by 33% to $ 2,340 million in 2012, primarily due to weaker average commodity prices, including nickel, coal (API 2), zinc and copper, down 23%, 24%, 11% and 10% respectively. These lower prices impact our own controlled operations as well as our share of Xstrata's earnings. The commencement of oil production at the Aseng field in Q4 2011 was largely accountable for the increase in energy products' industrial performance.

Corporate and other primarily relates to the equity accounted interest in Xstrata and also includes the variable pool bonus cost, the net result of which was down 43% to $ 1,009 million in 2012 compared to 2011.

Revenue

Revenue for the year ended 31 December 2012 was $ 214,436 million, a 15% increase compared to $ 186,152 million in 2011. The increase was primarily due to higher oil volumes handled (+39%), partially offset by lower period-on-period metals prices as noted above.

Cost of goods sold

Cost of goods sold for the year ended 31 December 2012 was $ 210,435 million, a 16% increase from $ 181,938 million in 2011 primarily due to the higher oil volumes noted above.

Selling and administrative expenses

Selling and administrative expenses for the year ended 31 December 2012 were $ 997 million, a 16% increase from $ 857 million in 2011, due to somewhat higher employee compensation charges, commensurate with an expansion of business activities and performance.

Share of income from associates and jointly controlled entities

Share of income from associates and jointly controlled entities for the year ended 31 December 2012 was $ 367 million, a 81% decrease from $ 1,972 million in 2011. The decrease reflects reduced earnings flow-through from Xstrata primarily due to the lower commodity prices and various impairment charges which it took ($ 299 million equity earnings, including $ 875 million of significant items; 2011: $ 1,868 million, including $ 25 million of significant items).

(Loss)/gain on disposal of investments

Loss on disposal of investments for the year ended 2012 was $ 128 million, compared to a gain of $ 9 million in 2011. The amount in 2012 primarily comprised an accounting dilution loss following an Xstrata share issuance in March 2012 (part of its employee stock ownership plan), which saw Glencore's effective ownership reduce from 34.5% to 34.2%.

Other expense – net

Net other expense for 2012 was $ 1,214 million, compared to $ 511 million in 2011. 2012 primarily comprised impairments of $ 1,650 million, $ 120 million acquisition related expenses and $ 109 million of expense related to phantom equity awards granted upon Glencore's listing, offset by a net $ 497 million accounting gain mainly related to the revaluation of Glencore's initial 40% interest in Mutanda upon acquisition of an additional 20% interest in April 2012. There were also $ 179 million of positive mark to market adjustments related to certain fixed priced forward coal sales contracts in respect of Prodeco's future production.

The impairment amount mainly comprises $ 1.2 billion of previously recognised negative fair value adjustments reclassified from 'other comprehensive income' to the statement of income in respect of Glencore's interest in UC Rusal. This reclassification had no impact on Glencore's net asset/equity position which has consistently, for many years, reflected the mark-to-market fair value of this holding. Evidence of this 'lack of impact' is clear on page 28, where 'total comprehensive income attributable to equity holders' was lower by a mere 10% in 2012 compared to 2011, contributing to a 7% increase in total equity, excluding non-controlling interests.

The net amount in 2011 primarily comprised $ 344 million of expenses related to Glencore's listing, a $ 92 million of mark-to-market loss in respect of various minority holdings in listed companies, $ 63 million related to final costs associated with the settlement of the Prodeco option and $ 32 million of asset impairments.

See notes 4 and 5 to the consolidated financial statements for further explanations.

Interest income

Interest income for the year ended 31 December 2012 was $ 401 million, an 18% increase over 2011 due to higher average advance balances outstanding. Interest income includes interest earned on various loans extended, including to OAO Russneft.

Interest expense

Interest expense for the year ended 31 December 2012 was $ 1,371 million, a 16% increase from $ 1,186 million in 2011. The increase was mainly due to higher average debt levels.

Income taxes

A net income tax credit of $ 76 million was recognised during the year ended 31 December 2012 compared to a tax credit of $ 264 million in 2011. The 2012 credit resulted primarily from the recognition of crystallised tax benefits (resulting in losses carried forward), following an internal reorganisation of our existing ownership interest in Xstrata. The 2011 credit resulted primarily from the recognition of tax deductions associated with the conversion of the Glencore Group from private to public ownership as part of its listing. It has been Glencore's historical experience that its effective tax rate pre significant items on pre-tax income, excluding share of income from associates and jointly controlled entities and dividend income, has been approximately 10%, particularly in years where the marketing to industrial profit contribution mix is higher. This rate has been reflected in the table below. It is likely that the future effective tax rate will increase relative to the past, however, as noted above, this will largely be a function of Glencore's profit mix (marketing vs industrial).

Earnings

A summary of the differences between Adjusted EBIT and income attributable to equity holders, including significant items, is set out below:

US $ million	2012	2011
Adjusted EBIT	**4 470**	**5 398**
Net finance costs	– 970	– 847
Foreign exchange loss [1]	– 4	– 5
Income tax expense	– 224	– 250
Non controlling interests	– 212	– 236
Income attributable to equity holders pre significant items	**3 060**	**4 060**
Earnings per share (Basic) pre significant items (US $)	0.44	0.72
Other expense – net, excluding foreign exchange loss [1]	– 1 210	– 506
Net (loss)/gain on disposal on investments	– 128	9
Mark to market valuation of certain natural gas forward contracts [2]	– 123	0
Unrealised intergroup profit elimination [2]	– 84	0
Share of Associates' exceptional items [3]	– 875	– 45
Net deferred tax asset recorded – mainly restructuring benefits (2011 – Listing/Restructuring benefits) [4]	300	514
Non controlling interest portion of significant items [5]	64	16
Total significant items	**– 2 056**	**– 12**
Income attributable to equity holders	**1 004**	**4 048**
Earnings per share (Basic) (US $)	0.14	0.72

[1] Recognised within other expense – net, see note 4 of the financial statements.
[2] Recognised within cost of goods sold, see note 2 of the financial statements.
[3] Recognised within share of income from associates and jointly controlled entities, see note 2 of the financial statements.
[4] Recognised within income tax credit, see note 6 of the financial statements.
[5] Recognised within non controlling interests.

SIGNIFICANT ITEMS

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

In 2012, Glencore recognised $ 2,056 million of significant expenses on a net basis which comprised primarily impairment charges of $ 1,650 million (2011: $ 32 million) and our share of Xstrata's exceptional items (2012: $ 875 million, 2011: $ 25 million), offset by a $ 497 million accounting gain on the revaluation of previously held interests in subsidiaries acquired during the year.

In 2011, Glencore recognised $ 12 million of significant expenses on a net basis which comprised primarily $ 344 million of expenses related to Glencore's listing, a $ 92 million of mark-to-market loss in respect of various minority holdings in listed companies, $ 63 million related to final costs associated with the settlement of the Prodeco option and $ 32 million of asset impairments. These expenses were largely offset by the recognition of $ 514 million of net tax credits relating primarily to certain income tax deductions that were crystallised, following the reorganisation of Glencore prior to Listing.

See comments in other expense – net above and notes 2, 4 and 5 of the financial statements for additional details.

LIQUIDITY AND CAPITAL RESOURCES – CASH FLOW

Cash generated by operating activities before working capital changes

Cash generated by operating activities before working capital changes for the year ended 31 December 2012 was $ 4,782 million, an increase of $ 681 million (17%) compared to 2011, reflecting the higher Adjusted EBITDA from marketing activities. On a more comparable basis, the increase is 8%, taking into account $ 325 million of listing related cash expenses in the 2011 period (see movement in net debt table below).

Working capital changes

Cash net working capital decreased by $ 727 million during the year ended 31 December 2012 compared to an increase of $ 3,174 million in 2011. Much of the 2011 increase occurred in Q4 2011, as Glencore was presented with highly attractive 'funded' commodity sourcing opportunities. 2012 saw a partial release of this increase, via the movement in receivables and payables, however marketing related inventory balances increased during the year. Inventory levels were higher in metals and naturally in the agricultural division, which took on substantial levels of working capital towards the end of 2012, in no small part due to the mid-December acquisition of Viterra – see note 24 of the financial statements. In 2013, we are focused on working capital levels associated with the 2012 acquisitions, including a natural release of working capital once various 'earmarked' non-core components of Viterra have been sold.

Net cash used by investing activities

Net cash used by investing activities was $ 6,959 million in 2012 compared to $ 3,690 million in 2011. The net outflow in 2012 primarily related to the acquisition of Viterra, an additional 32% interest in Optimum, an additional 20% interest in Mutanda, two European manganese operations and an 80% interest in Rosh Pinah (see note 24 of the financial statements), along with continued capital expenditure programs in respect of the various E&P upstream oil development projects, the development of the Mutanda and Kansuki copper/cobalt operations and the production expansions at Katanga, Cobar and Prodeco.

Net cash generated by financing activities

During 2012, Glencore issued $ 2,951 million bonds – 6 year 4.125% EUR 1,250 million bonds, 10 year 5.5% GBP 500 million bonds and 6.5 year 2.625% CHF 450 million bonds.

ASSETS, LEVERAGE AND WORKING CAPITAL

Total assets were $ 105,537 million as at 31 December 2012 compared to $ 86,165 million as at 31 December 2011. Over the same time period current assets increased from $ 45,731 million to $ 54,059 million. The adjusted current ratio at 31 December 2012 reduced to 1.16x, as the Xstrata secured bank loans and the October 2013 Eurobonds moved from non current to current borrowings. Adjusting for these two movements (given our c. $ 9 billion of long term committed liquidity could have been drawn to repay short term debt), the Adjusted current ratio improves to 1.27x. Non current assets increased from $ 40,434 million as at 31 December 2011 to $ 51,478 million as at 31 December 2012, primarily due to the acquisitions and capital expenditure programs noted above, including large non controlling interest asset gross-ups in relation to Mutanda and Optimum, where Glencore moved from equity to consolidated accounting during the year.

Consistent with 31 December 2011, 99% ($ 17,290 million) of total marketing inventories were readily marketable inventories at 31 December 2012. These inventories are readily convertible into cash due to their liquid nature, widely available markets, and the fact that any associated price risk is or could be covered either by a physical sale transaction or a hedge transaction on a commodity exchange or with a highly rated counterparty. Given the highly liquid nature of these inventories, which represent a significant share of current assets, Glencore believes it is appropriate to consider them together with cash equivalents in analysing Group net debt levels and computing certain debt coverage ratios and credit trends. Balance sheet liquidity remains very healthy such that current capital employed plus investments in listed associates (at book carrying value) covers 115% of Glencore's total gross debt as at 31 December 2012.

Net debt

US $ million	2012	2011
Gross debt	**35 526**	**28 068**
Cash and cash equivalents and marketable securities	– 2 820	– 1 345
Net funding	**32 706**	**26 723**
Readily marketable inventories	– 17 290	– 13 785
Net debt	**15 416**	**12 938**

Movement in net debt

US $ million	2012	2011
Cash generated by operating activities before working capital changes	4 782	4 101
Listing related cash expenses included in number above (via statement of income)	0	325
Net interest paid	– 784	– 798
Tax paid	– 344	– 472
Dividends received from associates	461	366
Funds from operations	**4 115**	**3 522**
Working capital changes, excluding readily marketable inventory movements and other	2 776	– 3 741
Non current advances and loans	– 203	– 320
Acquisition and disposal of subsidiaries	– 3 602	– 346
Purchase and sale of investments	– 610	– 764
Purchase and sale of property, plant and equipment	– 3 005	– 2 626
Margin receipts in respect of financing related activities	176	21
Acquisition and disposal of additional interest in subsidiaries	– 624	– 315
Dividends paid	– 1 066	– 364
Share issuance, net of issue costs and Listing related cash expenses included in the statement of income (see above)	0	7 291
Cash movement in net debt	**– 2 043**	**2 358**
Net debt assumed in business combinations	– 359	– 204
Foreign currency revaluation of non current borrowings and other non cash items	– 76	– 68
Profit participation certificates redemptions	0	– 268
Non cash movement in net debt	**– 435**	**– 540**
Total movement in net debt	**– 2 478**	**1 818**
Net debt, beginning of period	– 12 938	– 14 756
Net debt, end of period	**– 15 416**	**– 12 938**

Net debt as at 31 December 2012 increased to $ 15,416 million from $ 12,938 million as at 31 December 2011. $ 359 million of net debt was assumed in the Viterra acquisition and $ 3.6 billion of net debt was incurred to finance Glencore’s effective share of the equity purchase consideration. Adjusting for the increase in net debt attributable to the Viterra acquisition (completed mid-December 2012), net debt would be $ 11,457 million, a decrease of $ 1,481 million compared to 2011. The ratio of Net debt (adjusted for the Viterra acquisition) to Adjusted EBITDA improved from 2.00 times in 2011 to 1.93 times as at 31 December 2012, while the ratio of FFO to Net debt (adjusted for the Viterra acquisition) improved from 27.2% in 2011 to 35.9% in 2012. A healthy positive free cash flow generation/FFO is expected from the Viterra asset base going forward, which is expected to offer support to debt coverage ratios and deleveraging initiatives into the future.

CAPITAL RESOURCES AND FINANCING

During the year ended 31 December 2012, the following notable financing activities took place:

- In April 2012, Glencore issued EUR 1,250 million 4.125% bonds maturing in 2018 and GBP 300 million 5.5% bonds maturing in 2022, totalling $ 2.15 billion equivalent;
- In April 2012, Glencore updated its revolving credit facilities totalling $ 12.8 billion. The facilities comprise: 1) a $ 4,435 million 14 month revolving credit facility with a 10 month term-out option and 10 month extension option, that refinanced Glencore's existing $ 3,535 million 364-day revolving credit facility, i.e. an increase of $ 900 million and 2) an amount of $ 8,030 million of the existing $ 8,370 million 3-year revolving credit facility was extended for a further year to May 2015;
- In April 2012, Glencore signed a $ 3.1 billion syndicated loan backing the proposed merger with Xstrata, after raising $ 11 billion in syndication from 31 banks, a scale-back exceeding 70%;
- In June 2012, Glencore concluded a 1 year syndicated term loan facility with a 1 year term out option at Glencore's discretion of some $ 1.5 billion in support of the announced acquisition of Viterra, once again scaling back an oversubscribed syndication process;
- In July 2012, Glencore issued CHF 450 million 2.625% bonds maturing in 2018;
- In October 2012, Glencore signed a new 364 day committed $ 2.2 billion secured inventory and receivables borrowing base facility, which renewed the existing $ 1.7 billion facility; and
- In November 2012, Glencore issued GBP 200 million 5.5% bonds maturing in 2022.

As at 31 December 2012, Glencore had available committed undrawn credit facilities and cash amounting to $ 8.8 billion (as an internal financial policy, Glencore has a $ 3 billion minimum threshold requirement).

Value at risk (VaR)

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 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 (1 day 95%) of $ 100 million representing less than 0.3% of equity.

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

Average market risk VaR (1 day 95%) during the year ended 31 December 2012 was $ 40 million (2011: $ 39 million), representing a modest 0.1% of shareholders' equity.

Whilst it is Glencore's policy to substantially hedge its commodity price risks, there remains the possibility that the hedging instruments chosen may not always provide effective mitigation of the underlying price risk. The hedging instruments available to the marketing businesses may differ in specific characteristics to the risk exposure to be hedged, resulting in an ongoing and unavoidable basis risk exposure. Residual basis risk exposures represent a key focus point for Glencore's commodity department teams who actively engage in the management of such.

Credit ratings

In light of our extensive funding activities, investment grade ratings are of utmost importance to us. Following the Viterra acquisition, the Xstrata merger shareholder approval and assumed completion thereof, the enlarged Group's credit ratings were confirmed as Baa2 (stable) from Moody's and BBB (stable) from S&P. Glencore's current ratings are Baa2 (review with direction uncertain) from Moody's and BBB (stable) from S&P.

Dividend

The Directors have proposed a 2012 final dividend of $ 0.1035 per share, amounting to $ 735 million. An interim dividend of $ 0.054 per share, amounting to $ 374 million, was paid on 13 September 2012.

Dividend dates	2013
Annual General Meeting	16 May
Ex-dividend date (UK and Hong Kong)	22 May
Last time for lodging transfers in Hong Kong	4:30 pm (HK) 24 May
Record date in Hong Kong	Opening of business (HK) 24 May
Record date in UK	Close of business (UK) 24 May
Deadline for return of currency election form (Jersey shareholders)	28 May
Applicable exchange rate date	31 May
Payment date	7 June

Shareholders on the Jersey register, may elect to receive the dividend in Sterling, Euro or Swiss Franc. The Sterling, Euro or Swiss Franc amount will be determined by reference to the exchange rates applicable to the U.S. Dollar seven days prior to the dividend payment date. Shareholders on the Hong Kong branch register will receive their dividends in Hong Kong Dollars. Further details on dividend payments, together with currency election and dividend mandate forms, are available from Glencore's website (www.glencore.com) or from the Company's Registrars. The Directors have proposed that the final dividend will be paid out of capital contribution reserves. As such, the final dividend would be exempt from Swiss withholding tax. As at 31 December 2012, Glencore International plc had CHF 13.4 billion of such capital contribution reserves in its statutory accounts.

Notional allocation of debt and interest expense

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

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

- At a particular point in time, Glencore estimates the borrowings attributable to funding key working capital items within the marketing activities, including inventories, net cash margining and other accounts receivable/payable, through the application of an appropriate loan to value ratio for each item. The balance of Group borrowings is allocated to industrial activities (including Glencore's stake in Xstrata).
- Once the average amount of borrowings notionally allocated to marketing activities for the relevant period has been estimated, the corresponding interest expense on those borrowings is estimated by applying the Group's average variable rate cost of funds during the relevant period to the average borrowing amount. The balance of Group interest expense and all interest income is allocated to industrial activities. The allocation is a company estimate only and is unaudited. The table below summarises the notional allocation of borrowings and interest and corresponding implied earnings before tax of the marketing and industrial activities for the year ended 31 December 2012.

US $ million	Marketing activities	Industrial activities	Total
Adjusted EBIT	2 130	2 340	4 470
Interest expense allocation	– 342	– 1 029	– 1 371
Interest income allocation	–	401	401
Allocated profit before tax	**1 788**	**1 712**	**3 500**
Allocated borrowings – 31 December 2012	16 668	18 858	35 526
Allocated borrowings – quarterly average	14 765	15 714	30 479

Based on the implied equity funding for the marketing activities' working capital requirements, as well as the relatively modest level of non current assets employed in the marketing activities (assumed to be equity funded), the return on notional equity for the marketing activities continued to be very healthy in 2012. The industrial activities' return on notional equity, although respectable, is being held back by mostly mid stage oil, copper, coal and gold development and expansion projects, where significant investments have been made to date, however the projects did not contribute to earnings in the year at anywhere near where their full production potential is expected to be and given the timing of certain acquisitions, noteably Viterra, the full effect of the earnings is yet to be reflected as allocated profits.

SUBSEQUENT EVENTS AFFECTING OUR FINANCIAL POSITION

On 26 February 2013, Glencore-controlled Kazzinc purchased an 89.5% interest in two gold deposits in northern Kazakhstan with combined resources of 75,727 tonnes of gold for $ 179 million. The transaction was accomplished via the purchase of Kazakh company Orion Minerals which owns subsoil rights at the Raigorodok field in the Akmola Region and the Komarovskoye field in the Kostanai region.

Metals and minerals

US $ million	Marketing activities	Industrial activities	2012	Marketing activities	Industrial activities	2011
Revenue	48 254	8 420	56 674	43 317	8 667	51 984
Adjusted EBITDA	1 379	1 625	3 004	1 247	2 122	3 369
Adjusted EBIT	1 363	708	2 071	1 242	1 357	2 599
Adjusted EBITDA margin (%)	3%	19%	–	3%	24%	–
Allocated average CE [1]	8 083	18 535	26 618	7 746	15 108	22 854
Adjusted EBIT return on average CE	17%	4%	8%	16%	9%	11%

[1] The simple average of segment current and non current capital employed (see note 2 of the financial statements), adjusted for production related inventories, is applied as a proxy for marketing and industrial activities respectively.

MARKET CONDITIONS

Selected average commodity prices

	2012	2011	Change
S&P GSCI Industrial Metals Index	382	440	– 13%
LME (cash) zinc price ($/t)	1 948	2 193	– 11%
LME (cash) copper price ($/t)	7 958	8 813	– 10%
LME (cash) lead price ($/t)	2 062	2 397	– 14%
Gold price ($/oz)	1 669	1 573	6%
Metal Bulletin alumina price ($/t)	319	374	– 15%
LME (cash) aluminium price ($/t)	2 022	2 398	– 16%
LME (cash) nickel price ($/t)	17 530	22 843	– 23%
Metal Bulletin cobalt price 99.3% ($/lb)	13	16	– 19%
Iron ore (Platts 62% CFR North China) price ($/DMT)	130	169	– 23%

Currency table

	Average 2012	Spot 31 Dec 2012	Average 2011	Spot 31 Dec 2011	Change in average prices
AUD : USD	1.04	1.04	1.03	1.02	1%
USD : COP	1 797	1 767	1 848	1 939	– 3%
EUR : USD	1.29	1.32	1.39	1.30	– 7%
GBP : USD	1.59	1.63	1.60	1.55	– 1%
USD : CHF	0.94	0.92	0.89	0.94	6%
USD : KZT	149	150	147	148	1%
USD : ZAR	8.21	8.47	7.26	8.09	13%

Metals prices generally decreased over 2012 compared to 2011 with the GSCI Industrial Metal Index lower by 13%. The main exception was gold which increased by 6%.

Zinc/Copper/Lead

Global copper markets continued to be impacted by a combination of declining ore grades and delays in new projects which were expected to replace lost production from mines that are currently in decline. It is expected that rising costs, on-going production disruptions, project delays and declining grades will remain a feature of the copper industry for the foreseeable future despite the material scheduled expansions in global mined production.

On the demand side, underlying Chinese copper consumption continued to increase although headline statistics remain subject to the inventory cycle. 2012 also saw the first tentative signs of life from the US housing market.

Zinc markets experienced another tough year with demand from Europe and US remaining weak through most of the year. Chinese refined zinc metal imports increased during 2012, reaching some 600,000 tonnes.

Looking forward, there are a number of major scheduled zinc mine closures in the next several years which can be expected to bring the market closer to balance. This should in turn create an incentive price which better matches the need for sustained investment in new mines in the longer term.

Alumina/Aluminium

The average LME aluminium prices during 2012 were below the averages for 2011. Although premium levels increased significantly compared to 2011, pressure on producers remains with many no longer able to cover their production costs. Indications for aluminium premiums for duty unpaid, in-warehouse material at the beginning of 2012 were $ 100 to $ 125 per tonne, with an average 2012 range of approximately $ 140 to $ 165 per tonne and a more recent level of $ 200 to $ 230 per tonne.

Ferroalloys/Nickel/Cobalt/Iron Ore

Global stainless steel production increased by 3% in 2012, thanks largely to increased output in China. However, macroeconomic uncertainty and subdued end user demand, especially during Q2 and Q3 2012, ensured that destocking activity continued throughout the distribution chain in most stainless steel markets. By contrast, speciality steel markets catering for the oil, gas and aerospace industries continued to enjoy robust demand conditions.

Cobalt prices continued to decrease in 2012, losing 19% compared to 2011. This trend was due to lower economic activity in Europe, a drop in Japanese metal demand and a Chinese destocking cycle, all of which contributed to an oversupply of cobalt metal during the year.

Iron ore prices were in the $ 135 to $ 150 range for the first four months of the year; however the Chinese crude steel industry then went through a difficult period during Q3 2012 and aggressively destocked. Iron ore prices fell to a level of $ 86 per DMT in September 2012, the lowest in the past three years. From this point, the market recovered quickly to reach $ 140 per DMT by the end of the year, fuelled by aggressive restocking and a pick-up in crude steel production.

MARKETING

Highlights

Adjusted marketing EBITDA and EBIT for 2012 were $ 1,379 million and $ 1,363 million respectively, an increase of 11% and 10% compared to 2011. 2012 was characterised by lower prices across all base metals, however volumes and physical premia remained strong which enabled the generation of higher profits compared to 2011.

Financial information

US $ million	2012	2011	Change
Revenue	48 254	43 317	11%
Adjusted EBITDA	1 379	1 247	11%
Adjusted EBIT	1 363	1 242	10%

Selected marketing volumes sold

	Units	2012	2011	Change
Zinc metal and concentrates [1]	million MT	2.8	2.7	4%
Copper metal and concentrates [1]	million MT	2.3	1.9	21%
Lead metal and concentrates [1]	million MT	0.7	0.7	–
Gold	thousand toz	746	756	– 1%
Silver	thousand toz	22 544	11 128	103%
Alumina/aluminium	million MT	11.5	11.4	1%
Ferroalloys (incl. agency)	million MT	3.0	2.7	11%
Nickel	thousand MT	232.3	191.4	21%
Cobalt	thousand MT	16.1	22.9	– 30%
Iron ore	million MT	19.8	10.3	92%

[1] Estimated metal unit contained.

Zinc/Copper/Lead

While zinc and lead volumes were relatively consistent between 2012 and 2011, copper volumes increased by 21%. The increase was partly a timing difference, reflecting Chinese restocking with large shipments arriving Q1 2012 for material contracted in Q4 2011 when prices were considered low.

Alumina/Aluminium

In 2012, the marketed volumes for alumina/aluminium remained at a strong level with a small increase to 11.5 million tonnes, from 11.4 million tonnes in 2011.

Ferroalloys/Nickel/Cobalt/Iron Ore

Overall nickel volumes were 21% higher than 2011. For nickel metal, record production at Murrin Murrin and a full year's production from Xstrata's Falcondo ferronickel operation aided volumes. Nickel ore almost doubled during 2012, attributable to Glencore's continued growth in this particular market segment.

China destocking and a decrease of concentrate production in the DRC, impacted volumes of cobalt in intermediates during the year.

In iron ore, spot units offered by the majors have increased substantially enabling us to increase our overall tonnage by 9.5 million tonnes to 19.8 million tonnes.

INDUSTRIAL ACTIVITIES

Highlights

Metals and minerals' industrial activities performance was down in 2012, driven primarily by lower average metal prices, including nickel, aluminium (impacting alumina), zinc and copper. The production scorecard was mixed with some excellent performances including own sourced copper production up 37% at Mutanda and a record year of nickel production at Murrin Murrin. Overall volume growth was however lower than expected, particularly due to lost production/power disruption issues in the DRC, (mainly impacting Katanga), temporary operational issues at Cobar and nationalisation of the Colquiri tin mine in Bolivia in June 2012.

Total industrial revenues for metals and minerals were $ 8,420 million, down 3% from $ 8,667 million in 2011. Adjusted EBITDA and Adjusted EBIT for 2012 were $ 1,625 million and $ 708 million, down 23% and 48% compared to $ 2,122 million and $1,357 million in 2011. The higher EBIT % reduction reflects the largely fixed cost nature of 'depreciation and amortisation' (non-cash) over a constant level of production.

Financial information

US $ million	2012	2011	Change
Revenue			
Kazzinc	2 839	2 262	26%
Other Zinc	970	1 029	– 6%
Zinc	**3 809**	**3 291**	**16%**
Katanga	497	528	– 6%
Mutanda	511	–	–
Mopani	990	1 155	– 14%
Other Copper	1 475	2 493	– 41%
Copper	**3 473**	**4 176**	**– 17%**
Alumina/Aluminium	**426**	**520**	**– 18%**
Ferroalloys/Nickel/Cobalt/Iron ore	**712**	**680**	**5%**
Total	8 420	8 667	– 3%
Adjusted EBITDA			
Kazzinc	890	862	3%
Other Zinc	167	297	– 44%
Zinc	**1 057**	**1 159**	**– 9%**
Katanga	46	198	– 77%
Mutanda	161	–	–
Mopani	182	328	– 45%
Other Copper	150	219	– 32%
Copper	**539**	**745**	**– 28%**
Alumina/Aluminium	**8**	**60**	**– 87%**
Ferroalloys/Nickel/Cobalt/Iron ore	**19**	**83**	**– 77%**
Share of income from associates and dividends (includes Mutanda)	2	75	– 97%
Total	1 625	2 122	– 23%
Adjusted EBITDA margin (%)	19%	24%	–
Adjusted EBIT			
Kazzinc	537	561	– 4%
Other Zinc	46	191	– 76%
Zinc	**583**	**752**	**– 22%**
Katanga	– 47	141	n.m.
Mutanda	100	–	–
Mopani	83	207	– 60%
Other Copper	87	161	– 46%
Copper	**223**	**509**	**– 56%**
Alumina/Aluminium	**– 4**	**50**	**n.m.**
Ferroalloys/Nickel/Cobalt/Iron ore	**– 96**	**– 29**	**n.m.**
Share of income from associates and dividends (includes Mutanda)	2	75	– 97%
Total	708	1 357	– 48%
Capex			
Kazzinc	341	439	–
Other Zinc	306	131	–
Zinc	**647**	**570**	**–**
Katanga	586	325	–
Mutanda	76	–	–
Mopani	197	163	–
Other Copper	204	116	–
Copper	**1 063**	**604**	**–**
Alumina/Aluminium	**25**	**20**	**–**
Ferroalloys/Nickel/Cobalt/Iron ore	**74**	**76**	**–**
Total	1 809	1 270	–

Production data

thousand[1]		Using feed from own sources	Using feed from third party sources	2012 Total	Using feed from own sources	Using feed from third party sources	2011 Total	Own feed change
Kazzinc								
Zinc metal	MT	227.3	74.0	301.3	246.0	54.8	300.8	– 8%
Lead metal[2]	MT	26.8	55.7	82.5	35.6	66.2	101.8	– 25%
Copper metal[3]	MT	49.6	3.0	52.6	51.2	1.8	53.0	– 3%
Gold	toz	474	87	561	390	39	429	22%
Silver	toz	4 777	15 031	19 808	4 299	5 571	9 870	11%
Katanga								
Copper metal[3]	MT	93.0	–	93.0	91.2	–	91.2	2%
Cobalt	MT	2.13	–	2.13	2.43	–	2.43	– 12%
Mutanda								
Copper metal[3]	MT	87.0	–	87.0	63.7	–	63.7	37%
Cobalt[4]	MT	8.50	–	8.50	7.87	–	7.87	8%
Mopani								
Copper metal[3]	MT	99.0	88.1	187.1	101.4	103.0	204.4	– 2%
Cobalt[4]	MT	0.07	0.16	0.23	0.56	0.33	0.89	– 88%
Other Zinc (Los Quenuales, Sinchi Wayra, AR Zinc, Portovesme, Rosh Pinah)								
Zinc metal	MT	53.0	81.7	134.7	61.0	92.7	153.7	– 13%
Zinc oxide	DMT	52.5	–	52.5	30.9	–	30.9	70%
Zinc concentrates	DMT	425.0	–	425.0	461.2	–	461.2	– 8%
Lead metal	MT	11.8	–	11.8	11.9	–	11.9	– 1%
Lead concentrates	DMT	67.2	–	67.2	61.0	–	61.0	10%
Tin concentrates	DMT	2.35	–	2.35	4.74	–	4.74	– 50%
Silver metal	toz	783	–	783	754	–	754	4%
Silver in concentrates	toz	7 279	–	7 279	7 978	–	7 978	– 9%
Other Copper (Cobar, Pasar, Punitaqui, Sable)								
Copper metal	MT	–	98.4	98.4	–	164.1	164.1	n.m.
Copper concentrates	DMT	179.2	0.1	179.3	204.9	–	204.9	– 13%
Cobalt	MT	–	0.71	0.71	–	0.16	0.16	n.m.
Silver in concentrates	toz	941	–	941	1 035	–	1 035	– 9%
Alumina/Aluminium (Sherwin)								
Alumina	MT	–	1 379	1 379	–	1 460	1 460	n.m.
Ferroalloys/Nickel/Cobalt (Glencore Manganese, Murrin Murrin)								
Ferro manganese	MT	–	17.34	17.34	–	–	–	n.m.
Silicon manganese	MT	–	15.91	15.91	–	–	–	n.m.
Nickel metal	MT	33.41	3.02	36.43	28.50	1.50	30.00	17%
Cobalt	MT	2.39	0.10	2.49	2.02	0.07	2.09	18%
Total Zinc contained	MT	534.4	155.7	690.1	563.1	147.5	710.6	– 5%
Total Copper contained	MT	376.7	189.6	566.3	362.6	268.9	631.5	4%
Total Lead contained	MT	76.3	55.7	132.0	82.5	66.2	148.7	– 8%
Total Tin contained	MT	1.15	–	1.15	2.23	–	2.23	– 48%
Total Gold (incl. Gold equivalents)[5]	toz	731	367	1 098	706	164	870	4%
Total Alumina	MT	–	1 379	1 379	–	1 460	1 460	n.m.
Total Ferro manganese	MT	–	17.34	17.34	–	–	–	n.m.
Total Silicon manganese	MT	–	15.91	15.91	–	–	–	n.m.
Total Nickel	MT	33.41	3.02	36.43	28.50	1.50	30.00	17%
Total Cobalt	MT	13.09	0.97	14.06	12.88	0.56	13.44	2%

[1] Controlled industrial assets only (with the exception in 2011 of Mutanda, which was 40% owned). Production is included on a 100% basis.
[2] Lead metal includes lead contained in lead concentrates.
[3] Copper metal includes copper contained in copper concentrates and blister copper.
[4] Cobalt contained in concentrates and hydroxide.
[5] Gold/Silver conversion ratios of 1/53.54 and 1/44.53 for 2012 and 2011 respectively based on average prices.

OPERATIONAL HIGHLIGHTS

Kazzinc (Glencore interest: 69.6%)

2012 gold production from own sources was 474,000 toz, an increase of 22% compared to 2011. This higher production reflects the continued growth at Altyntau as well as the benefits from gold recovered from the copper smelter. Silver production from own sources was 4.8 million toz, an increase of 11% compared to the prior year, reflecting an increase in the level of own silver-bearing copper concentrates processed. Total silver production also increased significantly during 2012 as a result of processing more high silver content concentrates from third parties.

Copper production from own sources in 2012 was 49,600 tonnes, a reduction of 3% compared to 2011. However, copper cathode production increased by 25,800 tonnes to 47,300 tonnes, following the ramp-up at Kazzinc's new copper smelter which was commissioned in 2011.

2012 lead production from own sources was 26,800 tonnes, a decrease of 25% compared to 2011. This reflects the ramp-up at the new lead smelter which was commissioned in August 2012 and the processing of gold rich concentrates at the old lead smelter prior to its decommissioning.

Zinc production from own sources was 227,300 tonnes, a decrease of 8%, resulting from the expected small reduction in grade during 2012.

Katanga (Glencore interest: 75.2%)

Katanga produced 93,000 tonnes of copper in metal and in concentrate from own sources during 2012, a 2% increase compared to 2011. Cobalt production in 2012 was 2,100 tonnes, a 12% decrease compared to 2011. Production during the year was severely disrupted by the recurrent general power disruptions in the DRC which resulted in 67 days of lost production.

The new power converter (part of the World Bank power project) and new synchronous condenser (under Katanga's agreement with La Société Naturale d'Electricité ('SNEL'), DRC's national power operator) were commissioned in December 2012 and have subsequently resulted in a decrease in power disruption. Further improvements in the reliability and availability of the electricity supply are expected in the medium term as a result of the joint Power Project (announced in March 2012, see below) currently underway and being undertaken by Katanga, Mutanda and Kansuki in partnership with SNEL.

Katanga produced its first copper cathode from the new solvent extraction plants and converted electro-winning facility during December 2012 as part of the Phase 4 project. The completion of this project will enable Katanga to increase total processing capacity and upgrade the quality of copper produced through the application of modern technologies. The Phase 4 project remains on target for mechanical completion in Q3 2013.

For further information please visit www.katangamining.com

Mutanda (Glencore interest: 60.0%)

In 2012, Mutanda produced 87,000 tonnes of copper in metal and concentrate from own sources, a 37% increase compared to 2011. 2012 copper cathodes production increased 90% to 83,500 tonnes.

2012 cobalt production was 8,500 tonnes, an 8% increase from 2011. Mutanda continues to increase cobalt production through the use of SO_2 from its sulphuric acid and SO_2 plant. A new power generation plant, dedicated to providing reliable power to the acid and SO_2 plant, was commissioned in December 2012. Following completion of the cobalt circuit in Q4 2012, Mutanda has installed cobalt in hydroxide capacity of 23,000 tonnes per annum.

The feasibility study for the construction of a 100,000 tonnes (of copper contained) sulphide concentrator remains on track to be completed in Q1 2013.

In May 2012, Glencore acquired an additional 20% of Mutanda for a cash consideration of $ 420 million plus acquired shareholder debts of approximately $ 60 million. Glencore also has the right, subject to the terms of a put and call option agreement exercisable in December 2013, to acquire a further 20% in Mutanda for a cash consideration of $ 430 million.
As previously announced, the above transaction was the first step to achieve the merger of Mutanda and Kansuki, which is expected to form a combined entity having an installed capacity of 200,000 tonnes per annum of copper by the end of 2013. It is anticipated that the merger will be completed during H1 2013.

Kansuki (Glencore interest: 37.5%)

Glencore holds a 50% interest in Kansuki Investments Sprl which in turn holds a 75% interest in the owner of the Kansuki concession, thereby giving Glencore an effective interest of 37.5%. Kansuki is a 185 square kilometre copper and cobalt pre-development project which borders the Mutanda concession. A total of $ 507 million of capital expenditure for mine and plant development has been committed to, of which $ 413 million had been spent as at 31 December 2012. Exploration of the Kansuki concession is on-going.

Katanga, Mutanda and Kansuki – Power Project

Mutanda, Katanga and Kansuki are collectively undertaking a project to secure power for all three operations via the refurbishment of two turbines at the Inga dam. This project is expected to provide 450 megawatts of power by the end of 2015 (the 'Power Project'). The project has started and is being executed in partnership with SNEL and EGMF, the project contractor. The estimated cost of $ 284 million will be paid by Mutanda, Katanga and Kansuki. This investment will be recovered via lower future energy tariffs.

Mopani (Glencore interest: 73.1%)

Mopani produced 99,000 tonnes of own copper in 2012 and 187,100 tonnes of total copper including third party sourced and toll material, reflecting a 2% and 8% decline respectively compared to 2011.
The reduction in total finished copper production primarily resulted from the planned biennial smelter shutdown. The small reduction in Mopani's own copper production was due to the temporary suspension of the heap leach process earlier in the year.

The $ 323 million Synclinorium shaft project to increase mine production, which is expected to come online during 2015, and the associated project to improve and modernise the smelter remain on track. In 2012, Mopani announced that the smelter upgrade project (including improving SO_2 emission capture to above 97%) is expected to be completed by December 2013, 18 months ahead of the schedule initially agreed with the Zambian authorities.

Other Zinc (Los Quenuales, Sinchi Wayra, AR Zinc, Portovesme, Rosh Pinah)

The acquisition of Rosh Pinah (from 1 June 2012) and a strong performance by AR Zinc resulted in higher production of silver metal and lead concentrates in 2012. This was offset by lower production at Los Quenuales and Sinchi Wayra, as a result of the planned shift towards lower grade ore bodies, union issues at Los Quenuales and the nationalisation of the Colquiri mine at Sinchi Wayra. The nationalisation of the Colquiri mine resulted in no tin being produced post June 2012.

Los Quenuales recently received community approval to develop a new ore area at Iscaycruz (Santa Este), which has estimated ore resources of five to seven million tonnes. The mine is expected to be operational in Q4 2013 and will reach an annual production of 20,000 tonnes of zinc contained in concentrates in 2014.

Other Copper (Cobar, Pasar, Punitaqui, Sable)

Metal production in 2012 was 40% lower than in 2011, due to a fire at Pasar that stopped production for approximately six months. Since the restart in July 2012, production has been in line or above levels achieved during 2011.

2012 copper concentrate and silver contained in concentrate production were lower than 2011 levels by 13% and 9% respectively, primarily due to temporary operational issues at Cobar resulting from electrical failures and delays in underground development activities. Completion of the new mine shaft at Cobar has been delayed due to poor ground conditions and is now expected in 2015.

Alumina/Aluminium

Sherwin Alumina (Glencore interest: 100%)

2012 production was 1.4 million tonnes, a 6% reduction compared to 2011. This reduction primarily relates to the overhaul of the calciner which was completed in Q1 2012. Production since then has been as expected.

Ferroalloys/Nickel/Cobalt

Glencore Manganese (Glencore interest: 100%)

Glencore acquired 100% of Vale's European manganese ferroalloys operations on 1 November 2012. The operations, located in Dunkirk, France and Mo I Rana, Norway, currently have the capacity to produce 150,000 tonnes and 110,000 tonnes of manganese ferroalloys per annum respectively.

Murrin Murrin (Glencore interest: 100%)

Own sourced production in 2012 was 33,400 tonnes of nickel and 2,400 tonnes of cobalt, an increase of 17% and 18% respectively compared to 2011, reflecting a record year of production for Murrin Murrin based on best ever throughput levels and plant availability.
Murrin Murrin has also successfully contained costs as part of its on-going 'Margin Improvement Plan' (in response to the lower nickel price and high Australian dollar environment) with further cost savings targeted in 2013.

Energy products

US $ million	Marketing activities	Industrial activities	2012	Marketing activities	Industrial activities	2011
Revenue	133 296	3 641	136 937	114 756	2 309	117 065
Adjusted EBITDA	494	983	1 477	724	571	1 295
Adjusted EBIT	435	594	1 029	697	375	1 072
Adjusted EBITDA margin (%)	0.4%	27%	–	1%	25%	–
Allocated average CE [1]	5 065 [2]	6 764 [2]	11 829 [2]	5 168	4 762 [2]	9 930 [2]
Adjusted EBIT return on average CE	9%	9%	9%	13%	8%	11%

[1] The simple average of segment current and non current capital employed (see note 2 of the financial statements), adjusted for production related inventories, is applied as a proxy for marketing and industrial activities respectively.
[2] For the purposes of this calculation, capital employed has been adjusted to exclude various long-term loans (primarily Russneft and Atlas – see note 10 of the financial statements), which generate interest income and do not contribute to Adjusted EBIT.

MARKET CONDITIONS

Selected average commodity prices

	2012	2011	Change
S&P GSCI Energy Index	330	333	– 1%
Coal API2 ($/t)	93	122	– 24%
Coal API4 ($/t)	93	116	– 20%
Prodeco realised price ($/t) [1]	85	95	– 11%
South African Coal average realised export price ($/t)	90	108	– 17%
South African Coal average realised domestic price ($/t)	31	43	– 28%
Oil price – Brent ($/bbl)	112	111	1%

[1] As of 31 December 2012, 24 million tonnes had been sold forward at an average price of $ 89 per tonne.

Coal

Atlantic markets

Increased US exports, displaced in a low domestic natural gas price environment, manifestly contributed to significant thermal coal price declines during H1 2012. The situation stabilised during H2 2012 with a modest recovery on the back of healthy coal consumption across most European markets, due to positive coal versus natural gas spreads and limited availability of hydro and other renewables alternatives.

End of year API2 and API4 prices were down 20% and 15% respectively in 2012, compared to 2011.

Pacific markets

Increased exports from Australia and Indonesia, coupled with some customer non-performance, induced downward pressure on prices at the beginning of 2012. However, strong overall demand from the traditional Chinese and Indian markets, together with improved economic expectations, allowed markets to recover in H2 2012, with Australia's Newcastle index making significant gains towards the end of the year.

Metallurgical markets were relatively depressed throughout the year due to the macroeconomic concerns and slowing steel demand in most markets. Signs of a recovery appeared towards the end of the year, with significant increases in spot prices.

Oil

Nearby Brent started 2012 at $ 107 per barrel and finished at $ 111 per barrel, but this belied a yearly range of $ 89 to $ 126, slightly wider than the equivalent range for 2011. In particular, H1 2012 saw significant price volatility, wide day ranges and fast price moves, reminiscent of the darker days of the financial crisis. Uncertainty over Greece and the Eurozone, combined with unclear fiscal and monetary policy backdrops were all contributory factors. At the same time, reasonable refining margins and a renewed focus on emerging market demand provided trading opportunities. H2 2012 experienced less volatility, reflecting the broad trend in capital markets and seemingly more market optimism in a managed outcome for the economic crisis.

The growing supply of domestic crude oil in the US, the visible manifestation of the shale oil revolution, provoked an increasing dislocation of WTI from other global benchmarks. The WTI/Brent spread started the year at $ 9 per barrel and closed at $ 19 per barrel. Brent term structure tended to backwardation during the year.

MARKETING

Highlights

Generally low volatility across the oil and coal markets in H2 2012 and the protracted weak freight environment provided fewer arbitrage opportunities, contributing to a reduced performance from energy marketing compared to 2011. A direct, but declining, long wet freight (tanker) exposure continued to provide headwinds during 2012, however, as we look at 2013, light can be seen at the end of this tunnel.

Adjusted marketing EBITDA and EBIT for 2012 were $ 494 million and $ 435 million respectively, a decrease, compared to 2011, of 32% and 38%.

Financial information

US $ million	2012	2011	Change
Revenue	133 296	114 756	16%
Adjusted EBITDA	494	724	– 32%
Adjusted EBIT	435	697	– 38%

Selected marketing volumes sold

million	2012	2011	Change
Thermal coal (MT)	78.3	91.0	– 14%
Metallurgical coal (MT)	4.1	4.1	–
Coke (MT)	0.2	0.3	– 33%
Crude oil (bbls)	421.4	271.4	55%
Oil products (bbls)	742.2	577.8	28%

Coal

Thermal coal volumes were lower year on year due to reduced price volatility and lower freight rates, thereby limiting price and geographical arbitrage opportunities between markets and accordingly third party volumes sold. Volumes for the more specialised metallurgical products were stable year-on-year with a focus on maintaining existing relationships.

Oil

Traded volumes, on an overall basis, increased significantly (by 39%) from 2.3 million barrels per day in 2011 to 3.2 million barrels per day in 2012. Higher volumes of crude oil, with Russian origin barrels amongst others a key driving factor, contributed half the gain. The remainder of the gain was derived from our marine bunker fuels affiliate Chemoil, into the Oil group figures.

INDUSTRIAL ACTIVITIES

Highlights

Energy products' industrial performance delivered a significantly stronger performance during 2012 mainly driven by the growth in oil production volumes and the associated strong profit margins from the Aseng oil field.

Own sourced coal production volumes were also up significantly during 2012, following the acquisitions of Optimum and Umcebo in South Africa, and a modest increase at Prodeco, despite a three month strike at its La Jagua mine. Notwithstanding the volume growth, realised coal prices were substantially lower in 2012, resulting in a decline in overall coal EBITDA of 5%.

Total industrial revenues for energy products were $ 3,641 million, up 58% from $ 2,309 million in 2011. Adjusted EBITDA and Adjusted EBIT for 2012 were $ 983 million and $ 594 million, up 72% and 58% compared to $ 571 million and $ 375 million in 2011.

Financial information

US $ million	2012	2011	Change
Revenue			
Prodeco	1 216	1 344	– 10%
South African Coal	1 123	323	248%
Coal	**2 339**	**1 667**	**40%**
Oil	**1 302**	**642**	**103%**
Total	3 641	2 309	58%
Adjusted EBITDA			
Prodeco	150	418	– 64%
South African Coal	316	75	321%
Coal	**466**	**493**	**– 5%**
Oil	**488**	**23**	**2 022%**
Share of income from associates and dividends	29	55	– 47%
Total	983	571	72%
Adjusted EBITDA margin (%)	**27%**	**25%**	**–**
Adjusted EBIT			
Prodeco	– 4	281	n.m.
South African Coal	162	49	231%
Coal	**158**	**330**	**– 52%**
Oil	**407**	**– 10**	**n.m.**
Share of income from associates and dividends	29	55	– 47%
Total	594	375	58%
Capex			
Prodeco	295	510	–
South African Coal	279	29	–
Coal	**574**	**539**	**–**
Oil	**311**	**706**	**–**
Total	885	1 245	–

Production data

thousand MT[1]	2012 Own	2012 Buy-in Coal	2012 Total	2011 Own	2011 Buy-in Coal	2011 Total	Own production change
Thermal coal							
Prodeco	14 762	142	14 904	14 586	195	14 781	1%
Shanduka (Export)	440	–	440	498	–	498	– 12%
Shanduka (Domestic)	6 017	1 084	7 101	5 422	802	6 224	11%
Umcebo (Export)	205	–	205	–	–	–	n.m.
Umcebo (Domestic)	6 798	31	6 829	–	–	–	n.m.
Optimum (Export)	7 347	–	7 347	–	–	–	n.m.
Optimum (Domestic)	6 266	495	6 761	–	–	–	n.m.
Total	41 835	1 752	43 587	20 506	997	21 503	104%

[1] Controlled industrial assets only. Production on a 100% basis.

thousand bbls[1]	2012 Total	2011 Total	Change
Oil			
Block I	22 570	2 785	710%
Total	22 570	2 785	710%

[1] On a 100% basis. Glencore's ownership interest in the Aseng field is 23.75%.

OPERATIONAL HIGHLIGHTS

Prodeco (Glencore interest: 100%)

Own production for 2012 was 14.8 million tonnes, up 1% on 2011. The significant growth at Calenturitas was offset by lower production at the La Jagua mine, due to a three month strike that concluded in October 2012.
Prodeco's expansion project is progressing to plan, excluding the short term impact of the La Jagua strike, and remains on track to deliver annualised production of 20 million tonnes by 2014.

The construction of the new direct loading port, Puerto Nuevo, is also on track and to budget, with commissioning expected in H1 2013. Puerto Nuevo will provide substantially higher annual throughput capacity with a lower operating cost per tonne.

South African Coal (Glencore interest: Shanduka Coal: 49.99%, Umcebo Mining: 43.66% and Optimum Coal: 67.01%)

2012 own production was 27.1 million tonnes, reflecting a significant increase compared to 2011. This increase largely resulted from the consolidation of production from Optimum and Umcebo from 1 January 2012.

South African Coal is currently focused on a number of expansion and development projects which are progressing well. At Umcebo, the Wonderfontein project started production and railed its first coal during December 2012. At Shanduka and Umcebo, the definitive feasibility studies relating to the Springboklaagte and Argent projects remain on track to be completed in April 2013. At Optimum, construction has started at the Pullenshope underground brownfield project with first coal expected in Q2 2013, while licensing for the Koornfontein project has been delayed slightly to Q1 2013, with construction expected to start in Q2 2013. In addition, South African Coal, along with the other shareholders, has recently taken an active role in the management of the Kusipongo project at Kangra Coal (30% owned by Shanduka Coal).

Oil Exploration & Production (Glencore interest: Block I: 23.75%/Block O: 25.0%)

The Aseng field (Block I) in Equatorial Guinea has continued to perform well during 2012, producing 22.57 million barrels of cumulative gross production at an average gross rate of approximately 61,700 barrels per day.

Development of the Alen field (Block O) in Equatorial Guinea remains on budget with first production scheduled for Q3 2013. All of the development wells have been drilled and completed and construction of the production platform continues as planned. Glencore's first operated exploration well on the Oak prospect in the Bolongo Block, offshore Cameroon, was successfully drilled and declared an oil discovery in July 2012. The appraisal programme is planned for H2 2013.

Agricultural products

US $ million	Marketing activities	Industrial activities	2012	Marketing activities	Industrial activities	2011
Revenue	17 751	3 074	20 825	13 744	3 359	17 103
Adjusted EBITDA	394	59	453	– 8	23	15
Adjusted EBIT	371	– 10	361	– 8	– 39	– 47
Adjusted EBITDA margin (%)	2%	2%	–	n.m.	1%	–
Allocated average CE [1]	6 046 [2]	2 188 [2]	8 234 [2]	3 323	1 631	4 954
Adjusted EBIT return on average CE	6% [3]	0%	4%	0%	– 2%	– 1%

[1] The simple average of segment current and non current capital employed (see note 2 of the financial statements), adjusted for production related inventories, is applied as a proxy for marketing and industrial activities respectively.
[2] For the purposes of this calculation, capital employed has been adjusted to move the Viterra related property, plant and equipment from industrial activities into marketing activities.
[3] Adjusted EBIT return on average capital employed includes the relevant elements of Viterra's balance sheet, but given the mid-December acquisition date, negligible Viterra EBIT has been recorded. This distorts the return ratio in 2012, which otherwise would have exceeded 10%.

MARKET CONDITIONS

Selected average commodity prices

	2012	2011	Change
S&P GSCI Agriculture Index	459	490	– 6%
CBOT corn no.2 price (US¢/bu)	695	680	2%
ICE cotton price (US¢/lb)	80	137	– 42%
CBOT soya beans (US¢/bu)	1 466	1 317	11%
NYMEX sugar # 11 price (US¢/lb)	22	27	– 19%
CBOT wheat price (US¢/bu)	751	709	6%

The year was characterised by severe drought in the US in the May to July 2012 period which resulted in a more than 20% decline in the US corn crop from initial expectations. US soyabean production also suffered but not to the extent of corn or to the extent initially feared. The drought, combined with poor growing conditions in the FSU and Central Europe, led a significant price rally of more than 30%, with grain markets reaching their peak in mid-August 2012 and oilseeds in early September 2012. Between September and mid-December 2012, prices consolidated before weakening towards year-end on the prospect of record South American new crop production.

Cotton prices, which fell sharply early in 2012, were particularly subdued compared to 2011 and tightly range bound in the second half of the year.

MARKETING/INDUSTRIAL

Highlights

Grain and oilseed volumes all exceeded 2011 by more than 20%, in part due to the overall increase in non-US seaborne trade as US exports, a market in which Glencore only has a small presence, were particularly curtailed by the drought. Marketing Adjusted EBIT/EBITDA for 2012 saw a healthy recovery compared to 2011, a year significantly impacted by the exceptional cotton market disruptions.

2012 Industrial EBITDA, admittedly off a low base, was sharply up on 2011, reflecting higher processing volumes, on the back of the three recent plant acquisitions and organic expansion initiatives. 2013 should benefit from a full year of crushing at Timbues, following its start-up in Q4 2012, increased sugarcane processing in Brazil and the addition of various industrial facilities emanating from the Viterra acquisition.

Financial information

US $ million	2012	2011	Change
Revenue	17 751	13 744	29%
Adjusted EBITDA	394	– 8	n.m.
Adjusted EBIT	371	– 8	n.m.

Selected marketing volumes sold

million MT	2012	2011	Change
Grains	30.9	25.3	22%
Oil/oilseeds	13.6	10.8	26%
Cotton	0.5	0.5	–
Sugar	0.9	0.7	29%

INDUSTRIAL ACTIVITIES

Financial information

US $ million	2012	2011	Change
Revenue	3 074	3 359	– 8%
Adjusted EBITDA[1]	59	23	157%
Adjusted EBIT[1]	– 10	– 39	n.m.
Adjusted EBITDA margin (%)	2%	1%	–
Capex	260	221	–

[1] Includes share of income from associates and dividends of $ 15 million (2011: $ 18 million).

Production data

thousand MT	2012 Total	2011 Total	Change
Farming	674	827	– 19%
Oilseed crushing	2 779	2 008	38%
Oilseed crushing long term toll agreement	876	948	– 8%
Biodiesel	534	569	– 6%
Rice milling	248	304	– 18%
Wheat milling	1 061	1 001	6%
Sugarcane processing	1 256	906	39%
Total	7 428	6 563	13%

OPERATIONAL HIGHLIGHTS

Viterra (Glencore interest: 100%)

On 17 December 2012, Glencore completed the acquisition of Viterra, bringing immediate critical mass in the key grain markets of North America, via Viterra's Canadian operations, as well as materially expanding Glencore's existing operations in Australia.

Rio Vermelho (Glencore interest: 100%)

1.3 million tonnes of sugarcane were crushed in 2012, a 39% increase compared to 2011, which in turn produced 108,400 tonnes of Very High Pol ('VHP') sugar and 34,000 cubic metres of hydrous ethanol. The on-going expansion plan at Rio Vermelho continues to progress on schedule. The first phase of the cogeneration plant, eventually capable of supplying 200,000 megawatt hours per annum of surplus electricity to the power grid at maturity of the project in 2015, will become operational during H2 2013.

Other Agricultural Products

Oilseed crushing

In 2012, oilseed crushing volumes increased 38%, reflecting the additional volumes crushed at the three acquired plants (Czech Republic, Poland and Ukraine) and the completion of the new plant constructed in Hungary.

Following the successful commissioning of Timbues (Argentina) in October 2012, the plant commenced crushing in December 2012.

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEARS ENDED 31 DECEMBER

US $ million	Notes	2012	2011
Revenue		214 436	186 152
Cost of goods sold		– 210 435	– 181 938
Selling and administrative expenses		– 997	– 857
Share of income from associates and jointly controlled entities		367	1 972
(Loss)/gain on sale of investments	3	– 128	9
Other expense – net	4	– 1 214	– 511
Dividend income		17	24
Interest income		401	339
Interest expense		– 1 371	– 1 186
Income before income taxes		**1 076**	**4 004**
Income tax credit	6	76	264
Income for the year		**1 152**	**4 268**
Attributable to:			
Non controlling interests		148	220
Equity holders		1 004	4 048
Earnings per share			
Basic (US $)	16	0.14	0.72
Diluted (US $)	16	0.14	0.69

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER

US $ million	Notes	2012	2011
Income for the year		1 152	4 268
Exchange loss on translation of foreign operations		– 170	– 59
Loss on cash flow hedges		– 93	– 15
Loss on available for sale financial instruments		0	– 1 206
Share of other comprehensive income/(loss) from associates and jointly controlled entities		221	– 25
Income tax relating to components of other comprehensive income		0	– 2
Net loss recognised directly in equity		**– 42**	**– 1 307**
Loss on available for sale financial instruments transferred to the statement of income	5	1 181	0
Cash flow hedges transferred to the statement of income		297	6
Effect of foreign currency exchange differences transferred to the statement of income		– 23	0
Other comprehensive income/(loss)		**1 413**	**– 1 301**
Total comprehensive income		**2 565**	**2 967**
Attributable to:			
Non controlling interests		94	214
Equity holders		2 471	2 753

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

US $ million	Notes	2012	2011
Assets			
Non current assets			
Property, plant and equipment	7	23 238	14 639
Intangible assets	8	2 664	210
Investments in associates and jointly controlled entities	9	18 767	18 858
Other investments	9	1 589	1 547
Advances and loans	10	3 758	4 141
Deferred tax assets	6	1 462	1 039
		51 478	**40 434**
Current assets			
Inventories	11	20 682	17 129
Accounts receivable	12	24 882	21 895
Other financial assets	26	2 650	5 065
Prepaid expenses and other assets		235	297
Marketable securities		38	40
Cash and cash equivalents	13	2 782	1 305
		51 269	**45 731**
Assets held for sale	14	2 790	0
		54 059	**45 731**
Total assets		**105 537**	**86 165**
Equity and liabilities			
Capital and reserves – attributable to equity holders			
Share capital	15	71	69
Reserves and retained earnings		31 195	29 196
		31 266	**29 265**
Non controlling interests		3 034	3 070
Total equity		**34 300**	**32 335**
Non current liabilities			
Borrowings	19	19 028	19 844
Deferred income	20	601	158
Deferred tax liabilities	6	2 955	1 399
Provisions	21	1 504	953
		24 088	**22 354**
Current liabilities			
Borrowings	19	16 498	8 224
Viterra asset acquirer loans	14	2 580	0
Accounts payable	23	23 501	18 136
Deferred income	20	116	24
Provisions	21	62	98
Other financial liabilities	26	3 388	4 804
Income tax payable		257	190
		46 402	**31 476**
Liabilities held for sale	14	747	0
		47 149	**31 476**
Total equity and liabilities		**105 537**	**86 165**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER

US $ million	Notes	2012	2011
Operating activities			
Income before income taxes		1 076	4 004
Adjustments for:			
Depreciation and amortisation		1 473	1 066
Share of income from associates and jointly controlled entities		– 367	– 1 972
Loss/(gain) on sale of investments	3	128	– 9
Impairments	5	1 650	32
Other non cash items – net		– 148	133
Interest expense – net		970	847
Cash generated by operating activities before working capital changes		**4 782**	**4 101**
Working capital changes			
Decrease/(increase) in accounts receivable [1]		720	– 1 797
(Increase)/decrease in inventories		– 1 611	239
Increase/(decrease) in accounts payable [2]		1 618	– 1 616
Total working capital changes		**727**	**– 3 174**
Income tax paid		– 344	– 472
Interest received		206	121
Interest paid		– 990	– 919
Net cash generated/(used) by operating activities		**4 381**	**– 343**
Investing activities			
Payments of non current advances and loans		– 203	– 320
Acquisition of subsidiaries, net of cash acquired	24	– 3 883	– 350
Disposal of subsidiaries	24	281	4
Purchase of investments		– 633	– 919
Proceeds from sale of investments		23	155
Purchase of property, plant and equipment		– 2 970	– 2 606
Payments for exploration and evaluation		– 147	– 204
Proceeds from sale of property, plant and equipment		112	184
Dividends received from associates		461	366
Net cash (used) by investing activities		**– 6 959**	**– 3 690**
Financing activities			
Share issuance, net of issue costs	15	0	7 616
Repayment of Perpetual bonds	19	0	– 681
Repayment of Euro bonds	19	0	– 700
Proceeds from Xstrata secured bank loans	19	0	384
Proceeds from issuance of Sterling, Swiss Franc and Euro bonds	19	2 951	237
Proceeds from other non current borrowings	19	303	200
Repayment of other non current borrowings	19	– 594	– 169
Margin receipts in respect of financing related hedging activities		176	21
Net proceeds from/(repayment of) current borrowings	19	3 463	– 1 493
Acquisition of additional interest in subsidiaries		– 669	– 315
Disposal of interest in subsidiaries		45	0
Payment of profit participation certificates	19	– 554	– 861
Dividend paid to non controlling interests		0	– 18
Dividend paid to equity holders of the parent	17	– 1 066	– 346
Net cash generated by financing activities		**4 055**	**3 875**
Increase/(decrease) in cash and cash equivalents		1 477	– 158
Cash and cash equivalents, beginning of year		1 305	1 463
Cash and cash equivalents, end of year		**2 782**	**1 305**

[1] Includes movements in other financial assets, prepaid expenses, other assets and other non cash current assets.
[2] Includes movements in other financial liabilities, liabilities held for sale and current provisions.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER

US $ million	Retained earnings	Share premium [1]	Other reserves [1]	Total reserves and retained earnings	Share capital	Total equity attribut-able to equity holders	Non control-ling interests	Total equity
At 1 January 2011	**5 659**	**0**	**– 272**	**5 387**	**37**	**5 424**	**2 894**	**8 318**
Income for the year	4 048	0	0	4 048	0	4 048	220	4 268
Other comprehensive loss	– 25	0	– 1 270	– 1 295	0	– 1 295	– 6	– 1 301
Total comprehensive income	**4 023**	**0**	**– 1 270**	**2 753**	**0**	**2 753**	**214**	**2 967**
Conversion of HPPS and PPS profit participation plans [1]	0	13 821	0	13 821	16	13 837	0	13 837
Conversion of LTS and LTPPS profit participation plans [1]	– 5 701	5 694	0	– 7	7	0	0	0
Issue of share capital [1]	0	7 607	0	7 607	9	7 616	0	7 616
Tax on Listing related expenses [2]	0	21	0	21	0	21	0	21
Equity settled share-based payments [3]	58	0	0	58	0	58	0	58
Change in ownership interest in subsidiaries	0	0	– 98	– 98	0	– 98	– 235	– 333
Acquisition of subsidiaries [4]	0	0	0	0	0	0	215	215
Dividends paid [5]	0	– 346	0	– 346	0	– 346	– 18	– 364
At 31 December 2011	**4 039**	**26 797**	**– 1 640**	**29 196**	**69**	**29 265**	**3 070**	**32 335**
At 1 January 2012	**4 039**	**26 797**	**– 1 640**	**29 196**	**69**	**29 265**	**3 070**	**32 335**
Income for the year	1 004	0	0	1 004	0	1 004	148	1 152
Other comprehensive income	221	0	1 246	1 467	0	1 467	– 54	1 413
Total comprehensive income	**1 225**	**0**	**1 246**	**2 471**	**0**	**2 471**	**94**	**2 565**
Issue of share capital [1]	0	957	0	957	2	959	0	959
Equity settled share-based payments [3]	111	0	0	111	0	111	0	111
Put option relating to additional interest in subsidiary [4]	0	0	0	0	0	0	– 419	– 419
Change in ownership interest in subsidiaries	0	0	– 474	– 474	0	– 474	– 971	– 1 445
Acquisition of subsidiaries [4]	0	0	0	0	0	0	1 260	1 260
Dividends paid [5]	0	– 1 066	0	– 1 066	0	– 1 066	0	– 1 066
At 31 December 2012	**5 375**	**26 688**	**– 868**	**31 195**	**71**	**31 266**	**3 034**	**34 300**

[1] See note 15.
[2] See note 6.
[3] See note 18.
[4] See note 24.
[5] See note 17.

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

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Corporate information

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

The preliminary announcement was authorised for issue in accordance with a Directors' resolution on 5 March 2013.

Listing/Restructuring of the Group

On 24 May 2011, Glencore International plc (the "Company") was admitted to the Official List of the UK Listing Authority and commenced trading on the London Stock Exchange's premium listed market and on the Hong Kong Stock Exchange on 25 May 2011 via a secondary listing (the "Listing"). The Company is incorporated in Jersey, domiciled in Switzerland, and is the ultimate parent company of Glencore and owner of 100% of the issued share capital of Glencore International AG, following a restructuring of the ownership interests in Glencore International AG immediately prior to admission (the "Restructuring") (see note 15). The Company's registered office is at Queensway House, Hilgrove Street, St Helier, Jersey, JE1 1ES.

The following accounting treatment was applied to account for the Restructuring in 2011:

- the consolidated assets and liabilities of the subsidiary Glencore International AG were recognised and measured at the pre-Restructuring carrying amounts, without restatement to fair value; and
- the retained earnings and other equity balances recognised in the consolidated statement of financial position reflect the consolidated retained earnings and other equity balances of Glencore International AG, as at 24 May 2011, immediately prior to the Restructuring, and the results of the period from 1 January 2011 to 24 May 2011, the date of the Restructuring, are those of Glencore International AG as the Company was not active prior to the Restructuring. Subsequent to the Restructuring, the equity structure reflects the applicable movements in equity of Glencore International plc, including the equity instruments issued to effect the Restructuring and the Listing.

Statement of compliance

The accounting policies adopted are in accordance with:

- International Financial Reporting Standards (IFRS) and interpretations as adopted by the European Union (EU) effective as of 31 December 2012; and
- IFRS and interpretations as issued by the International Accounting Standards Board (IASB) effective as of 31 December 2012.

Basis of preparation

The financial statements are prepared under the historical cost convention except for the revaluation to fair value of certain financial assets, liabilities and marketing inventories and have been prepared on a going concern basis. The Directors have made this assessment after consideration of the Group's budgeted cash flows and related assumptions, which incorporate the acquired operations of Viterra Inc. (see note 24), including appropriate stress testing thereof, key risks and uncertainties, undrawn debt facilities, debt maturity review, the likely impact on the Group of the proposed merger with Xstrata plc (see Note 28) and in accordance with the Going Concern and Liquidity Guidance for Directors of UK Companies 2009 published by the Financial Reporting Council. Further information on Glencore's business activities, cash flows, liquidity and performance are set out in the Business review and its objectives, policies and processes for managing its capital and financial risks are detailed in note 25.

All amounts are expressed in millions of United States Dollars, unless otherwise stated, consistent with the predominant functional currency of Glencore's operations.

The unaudited financial information for the year ended 31 December 2012 and audited financial information for the year ended 31 December 2011 contained in this document does not constitute statutory accounts as defined in Article 105 of Companies (Jersey) Law 1991. The financial information for the year ended 31 December 2012 has been extracted from the financial statements of Glencore International plc which will be delivered to the Registrar in due course. The audit report for 31 December 2012 is yet to be signed by the auditors.

Changes in accounting policies and comparability

The following relevant amendments to the existing standards and interpretations were adopted as of 1 January 2012:

- Amendments to IFRS 7 – Financial Instruments: Disclosures;
- Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets.

The adoption of these revised standards and interpretations did not have a material impact on the recognition, measurement or disclosure of reported amounts.

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

- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 19 – Employee Benefits (2011)
- IAS 27 – Separate Financial Statements (2011)
- IAS 28 – Investments in Associates and Joint Ventures (2011)
- Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities
- Amendments to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

The Directors are currently evaluating the impact these new standards and interpretations will have on the financial statements of Glencore. An outline of the significant impacts identified to date is set out below.

IFRS 10, IFRS 11 and IFRS 12 (the "Consolidation Standards")

Glencore will adopt the Consolidation Standards on 1 January 2013 with retrospective application. IFRS 10 provides a single basis for consolidation with a new definition of control based on having the power to direct the relevant activities of the investee. IFRS 11 impacts the accounting for joint arrangements, defined as investments or arrangements which are subject to joint control through contractual agreed sharing of control between two or more parties. A joint arrangement is classified as either a joint operation or a joint venture, and the option to proportionately consolidate joint ventures has been removed, consistent with current Group policy under which joint ventures are accounted for using the equity method. IFRS 12 combines the disclosure requirements previously covered by existing standards and includes additional disclosure requirements. To date, Glencore has not identified any material changes in the accounting that is currently being applied to the Group's subsidiaries, investments or joint arrangements as a result of the Consolidation Standards.

IAS 19 (2011)

Glencore will adopt the amendments to IAS 19 on 1 January 2013 with modified retrospective application. The amendments require all actuarial gains and losses to be recognised immediately in other comprehensive income (which differs from Glencore's current policy which applies the corridor method) and require the expected return on plan assets (recognised in the statement of income) to be calculated based on the rate used to discount the defined benefit obligation. Upon adoption, Glencore will recognise $ 164 million of unrecognised actuarial losses as at 1 January 2012, increasing the post retirement benefits provision (Note 21) with a corresponding adjustment to shareholders' equity and associated deferred tax impact.

Amendments to IAS 1

Glencore will adopt the amendments to IAS 1 on 1 January 2013 with retrospective application. The amendments to IAS 1 will not impact Glencore's financial statement balances however they will impact the presentation within the Statement of Comprehensive Income as Glencore will classify components of other comprehensive income based on whether they may eventually be recycled into income (e.g. currency translation adjustments) versus those items that will never be recycled into income (e.g. actuarial gains and losses on pension plans).

IFRIC 20

Glencore will adopt IFRIC 20 on 1 January 2013 with retrospective application. IFRIC 20 provides a model for accounting for costs associated with the removal of waste during the production phase of a surface mine, including guidance on the apportionment of the costs incurred for obtaining a current and future benefit and how capitalised costs are depreciated.

Principles of consolidation

The consolidated financial statements of Glencore include the accounts of the Company and its subsidiaries. A subsidiary is an entity that is ultimately controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is usually assumed where Glencore ultimately owns or controls more than 50% of the voting rights, unless evidence exists to the contrary. The results of subsidiaries acquired or disposed of during the year are consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intercompany balances, transactions and 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 equity holders of Glencore.

Investments in associates, jointly controlled entities and joint venture operations

Associates and jointly controlled entities (together Associates) in which Glencore exercises significant influence or joint control are accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies. Significant influence is presumed if Glencore holds between 20% and 50% of the voting rights, unless evidence exists to the contrary. Joint control is the contractually agreed sharing of control over an economic entity where strategic and/or key 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 consolidated financial statements on a line by line basis.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting, whereby the identifiable assets, liabilities and contingent liabilities (identifiable net assets) are measured on the basis of fair value at the date of acquisition. Acquisition related costs are 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 investments of Glencore are listed in note 32.

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 90 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 statements

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

Borrowing costs

Borrowing costs are 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 accounted for using the corridor method. Under this method, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that excess is recognised in income over the expected average remaining working lives of the employees participating in the plan. 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.

Share-based payments

Equity-settled share-based payments

Equity-settled share-based payments are measured at the fair value of the awards based on the market value of the shares at the grant date. Fair value excludes the effect of non market-based vesting conditions. The fair value is charged to the statement of income and credited to retained earnings on a straight-line basis over the period the estimated number of awards are expected to vest.

At each balance sheet date, Glencore revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to retained earnings.

Cash-settled share-based payments

For cash-settled share-based payments, a liability is initially recognised at fair value based on the estimated number of awards that are expected to vest, adjusting for market and non market based performance conditions. Subsequently, at each reporting period until the liability is settled, the liability is remeasured to fair value with any changes in fair value recognised in the statement of income.

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 statements and the corresponding tax bases used in the computation of taxable income, using enacted or substantively enacted income tax rates which will be effective at the time of reversal of the underlying temporary difference. Deferred tax assets and unused tax losses are only recognised to the extent that their recoverability is probable. Deferred tax assets are reviewed at reporting period end and amended to the extent that it is no longer probable that the related benefit will be 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 is expected to 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.

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 as required to either mineral and petroleum rights or deferred mining costs and depreciated using the unit of production method (UOP).

Property, plant and equipment and intangible assets

Property, plant and equipment, port allocation rights and intangible assets 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. Intangible assets include goodwill, future warehousing fees and trademarks.

Property, plant and equipment are depreciated to their 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. Depreciation commences when the asset is available for use. Identifiable intangible assets with a finite life are amortised on a straight-line basis and/or UOP basis over their expected useful life. Goodwill is not depreciated.

The major categories of property, plant and equipment and intangible assets are depreciated/amortised on a UOP and/or straight-line basis as follows:

Buildings	10–45 years
Land	not depreciated
Plant and equipment	3–30 years/UOP
Mineral rights and development costs	UOP
Deferred mining costs	UOP
Port allocation rights	25 – 40 years

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.

Biological assets

Biological assets are carried at their fair value less estimated selling costs. Any changes in fair value less estimated selling costs are included in the statement of income in the period in which they arise.

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 UOP over the commercially recoverable reserves and, in certain circumstances, other mineral resources. Mineral resources are included in amortisation calculations where there is a high degree of confidence that they will be extracted in an economic manner.

Restoration, rehabilitation and decommissioning

Restoration, rehabilitation and decommissioning costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided for and capitalised at the time such an obligation arises. The costs are charged to the statement of income over the life of the operation through depreciation of the asset and the unwinding of the discount on the provision.

Costs for restoration of subsequent site disturbance, which 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

Glencore conducts, at least annually, an internal review of asset values which is used as a source of information to assess for any indications of impairment. Formal impairment tests are carried out, at least annually, for cash generating units containing goodwill and for all other non current assets when events or changes in circumstances indicate the carrying value may not be recoverable.

A formal impairment test involves determining 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.

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 subsequently 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash held at bank, cash in hand and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

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. On conversion, the liability is reclassified to equity and no gain or loss is recognised in the statement of income and upon expiry of the conversion rights, any remaining equity portion will be transferred to retained earnings.

Derivatives and hedging activities

Derivative instruments, which include physical contracts to sell or purchase commodities that do not meet the own use exemption, are initially recognised at fair value when 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 a 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 judgments and estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates.

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

Valuation of derivative instruments (Note 26)

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).

Depreciation and amortisation of mineral and petroleum rights, project development costs and plant and equipment (Note 7)

Mineral and petroleum rights, project development costs and certain plant and equipment are depreciated/amortised using UOP. The calculation of the UOP rate of depreciation/amortisation, and therefore the annual 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 and resource base and the operating and development plan are performed regularly.

Impairments (Notes 5, 7, 8 and 9)

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

Provisions (Note 21)

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

Restoration, rehabilitation and decommissioning costs (Note 21)

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.

Recognition of deferred tax assets (Note 6)

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

Fair value measurements (Notes 9, 11, 18, 24, 25 and 26)

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 marketing inventories, 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 products and reflecting the structure used by Glencore's management to assess the performance of Glencore.

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

- Metals and minerals: Zinc, copper, lead, alumina, 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, canola, barley, rice, oil seeds, meals, edible oils, biofuels, cotton and sugar supported by investments in farming, 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 (including variable pool bonus accrual). Statement of financial position 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 dividend income as disclosed on the face of the consolidated statement of income.

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

2012 US $ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Revenue from third parties	**56 674**	**136 937**	**20 825**	**0**	**214 436**
Marketing activities					
Adjusted EBIT	1 363	435	371	– 39	2 130
Depreciation and amortisation	16	59	23	0	98
Adjusted EBITDA	**1 379**	**494**	**394**	**– 39**	**2 228**
Industrial activities					
Adjusted EBIT	708	594	– 10	1 048	2 340
Depreciation and amortisation	917	389	69	0	1 375
Adjusted EBITDA	**1 625**	**983**	**59**	**1 048**	**3 715**
Total adjusted EBITDA	**3 004**	**1 477**	**453**	**1 009**	**5 943**
Depreciation and amortisation	– 933	– 448	– 92	0	– 1 473
Total adjusted EBIT	**2 071**	**1 029**	**361**	**1 009**	**4 470**
Significant items[1]					
Other expense – net[2]					– 1 214
Share of Associates' exceptional items[3]					– 875
Mark to market loss on certain natural gas contracts[4]					– 123
Unrealised intergroup profit elimination adjustments[5]					– 84
Interest expense – net					– 970
Loss on sale of investments					– 128
Income tax credit					76
Income for the year					**1 152**

[1] Significant items of income and expense which, due to their financial impacts, nature or the expected infrequency of the events giving rise to them, have been separated for internal reporting and analysis of Glencore's results.
[2] See note 4.
[3] Share of Associates' exceptional items comprise Glencore's share of exceptional charges booked directly by Xstrata relating mainly to various impairment charges including that associated with its platinum investments and operations in South Africa and nickel operations in Australia which were impacted by the challenging market environments and costs incurred by Xstrata in connection with the proposed merger with Glencore (see note 28).
[4] Represents movements in fair value of certain fixed price forward natural gas purchase contracts entered into to hedge the price risk of this cost exposure in our alumina production activities. These contracts were initially concluded in 2008 with mark to market movements accounted for in equity (cash flow hedge reserves). Consistent with Glencore's current policy not to hedge future operating expenditures there are no such contracts covering periods beyond 2012.
[5] Represents the required adjustment to eliminate unrealised profit or losses arising on intergroup transactions. For Glencore, such adjustments arise on the sale of product, in the ordinary course of business, from its Industrial operations to its Marketing arm and management assesses segment performance prior to any such adjustments, as if the sales were to third parties.

2012 US $ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Current assets	20 024	18 256	9 520	649	48 449
Current liabilities	– 9 500	– 13 941	– 3 746	– 137	– 27 324
Allocatable current capital employed	**10 524**	**4 315**	**5 774**	**512**	**21 125**
Property, plant and equipment	14 134	5 433	3 757	0	23 324
Intangible assets	180	1 012	1 386	0	2 578
Investments in Associates and other investments	2 881	799	461	16 215	20 356
Non current advances and loans	921	2 688	149	0	3 758
Allocatable non current capital employed	**18 116**	**9 932**	**5 753**	**16 215**	**50 016**
Other assets [1]				7 072	7 072
Other liabilities [2]				– 43 913	– 43 913
Total net assets	**28 640**	**14 247**	**11 527**	**– 20 114**	**34 300**
Additions to non current assets	5 761	3 311	4 262	0	13 334

[1] Other assets include deferred tax assets, marketable securities, cash and cash equivalents and assets held for sale.
[2] Other liabilities include borrowings, non current deferred income, deferred tax liabilities, non current provisions, Viterra asset acquirer loans and liabilities held for sale.

2011 US $ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Revenue from third parties	**51 984**	**117 065**	**17 103**	**0**	**186 152**
Marketing activities					
Adjusted EBIT	1 242	697	– 8	– 20	1 911
Depreciation and amortisation	5	27	0	11	43
Adjusted EBITDA	**1 247**	**724**	**– 8**	**– 9**	**1 954**
Industrial activities					
Adjusted EBIT	1 357	375	– 39	1 794	3 487
Depreciation and amortisation	765	196	62	0	1 023
Adjusted EBITDA	**2 122**	**571**	**23**	**1 794**	**4 510**
Total adjusted EBITDA	**3 369**	**1 295**	**15**	**1 785**	**6 464**
Depreciation and amortisation	– 770	– 223	– 62	– 11	– 1 066
Total adjusted EBIT	**2 599**	**1 072**	**– 47**	**1 774**	**5 398**
Significant items [1]					
Other expense – net [2]					– 511
Share of Associates' exceptional items [3]					– 45
Interest expense – net					– 847
Gain on sale of investments					9
Income tax credit					264
Income for the year					**4 268**

[1] Significant items of income and expense which, due to their financial impacts, nature or the expected infrequency of the events giving rise to them, have been separated for internal reporting and analysis of Glencore's results.
[2] See note 4.
[3] Share of Associates' exceptional items comprise Glencore's share of exceptional charges booked directly by Xstrata ($ 25 million) and Century ($ 20 million).

2011 US $ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Current assets	18 506	17 605	5 110	3 165	44 386
Current liabilities	– 7 676	– 11 312	– 1 589	– 2 675	– 23 252
Allocatable current capital employed	**10 830**	**6 293**	**3 521**	**490**	**21 134**
Property, plant and equipment	9 367	4 210	1 062	0	14 639
Intangible assets	169	29	12	0	210
Investments in Associates and other investments	2 950	1 060	206	16 189	20 405
Non current advances and loans	1 280	2 723	138	0	4 141
Allocatable non current capital employed	**13 766**	**8 022**	**1 418**	**16 189**	**39 395**
Other assets[1]				2 384	2 384
Other liabilities[2]				– 30 578	– 30 578
Total net assets	**24 596**	**14 315**	**4 939**	**– 11 515**	**32 335**
Additions to non current assets	1 508	1 921	406	0	3 835

[1] Other assets include deferred tax assets, marketable securities and cash and cash equivalents.
[2] Other liabilities include borrowings, non current deferred income, deferred tax liabilities and non current provisions.

Geographical information

US $ million	2012	2011
Revenue from third parties[1]		
The Americas	42 295	45 836
Europe	108 904	70 323
Asia	44 274	47 759
Africa	16 910	20 538
Oceania	2 053	1 696
	214 436	**186 152**
Non current assets[2]		
The Americas	6 918	4 535
Europe	17 707	17 293
Asia	5 652	5 838
Africa	11 255	4 555
Oceania	3 137	1 486
	44 669	**33 707**

[1] Revenue by geographical destination is based on the country of incorporation of the sales counterparty however this may not necessarily be the country of the counterpart's ultimate parent and/or final destination of product.
[2] Non current assets are non current operating assets other than other investments, advances and loans, and deferred tax assets.

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

US $ million	2012	2011
Loss on sale on investment in associates – net	– 133	– 10
Gain on sale of subsidiaries – net	5	19
Total	**– 128**	**9**

The net loss on sale of investments in 2012 comprised primarily an accounting dilution loss of $ 121 million following Xstrata's share issuance in March 2012, which saw Glencore's effective ownership reduce from 34.5% to 34.2%.

4. OTHER EXPENSE – NET

US $ million	Notes	2012	2011
Changes in mark to market valuations on investments held for trading – net		2	– 92
Changes in mark to market valuation of certain coal forward contracts [1]		179	25
Changes in mark to market valuation of certain foreign currency forward contracts		65	0
Revaluation of previously held interest in newly acquired businesses		497	0
Acquisition related expenses		– 120	– 2
Impairments	5	– 1 650	– 32
Phantom equity awards granted on Listing	18	– 109	– 58
Listing related expenses		0	– 286
Foreign exchange loss		– 4	– 5
Other [2]		– 74	– 61
Total		**– 1 214**	**– 511**

[1] This item, if classified by function of expense would be recognised in cost of goods sold. All other amounts in Other expense – net are classified by function.
[2] Includes $ 7 million loss on disposal of property, plant and equipment (2011: $ nil million).

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

Changes in mark to market valuation of certain coal forward contracts
Represents movements in fair value of certain fixed price forward coal sales contracts relating to Prodeco Group's (Prodeco) 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 4.6 million tonnes (2011: 8.4 million tonnes) of such coal had been sold forward at a fixed price in respect of quarterly periods to the end of 2013.

Changes in mark to market valuation of certain foreign currency forward contracts
Represents the realised gain on the settlement of CAD 2.7 billion forward foreign currency purchase contracts entered into to partially hedge foreign currency price risk associated with the Viterra transaction (see note 24).

Revaluation of previously held interest in newly acquired businesses
In March 2012, Glencore purchased an additional 31.8% interest in Optimum Coal Holdings Limited ("Optimum") and in April 2012, acquired an additional 20% interest in Mutanda Group (Mutanda) (see note 24). At the date of the acquisitions, the previously held interests were revalued to their fair value and as a result, a $ 20 million loss and $ 517 million gain, respectively, were recognised.

Acquisition related expenses
Professional advisor and other costs relating mainly to the Viterra (see note 24) and Xstrata (see note 28) transactions.

Listing related expenses
Expenses incurred in connection with the Listing including the Restructuring and/or change in the employee shareholder profit attribution model, rather than the costs incurred solely in relation to the issuance of the new (primary) equity (see note 15), comprising $ 91 million of stamp duty costs, $ 42 million of professional advisors' costs and $ 153 million of compensation related costs.

5. IMPAIRMENTS

US $ million	Notes	2012	2011
Available for sale instruments previously recognised in other comprehensive income		– 1 181	0
Non current loans	10	– 213	0
Property, plant and equipment		– 210	– 6
Non current inventory and other [1]		– 46	– 26
Total impairments [2]		**– 1 650**	**– 32**

[1] These items, if classified by function of expense would be recognised in cost of goods sold.
[2] The impairment charges incurred during the year are allocated to the operating segments as follows: Metals and minerals $ 1,337 (2011: $ 32 million), Energy products $ 248 million (2011: $ nil million) and Agricultural products $ 65 million (2011: $ nil million).

Available for sale instruments

Glencore accounts for its interest in United Company Rusal plc ("UC Rusal") as an available for sale investment at fair value with mark to market movements recognised in other comprehensive income ("OCI"). IAS 39 requires an entity to assess whether the cumulative loss recognised in OCI is of a significant and prolonged nature and if so, it shall be reclassified from OCI to the statement of income. As a result of the continuing challenging macro economic environment impacting the global aluminium market, UC Rusal's share price has remained below Glencore's acquisition fair value for what has now been determined to be of a prolonged nature and therefore, as at 31 December 2012, $ 1.2 billion of previously recognised negative fair value adjustments have been reclassified from OCI to the statement of income. This reclassification had no impact on the balance sheet value which continues to be carried at fair value (see note 9).

Property, plant and equipment

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 (as part of our regular portfolio review), the continuing challenging European biodiesel margin environment, the change in legal status of certain of our operations, particularly in Bolivia, and evaluation of below expectation exploration programs, resulted in impairment charges (none of which were individually material) of $ 110 million, $ 35 million and $ 65 million being recognised in our Metals and minerals, Energy and Agricultural products segments respectively. The recoverable amounts, where applicable, of the underlying assets were determined based on the fair value less costs to sell using discounted cash flow techniques.

6. INCOME TAXES

Income taxes consist of the following:

US $ million	2012	2011
Current income tax expense	– 295	– 417
Deferred income tax credit	371	681
Total tax credit	**76**	**264**

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

US $ million	2012	2011
Income before income tax and attribution	**1 076**	**4 004**
Less: Share of income from associates	– 367	– 1 972
Parent company's and subsidiaries' income before income tax and attribution	**709**	**2 032**
Income tax expense calculated a the Swiss income tax rate	– 106	– 312
Effect of different tax rates from the standard Swiss income tax rate	– 233	– 102
Tax exempt income, net of non-deductible expenses and other permanent differences	– 50	14
Tax implications of restructuring, including deductions/losses triggered[1]	544	687
Effect of available tax losses not recognised, and other changes in the valuation of deferred tax assets	– 76	– 19
Effect of change in tax rate on deferred tax balances	– 4	– 2
Other	1	– 2
Income credit	**76**	**264**

[1] The 2012 credit amounting to $ 544 million resulted primarily from recognition of crystallised tax benefits (resulting in losses carried forward), following an internal reorganisation of our existing ownership interest in Xstrata. All of the resulting tax losses have been brought to account as a deferred tax asset. The 2011 tax benefit of $ 687 million resulted from income tax deductions and losses arising in Switzerland and other countries following settlement of various profit participation plans. $ 305 million (2011: $ 381 million) of deferred tax assets related to future deductible amounts and tax losses from the settlement have not been brought to account.

The tax credit/(expense) relating to components of other comprehensive income/(loss) and share premium is as follows:

US $ million	2012	2011
Cash flow hedges[1]	0	– 2
Listing related expenses[2]	0	21
Income tax relating to components of other comprehensive loss and share premium	**0**	**19**

[1] Recognised in other comprehensive income.
[2] Recognised in share premium.

Deferred taxes as at 31 December 2012 and 2011, are attributable to the items detailed in the table below:

US $ million	Notes	2012	2011
Deferred tax assets [1]			
Tax losses carried forward		1 345	892
Mark to market valuations		27	12
Other		90	135
Total		**1 462**	**1 039**
Deferred tax liabilities [1]			
Depreciation and amortisation		– 2 606	– 1 217
Mark to market valuations		– 29	– 19
Other		– 320	– 163
Total		**– 2 955**	**– 1 399**
Deferred tax – net		**– 1 493**	**– 360**
Reconciliation of deferred tax – net			
Opening balance		**– 360**	**– 939**
Recognised in income for the year		371	681
Recognised in other comprehensive loss and share premium		0	19
Business combination	24	– 1 571	– 121
Disposal of subsidiaries	24	7	0
Other		60	0
Closing balance		**– 1 493**	**– 360**

[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 2012, $ 1,816 million (2011: $ 1,445 million) of deferred tax assets related to available loss carry forwards have been brought to account, of which $ 1,345 million (2011: $ 892 million) are disclosed as deferred tax assets with the remaining balance being offset against deferred tax liabilities arising in the same respective entity. $ 1,373 million (2011: $ 889 million ($ 861 million relating to tax losses and $ 28 million relating to temporary differences)) of net deferred tax assets arise in entities that have been loss making for tax purposes in 2012 and/or 2011. In evaluating whether it is probable that taxable profits will be earned in future accounting periods, all available evidence was considered, including approved budgets, forecasts and business plans and, in certain cases, analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes. Following this evaluation, it was determined there would be sufficient taxable income generated to realise the benefit of the deferred tax assets.

Available gross tax losses carried forward and deductible temporary differences, for which no deferred tax assets have been recognised in the consolidated financial statements are detailed below and will expire as follows:

US $ million	2012	2011
1 year	114	11
2 years	165	28
3 years	253	127
Thereafter	1 786	956
Unlimited	590	978
Total	2 908	2 100

As at 31 December 2012, unremitted earnings of $ 19,952 million (2011: $ 18,573 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.

7. PROPERTY, PLANT AND EQUIPMENT

US $ million	Notes	Land and buildings	Plant and equipment	Mineral and petroleum rights	Deferred mining costs	Total
Gross carrying amount:						
1 January 2012		**1 521**	**12 045**	**4 617**	**675**	**18 858**
Business combination	24	953	3 429	3 284	48	7 714
Disposal of subsidiaries	24	0	– 301	– 7	0	– 308
Additions		92	2 054	866	89	3 101
Disposals		– 21	– 200	0	0	– 221
Effect of foreign currency exchange movements		– 5	– 65	– 92	0	– 162
Other movements		69	2	6	– 69	8
31 December 2012		**2 609**	**16 964**	**8 674**	**743**	**28 990**
Accumulated depreciation and impairment:						
1 January 2012		**323**	**2 997**	**770**	**129**	**4 219**
Depreciation		87	1 087	233	31	1 438
Disposal of subsidiaries	24	0	– 29	0	0	– 29
Disposals		– 10	– 74	1	– 19	– 102
Impairments	5	0	151	59	0	210
Effect of foreign currency exchange movements		0	– 4	– 5	0	– 9
Other movements		– 3	– 98	119	7	25
31 December 2012		**397**	**4 030**	**1 177**	**148**	**5 752**
Net book value 31 December 2012		**2 212**	**12 934**	**7 497**	**595**	**23 238**

US $ million	Notes	Land and buildings	Plant and equipment	Mineral and petroleum rights	Deferred mining costs	Total
Gross carrying amount:						
1 January 2011		**1 281**	**9 187**	**4 484**	**542**	**15 494**
Business combination	24	108	591	76	0	775
Additions		36	2 411	416	148	3 011
Disposals		– 17	– 431	0	– 2	– 450
Other movements		113	287	– 359	– 13	28
31 December 2011		**1 521**	**12 045**	**4 617**	**675**	**18 858**
Accumulated depreciation and impairment:						
1 January 2011		**239**	**2 556**	**548**	**63**	**3 406**
Depreciation		36	710	260	56	1 062
Disposals		– 6	– 263	2	0	– 267
Impairments	5	7	15	0	10	32
Other movements		47	– 21	– 40	0	– 14
31 December 2011		**323**	**2 997**	**770**	**129**	**4 219**
Net book value 31 December 2011		**1 198**	**9 048**	**3 847**	**546**	**14 639**

Plant and equipment includes expenditure for construction in progress of $ 2,294 million (2011: $ 1,389 million) and a net book value of $ 281 million (2011: $ 317 million) of obligations recognised under finance lease agreements. Mineral and petroleum rights include expenditures for exploration and evaluation of $ 277 million (2011: $ 306 million) and biological assets of $ 66 million (2011: $ 3 million). Depreciation expenses included in cost of goods sold are $ 1,421 million (2011: $ 1,049 million) and in selling and administrative expenses $ 17 million (2011: $ 13 million).

During 2012, $ 37 million (2011: $ 44 million) of interest was capitalised within property, plant and equipment. With the exception of project specific borrowings, the rate used to determine the amount of borrowing costs eligible for capitalisation was 4% (2011: 4%).

8. INTANGIBLE ASSETS

US $ million	Notes	Port allocation rights	Goodwill	Other	Total
Cost:					
1 January 2012		**0**	**169**	**45**	**214**
Business combination	24	1 182	1 251	104	2 537
Addition		21	0	33	54
Effect of foreign exchange differences		– 102	0	0	– 102
31 December 2012		**1 101**	**1 420**	**182**	**2 703**
Accumulated amortisation and impairment:					
1 January 2012		**0**	**0**	**4**	**4**
Amortisation expense [1]		16	0	19	35
31 December 2012		**16**	**0**	**23**	**39**
Net carrying amount 31 December 2012		**1 085**	**1 420**	**159**	**2 664**

[1] Recognised in cost of goods sold.

US $ million	Notes	Goodwill	Other	Total
Cost:				
1 January 2011		0	0	0
Business combination	24	36	13	49
Reclassified from held for sale		133	32	165
31 December 2011		**169**	**45**	**214**
Accumulated amortisation and impairment:				
1 January 2011		0	0	0
Amortisation expense [1]		0	4	4
31 December 2011		**0**	**4**	**4**
Net carrying amount 31 December 2011		**169**	**41**	**210**

[1] Recognised in cost of goods sold.

Port allocation rights

Port allocation rights represent contractual entitlements to export certain amounts of coal on an annual basis from Richard Bay Coal Terminal in South Africa and have been recognised as part of the acquisitions of Optimum and Umcebo, see note 24. The rights are being amortised on a straight line basis over the estimated economic life of the port of 40 years.

Impairment testing of goodwill

For the purpose of impairment testing, goodwill has been allocated to the CGUs, or groups of CGUs, that are expected to benefit from the synergies of the business combination and which represent the level at which management will monitor and manage the goodwill.

Goodwill is tested annually for impairment for all CGUs containing goodwill with exception of goodwill acquired in a business combination in the current year which is tested at the date of acquisition, and when there is an indicator that the goodwill may be impaired.

The carrying amount of goodwill has been allocated to cash generating units (CGUs), or groups of CGUs as follows:

US $ million	2012	2011
Grain marketing business	1 251	0
Metals warehousing business	133	133
Other	36	36
Total	**1 420**	**169**

Grain marketing business

Goodwill of $ 1,251 million has been recognised as part of the acquisition of Viterra, see note 24. The goodwill is primarily related to the Viterra grain marketing and merchandising business and is substantively attributable to synergies which are expected to arise in conjunction with the grain marketing division's increased geographic coverage and scale of activities. As at 31 December 2012, the purchase price allocation, including the allocation of the goodwill to CGUs, has not been finalised, as the acquisition completed close to year end.

Metals warehousing business

Goodwill of $ 133 million relates to the Pacorini metals warehousing business and is attributable to synergies which arise in conjunction with the metals marketing division's expected increased activities. In assessing whether goodwill has been impaired, the carrying amount of the cash generating unit was compared with its recoverable amount. The recoverable amount was determined by reference to the value in use which utilises pre-tax cash flow projections based on the approved financial budgets for 5 years which includes factors, such as inventory levels, volumes and operating costs (key assumptions are based on past experience and, where available, observable market data), discounted to present value at a rate of 10%. The cash flows beyond the 5 year period have been extrapolated using a declining growth rate of 10% per annum which is the projected long term reduction in average inventory levels for the warehousing business. Glencore believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to exceed the recoverable amount.

Other goodwill

Goodwill held by other CGUs is $ 36 million (2011: $ 36 million), representing less than 1% of net assets at 31 December 2012 (2011: less than 1%). The goodwill has been allocated across a number of CGUs in the Energy products segment, with no CGU accounting for more than $ 30 million of total goodwill. This goodwill has been tested for impairment and concluded to be recoverable.

Other intangible assets

Other intangible assets primarily consist of trademarks, licences, software and future warehousing fees.

9. INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS

A list of the principal operating, finance and industrial subsidiaries and Associates and other investments is included in note 32.

US $ million	2012	2011
Xstrata plc	16 215	16 187
Other listed Associates	888	1 337
Listed Associates	**17 103**	**17 524**
Non listed Associates	1 664	1 334
Investments in Associates	**18 767**	**18 858**

Listed associates

As at 31 December 2012, the fair value of listed Associates using published price quotations was $ 17,876 million (2011: $ 16,157 million). Following the recognition of Glencore's share of impairments booked by its Associates, Glencore completed a detailed assessment of the recoverable amount of investments where indicators of impairment were identified and concluded that the recoverable value supports the carrying value of these investments and that no further impairment is required.

During the year, Glencore acquired controlling interests in two companies which had been accounted for as Associates, Mutanda and Optimum. Refer to note 24 for further details.

US $ million	2012	2011
Available for sale		
United Company Rusal ("UCR")	840	842
	840	**842**
Fair value through profit and loss		
Volcan Compania Minera S.A.A.	410	359
Nyrstar N.V.	78	105
Century Aluminum Company cash settled equity swaps	80	78
Jurong Aromatics Corporation Pte Ltd	55	55
Blackthorn Resources Ltd	34	8
Other	92	100
	749	**705**
Other investments	**1 589**	**1 547**

Summarised financial information in respect of Glencore's Associates, reflecting 100% of the underlying Associate's relevant figures, are set out below.

US $ million	2012	2011
Current assets	15 979	12 129
Non current assets	77 226	69 884
Current liabilities	– 10 109	– 8 919
Non current liabilities	– 32 401	– 24 620
Net assets	**50 695**	**48 474**
Revenue	42 647	39 940
Net profit	1 491	6 194

The amount of corporate guarantees in favour of joint venture entities as at 31 December 2012 was $ 22 million (2011: $ 50 million). Glencore's share of joint venture entities' capital commitments amounts to $ 34 million (2011: $ 301 million).

10. ADVANCES AND LOANS

US $ million	2012	2011
Loans to Associates	347	840
Other non current receivables and loans	3 411	3 301
Total	**3 758**	**4 141**

Loans to Associates generally bear interest at applicable floating market rates plus a premium. The decrease in loans to Associates during the year is due to the acquisition of Mutanda (see note 24) which, at the time of acquisition, had outstanding loans to Glencore of $ 698 million (2011: $ 653 million).

Other non current receivables and loans comprise the following:

US $ million	2012	2011
Counterparty		
OAO Russneft Interest bearing loan at 7.75% per annum (see note below)	2 080	2 211
Atlas Petroleum International Limited ("Atlas") Interest bearing loans at LIBOR plus 3% [1]	0	246
Secured marketing related financing arrangements [2]	549	451
PT Bakrie & Brothers Tbk Interest bearing secured loans at LIBOR plus 9%	200	80
Funds deposited in respect of rehabilitation and restoration obligations	248	74
Other	334	239
Total	**3 411**	**3 301**

[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 commenced oil production in Q4 2011, and loans are being repaid from oil proceeds.
[2] Various marketing related financing facilities, generally secured against certain assets and/or payable from the future sale of production of the counterparty. The weighted average interest rate of the loans is 10% and on average are to be repaid over a 3 year period.

Russneft loans

In November 2012, as part of a comprehensive agreement between OAO Russneft ("Russneft"), Glencore and Russneft's other major creditor, Sberbank, Glencore agreed to amend the terms of its $ 2,080 million, 9% per annum loan. The revised terms lower the interest rate to 7.75% interest per annum and extend the expected maturity of the loan from 2020 to 2024. In exchange for this amendment, Glencore will receive additional annual payments of $ 50 million until substantial repayments of the loan will then commence, once Russneft's debt reduces to certain thresholds and/or existing debt is refinanced. The loan is accounted for at amortised cost using the effective rate method with an effective interest rate of 8.4%.

The new carrying amount of the loan was required to be recalculated as the present value of the estimated future cash flows under the revised terms using the loan's original effective interest rate. In estimating the expected cash flows to be received over the life of the loan, a comprehensive cash flow forecast was prepared utilising Russneft's current budget and strategic plan and an economic analysis of Russneft's oil fields prepared by an independent petroleum engineering firm. The difference between the recalculated carrying value of $ 2,093 million and the pre-amendment carrying value of $ 2,306 million resulted in an income statement charge of $ 213 million (see note 5).

11. INVENTORIES

US $ million	2012	2011
Production inventories	3 153	3 150
Marketing inventories	17 529	13 979
Total	**20 682**	**17 129**

Production inventories consist of materials, spare parts and work in process. Marketing inventories are saleable commodities held primarily by the marketing entities as well as finished goods and certain other readily saleable materials held by the industrial assets. Marketing inventories of $ 16,027 million (2011: $ 13,785 million) are carried at fair value less costs to sell.

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 current borrowings (see note 19). As at 31 December 2012, the total amount of inventory secured under such facilities was $ 2,946 million (2011: $ 1,834 million). The proceeds received and recognised as current borrowings were $ 2,248 million (2011: $ 1,670 million).

12. ACCOUNTS RECEIVABLE

US $ million	2012	2011
Trade receivables [1]	18 386	15 903
Trade advances and deposits [1]	3 270	3 022
Associated companies [1]	1 031	643
Other receivables	2 195	2 327
Total	**24 882**	**21 895**

[1] Collectively referred to as receivables.

The average credit period on sales of goods is 29 days (2011: 28 days).

As at 31 December 2012, 8% (2011: 8%) of receivables were between 1–60 days overdue, and 5% (2011: 3%) were greater than 60 days overdue. Such receivables, although contractually past their due dates, are not considered impaired as there has not been a significant change in credit quality of the relevant counterparty, and the amounts are still considered recoverable taking into account customary payment patterns and in many cases, offsetting accounts payable balances.

The movement in allowance for doubtful accounts is detailed in the table below:

US $ million	2012	2011
Opening balance	**129**	**155**
Released during the year	– 7	– 28
Charged during the year	112	43
Utilised during the year	– 22	– 41
Closing balance	**212**	**129**

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 19). As at 31 December 2012, the total amount of trade receivables secured was $ 4,398 million (2011: $ 2,934 million) and proceeds received and classified as current borrowings amounted to $ 3,146 million (2011: $ 2,265 million).

13. CASH AND CASH EQUIVALENTS

US $ million	2012	2011
Bank and cash on hand	2 496	981
Deposits and treasury bills	286	324
Total	**2 782**	**1 305**

As at 31 December 2012, $ 4 million (2011: $ 80 million) was restricted. As at 31 December 2011, $ 47 million was placed in escrow for the acquisition of Rosh Pinah (see note 24).

14. ASSETS AND LIABILITIES HELD FOR SALE

As part of Glencore's acquisition of Viterra, Glencore entered into agreements with Agrium Inc ("Agrium") and Richardson International Limited ("Richardson") which provide for the 'back-to-back' sale of certain operations of Viterra. Upon closing, Agrium and Richardson advanced the agreed consideration for these operations amounting to CAD 1,775 million ($ 1,781 million) and CAD 796 million ($ 799 million) respectively (the "Asset Acquirer Loans"). Upon future closing of these divestitures, the relevant net assets will be transferred to Agrium and Richardson in satisfaction of the Asset Acquirer Loans advanced. See note 24.

As a result of these agreed disposals, the corresponding assets of $ 2,790 million and liabilities of $ 747 million as at 31 December 2012 have been classified as held for sale.

15. SHARE CAPITAL AND RESERVES

	Number of shares (thousand)	Share capital (US $ million)	Share premium (US $ million)
Authorised:			
31 December 2012 Ordinary shares with a par value of $ 0.01 each	50 000 000	–	–
Issued and fully paid up:			
1 January 2011 – Ordinary shares	**3 716 495**	**37**	**0**
Ordinary shares issued in exchange for HPPS and PPS profit participation obligations	1 617 268	16	13 821
Ordinary shares issued in exchange for LTS and LTPPS profit participation obligations	666 237	7	5 694
Ordinary shares issued at Listing ("primary issuance")	922 714	9	7 887
Share issue costs associated with the primary issuance	–	–	– 280
Tax on Listing related expenses	–	–	21
Dividends paid	–	–	– 346
31 December 2011 – Ordinary shares	**6 922 714**	**69**	**26 797**
Ordinary shares issued on acquisition of an 18.91% interest in Kazzinc	176 742	2	957
Dividends paid	–	–	– 1 066
31 December 2012 – Ordinary shares	**7 099 456**	**71**	**26 688**

Restructuring

Prior to the Listing, Glencore's articles of incorporation authorised the issuance of non voting profit participation certificates ("PPC") with no nominal value to its employees enabling them to participate in four profit sharing arrangements: Hybrid Profit Participation Shareholders (HPPS), Ordinary Profit Participation Shareholders (PPS), Glencore L.T.E. Profit Participation Shareholders (LTS) and Long Term Profit Participation Shareholders (LTPPS). The profit sharing arrangements entitled the employees to a portion of Glencore shareholders' funds accumulated during the period that such employees held the PPCs. The PPCs attributed Glencore International AG's consolidated net income pro rata based on the 150,000 Class B shares issued as at 31 December 2010.

Immediately prior to the Listing, Glencore implemented a Restructuring whereby amounts owing to the then shareholder employees under the various active profit participation plans were settled in exchange for new ordinary shares and the ultimate ownership interests in Glencore International AG were assumed via Glencore International plc. The accounting outcome of these transactions is outlined below:

Settlement of the profit participation plans

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

Listing

On 24 May 2011, Glencore International plc issued 922,713,511 ordinary shares which comprised 891,463,511 shares to institutional investors (the "International Offer") at a price of 530 pence ($ 8.56) per share on the London Stock Exchange, and 31,250,000 shares to professional and retail investors in Hong Kong (the "Hong Kong Offer") at a price of HK$ 66.53 ($ 8.56) per ordinary share. The gross proceeds raised were $ 7,896 million and total transaction (Restructuring and Listing) and related expenses incurred were $ 566 million. $ 280 million of the transaction costs were attributable to the issue of new (primary) equity and have been deducted against share premium while $ 286 million were attributable to stamp duty and other expenses associated with the above noted Restructuring as well as an allocation of transaction costs that jointly related to the issuing of the new (primary) equity and the listing of the Company and as such have been charged to income during the year (see note 4). Joint transaction costs were allocated based on the ratio of new shares issued, in relation to total shares outstanding.

Ordinary shares issued on acquisition of an 18.91% interest in Kazzinc

In October 2012, Glencore completed the acquisition of an additional 18.91% interest in Kazzinc from Verny Investments, for a cash consideration of $ 400 million and the issue of 176,742,520 new ordinary shares of the Company (closing transaction date value of $ 959 million), thereby increasing its ultimate ownership in Kazzinc to 69.61%.

Acquiring an additional interest in a subsidiary is considered to be a transaction between owners rather than an acquisition of a business. Therefore, this was accounted for as an equity transaction with the resulting difference of $ 506 million between the change in the Kazzinc non-controlling interest and the consideration paid charged to equity as a reserve.

Other reserves

US $ million	Translation adjustment	Equity portion of Convertible bonds	Cash flow hedge reserve	Net unrealised gain/(loss)	Net ownership changes in subsidiaries	Other reserves	Total
At 1 January 2011	**1**	**89**	**– 263**	**25**	**– 134**	**10**	**– 272**
Exchange gain on translation of foreign operations	– 53	0	0	0	0	0	– 53
Loss on cash flow hedges, net of tax	0	0	– 17	0	0	0	– 17
Loss on available for sale financial instruments	0	0	0	– 1 026	0	0	– 1 206
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	0	0	0	0	– 98	0	– 98
At 31 December 2011	**– 52**	**89**	**– 274**	**– 1 181**	**– 232**	**10**	**– 1 640**
At 1 January 2012	**– 52**	**89**	**– 274**	**– 1 181**	**– 232**	**10**	**– 1 640**
Exchange loss on translation of foreign operations	– 116	0	0	0	0	0	– 116
Loss on cash flow hedges, net of tax	0	0	– 93	0	0	0	– 93
Cash flow hedges transferred to the statement of income, net of tax	0	0	297	0	0	0	297
Change in ownership interest in subsidiaries	0	0	0	0	– 474	0	– 474
Loss on available for sale financial instruments transferred to the statement of income, net of tax	0	0	0	1 181	0	0	1 181
Effect of foreign currency differences transferred to the statement of income	– 23	0	0	0	0	0	– 23
At 31 December 2012	**– 191**	**89**	**– 70**	**0**	**– 706**	**10**	**– 868**

16. EARNINGS PER SHARE

US $ million	Notes	2012	2011
Profit attributable to equity holders for basic earnings per share		1 004	4 048
Interest in respect of Convertible bonds [1]		0	135
Profit attributable to equity holders for diluted earnings per share		1 004	4 183
Weighted average number of shares for the purposes of basic earnings per share (thousand)		6 961 936	5 657 794
Effect of dilution:			
Equity settled share-based payments	18	26 847	22 790
Convertible bonds [1]	19	0	406 738
Weighted average number of shares for the purposes of diluted earnings per share (thousand)		6 988 783	6 087 322
Basic earnings per share (US $)		0.14	0.72
Diluted earnings per share (US $)		0.14	0.69

[1] In 2012, the convertible bonds have been anti-dilutive and therefore have been excluded from the diluted earnings per share calculation.

17. DIVIDENDS

US $ million	2012	2011
Paid during the year:		
Final dividend for 2011 – $ 0.10 per ordinary share (2010 – $ nil per class B share)	692	0
Interim dividend for 2012 – $ 0.054 per ordinary share (2011 – $ 0.05 per ordinary share)	374	346
Total	1 066	346
Proposed final dividend for 2012 – $ 0.1035 per ordinary share (2011 – $ 0.10 per ordinary share)	735	692

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Dividends declared in respect of the year ended 31 December 2012 will be paid on 7 June 2013. The 2012 interim dividend was paid on 13 September 2012.

18. SHARE-BASED PAYMENTS

2011 Phantom Equity Awards

In April and May 2011 in connection with the Listing, 24,024,765 phantom equity awards were made to certain employees in lieu of interests in Glencore's existing equity ownership schemes. At grant date, each phantom equity award is equivalent to one ordinary share of Glencore. The phantom equity awards vest on or before 31 December 2013, subject to the continued employment of the award holder. Phantom equity awards may be satisfied, at Glencore's option, in shares by the issue of new ordinary shares, by the transfer of ordinary shares held in treasury or by the transfer of ordinary shares purchased in the market or in cash (with a value equal to the market value of the award at vesting, including dividends paid between Listing and vesting). Glencore currently intends to settle these awards in shares. The aggregate number of ordinary shares underlying the awards was 24,024,765. The fair value of the awards at the issue date was $ 8.56 per award for an aggregate fair value of $ 206 million determined by reference to the Listing price at the grant date. As at 31 December 2012, the number of shares underlying the awards was 20,141,592 (2011: 22,789,924). The total expense recognised in the period was $ 109 million (2011: $ 58 million).

2012 Deferred Bonus Plan

Under the Glencore Deferred Bonus Plan (DBP), the payment of a portion of a participant's annual bonus is deferred for a period of one to two years as an award of either ordinary shares (a ''Bonus Share Award'') or cash (a "Bonus Cash Award"). The awards are vested at grant date with no further service condition however they are subject to forfeiture for malus events. In May 2012, awards were made under Glencore's annual bonus arrangements. Bonus Cash Awards amounted to $ 15 million and will be paid on 30 June 2013. Bonus Share Awards equivalent to 3,710,652 ordinary shares will be settled on either 30 June 2013 or 30 June 2014. The share price at the issue date of the Bonus Share Awards settling on 30 June 2013 was $ 4.82 per award for an aggregate fair value of $ 9 million and the share price at the issue date of the Bonus Share Awards settling on 30 June 2014 was $ 5.40 per award for an aggregate fair value of $ 11 million. The Bonus Share Awards may be satisfied, at Glencore's option, in shares by the issue of new ordinary shares, by the transfer of ordinary shares held in treasury or by the transfer of ordinary shares purchased in the market or in cash, with a value equal to the market value of the award at settling, including dividends paid between award and settling. Glencore currently intends to settle these awards in shares.

As at 31 December 2012, the number of shares underlying the awards was 3,442,057 (2011: nil). The associated expense was recorded in the statement of income as part of the regular accrual for performance bonuses.

2012 Performance share plan

Under the Glencore Performance Share Plan (PSP), participants are awarded PSP awards which vest in annual tranches over a specified period, subject to continued employment and forfeiture for malus events. At grant date, each PSP award is equivalent to one ordinary share of Glencore.

In 2012, 3,262,938 awards were granted that will vest in three equal tranches on 30 June 2013, 30 June 2014 and 30 June 2015 respectively. The fair value of the awards (determined by reference to the market price of Glencore's ordinary shares at grant date) was $ 5.40 per award for an aggregate fair value of $ 18 million. The PSP awards may be satisfied, at Glencore's option, in shares by the issue of new ordinary shares, by the transfer of ordinary shares held in treasury or by the transfer of ordinary shares purchased in the market or in cash, with a value equal to the market value of the award at vesting, including dividends paid between award and vesting. Glencore currently intends to settle these awards in shares.

As at 31 December 2012, the number of shares underlying the awards was 3,262,938 (2011: nil). The expense recognised in the period was $ 2 million (2011: $ nil million).

19. BORROWINGS

US $ million	Notes	2012	2011
Non current borrowings			
144A Notes		948	947
Xstrata secured bank loans		0	2 688
Convertible bonds		2 172	2 152
Euro, Sterling and Swiss Franc bonds		7 530	5 490
Perpetual notes		348	347
Ordinary profit participation certificates		332	750
Committed syndicated revolving credit facilities		5 881	5 907
Viterra senior unsecured notes	24	592	0
Finance lease obligations	28	233	278
Other bank loans		992	1 285
Total non current borrowings		**19 028**	**19 844**
Current borrowings			
Committed secured inventory/receivables facilities		3 702	2 640
Uncommitted secured inventory/receivables facilities		1 692	1 295
U.S. commercial paper		726	512
Xstrata secured bank loans		2 696	0
Eurobonds		1 061	0
Viterra acquisition financing facility		1 503	0
Ordinary profit participation certificates		418	533
Finance lease obligations	28	48	39
Other bank loans[1]		4 652	3 205
Total current borrowings		**16 498**	**8 224**

[1] Comprises various uncommitted bilateral bank credit facilities and other financings.

144A Notes
$ 950 million 6% coupon Notes due April 2014. The Notes are recognised at amortised cost at an effective interest rate of 6.15% per annum.

Xstrata secured bank loans
In June 2011, Glencore refinanced the $ 2.8 billion facilities with 2 year $ 2.7 billion equivalent facilities. The facilities have been accounted for as secured bank loans which bear interest at a rate of U.S. $ LIBOR plus 95 basis points per annum. As at 31 December 2012, shares representing $ 5,397 million (2011: $ 5,343 million) of the carrying value of Glencore's investment in Xstrata were pledged as security.

Convertible bonds
$ 2,300 million 5% coupon convertible bonds due December 2014. The bonds are convertible at the option of the investors into 417,491,096 ordinary shares of Glencore International plc. The bonds consist of a liability component and an equity component. The fair values of the liability component ($ 2,211 million) and the equity component ($ 89 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 annum.

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 (using instruments which qualify as cash flow hedges) into their U.S. Dollar equivalent. The details of amounts issued and outstanding are as follows:

US $ million	Maturity	Initial US $ equivalent	US $ fixed interest rate in %	2012	2011
Euro 850 million 5.250% coupon bonds	Oct 2013	–	–	0	1 045
Euro 750 million 7.125% coupon bonds	April 2015	1 200	6.86	982	944
Euro 1 250 million 5.250% coupon bonds	March 2017	1 708	6.07	1 648	1 623
Euro 1 250 million 4.125% coupon bonds	April 2018	1 667	4.46	1 626	0
Eurobonds		4 575		4 256	3 612
GBP 650 million 6.50% coupon bonds	Feb 2019	1 266	6.58	1 045	996
GBP 500 million 5.50% coupon bonds	April 2022	800	5.50	837	0
Sterling bonds		2 066		1 882	996
CHF 825 million 3.625% coupon bonds	April 2016	828	4.87	903	882
CHF 450 million 2.625% coupon bonds	Dec 2018	492	4.33	489	0
Swiss Franc bonds		1 320		1 392	882
Total non current		7 961		7 530	5 490
Euro 850 million 5.250% coupon bonds	Oct 2013	1 078	6.60	1 061	0
Total current		1 078		1 061	0

In April 2012, Glencore issued EUR 1,250 million ($ 1,667 million) 4.125% interest bearing bonds due April 2018 and GBP 300 million ($ 480 million) 5.5% interest bearing bonds due April 2022. In November 2012, Glencore issued a further GBP 200 million ($ 320 million) bonds under the same terms as the April issuance.

In July 2012, Glencore issued CHF 450 million ($ 492 million) 2.625% interest bearing bonds due December 2018.

Perpetual notes

$ 350 million of 7.5% Perpetual bonds outstanding. The bonds are callable at par every quarter starting October 2015.

Ordinary profit participation certificates

Profit participation certificates bear interest at 6 month U.S. $ LIBOR, are repayable over 5 years (with final payments due in 2016) and in the event of certain triggering events, which include any breach of a financial covenant, would be subordinated to unsecured lenders.

Committed syndicated revolving credit facility

In April 2012 Glencore signed new committed revolving credit facilities, which renewed existing revolving credit facilities. Funding terms are essentially unchanged in comparison to the previous facilities. The facilities comprise a $ 4,435 million 14 month revolving credit facility with a borrower's 10 month term-out option and a 10 month extension option, that refinanced Glencore's existing $ 3,535 million 364-day revolving credit facility. The facility has two tranches of $ 3,725 million and $ 710 million respectively. In addition, the maturity of $ 8,030 million of the existing $ 8,370 million 3-year revolving credit facility has been extended for a further year to May 2015.

Viterra senior unsecured notes

As part of the acquisition of Viterra, Glencore assumed $ 596 million senior unsecured notes, of which $ 400 million mature in August 2020 and CAD 200 million ($ 196 million) in February 2021. The notes bear interest at 6.19% and 7.45% respectively.

Committed secured inventory/receivables facilities

US $ million	Maturity	Borrowing base	Interest	2012	2011
Metals inventory/receivables facility	Oct 2013	2 220	U.S. $ LIBOR + 120 bpa	2 220	1 700
Agricultural products inventory/receivables facility	Nov 2013	300	U.S. $ LIBOR + 130 bpa	232	–
Oil receivables facilities	Jun/Aug 2013	1 250	U.S. $ LIBOR/EURIBOR + 105 to 115 bpa	1 250	940
Total		3 770		3 702	2 640

U.S. commercial paper

Glencore has in place a stand alone U.S. commercial paper program for $ 1,000 million rated A2 and P2 respectively by S&P's and Moody's rating agencies. The notes issued under this program carry interest at floating market rates and mature not more than 270 days from the date of issue.

Viterra acquisition financing facility

In June 2012, Glencore signed a $ 1.5 billion multi-currency committed one year credit facility with a one year term-out option at Glencore's discretion. Funds drawn under the facility bear interest at U.S. $ LIBOR plus 200 basis points per annum.

20. DEFERRED INCOME

US $ million	Notes	Unfavourable contract	Prepayment	Total
1 January 2011		–	190	190
Utilised in the year		–	– 8	– 8
31 December 2011		–	182	182
1 January 2012		–	182	182
Assumed in business combination	24	688	0	688
Utilised in the year		– 72	– 19	– 91
Effect of foreign currency exchange difference		– 62	0	– 62
31 December 2012 [1]		554	163	717

[1] Includes the current portion of $ 92 million in respect of the unfavourable contract and $ 24 million in respect of the prepayment.

Unfavourable contract

Upon acquisition of Optimum in March 2012 (see note 24), Glencore recognised a liability of $ 688 million related to an acquired contractual agreement to deliver 44 million tonnes of coal over a period ending 31 December 2018 at fixed prices lower than the prevailing market price for coal of equivalent quality. This amount will be released to revenue as the underlying tonnes of coal are delivered to the buyer over the life of the contract at the rate consistent with the implied forward price curve at the time of the acquisition. As at year end, approximately 39 million tonnes of coal remain to be delivered.

Prepayment

During 2006, Glencore entered into an agreement to deliver, depending on mine production, up to 4.75 million ounces per year of silver, a by-product from its mining operations, for a period of 15 years at a fixed price for which Glencore received a partial upfront payment of $ 285 million. The outstanding balance represents the remaining 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. As at 31 December 2012, 17.9 million ounces (2011: 15 million ounces) have been delivered.

21. PROVISIONS

US $ million	Notes	Post retirement benefits[1]	Employee entitlement	Rehabilitation costs	Onerous contracts	Demurrage and related claims	Other[2]	Total
1 January 2011		**60**	**98**	**379**	**93**	**61**	**200**	**891**
Provision utilised in the year		– 1	– 17	– 14	– 89	– 10	– 64	– 195
Accretion in the year		0	0	24	0	0	0	24
Assumed in business combination	24	0	0	43	0	0	14	57
Additional provision in the year		2	35	142	0	23	72	274
31 December 2011		**61**	**116**	**574**	**4**	**74**	**222**	**1 051**
1 January 2012		**61**	**116**	**574**	**4**	**74**	**222**	**1 051**
Provision utilised in the year		– 1	– 2	– 41	– 4	– 60	– 80	– 188
Accretion in the year		0	0	33	0	0	0	33
Assumed in business combination	24	19	19	325	0	0	49	412
Additional provision in the year		14	14	83	0	0	170	281
Effect of foreign currency exchange difference		0	0	– 23	0	0	0	– 23
31 December 2012[3]		**93**	**147**	**951**	**0**	**14**	**361**	**1 566**

[1] See note 22.
[2] Other includes provisions in respect of mine concession obligations of $ 54 million (2011: $ 52 million), construction related contractual provisions of $ 79 million (2011: $ 27 million), export levies of $ 37 million (2011: $ 45 million) and deferred purchase consideration of $ 8 million (2011: $ 33 million).
[3] Includes $ nil million (2011: $ 4 million) in respect of onerous contracts, $ 14 million (2011: $ 74 million) in respect of demurrage and related claims and $ 48 million (2011: $ 20 million) in respect of other disclosed as current.

Employee entitlement
The employee entitlement provision represents the value of governed employee entitlements due to employees upon their termination of employment. The associated expenditure will occur in a pattern consistent with when employees choose to exercise their entitlements.

Rehabilitation costs
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.

22. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Total personnel costs, which includes salaries, wages, social security, other personnel costs and share-based payments, incurred for the years ended December 31, 2012 and 2011, were $ 2,013 million and $ 1,723 million, respectively. Personnel costs related to consolidated industrial subsidiaries of $ 1,368 million (2011: $ 1,203 million) are included in cost of goods sold. Other personnel costs, including the 2012 deferred bonus and performance share plans, are included in selling and administrative expenses and the 2011 phantom equity awards are included in other expense.

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

Defined contribution plans
Glencore's contributions under these plans amounted to $ 28 million in 2012 and $ 21 million in 2011.

Defined benefit plans

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

US $ million	2012	2011
Current service cost	24	19
Interest cost	22	19
Expected return on plan assets	– 15	– 15
Net actuarial losses recognised in the year	15	13
Past service cost	5	2
Exchange differences	1	– 2
Total	52	36

The actual return on plan assets amounted to a gain of $ 40 million (2011: gain of $ 4 million).

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

US $ million	Notes	2012	2011
Present value of defined benefit obligations		617	513
Less: fair value of plan assets		– 347	– 284
Unrecognised actuarial losses		– 176	– 164
Restrictions of assets recognised		– 1	– 4
Liability in the statement of financial position	21	93	61

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

US $ million	Notes	2012	2011
Opening defined benefit obligation		**513**	**422**
Current service cost		24	19
Interest cost		22	19
Past service cost		5	2
Benefits paid		– 15	– 26
Actuarial loss		32	67
Exchange differences on foreign plans		– 1	1
Business combination	21	19	0
Other movements		18	9
Closing defined benefit obligation		**617**	**513**

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

US $ million	2012	2011
Opening fair value of plan assets	**284**	**267**
Expected return on plan assets	15	15
Contribution from the employer	24	26
Actuarial gain/(loss)	17	– 20
Exchange differences on foreign plans	– 3	3
Other movements	10	– 7
Closing fair value of plan assets	**347**	**284**

The plan assets consist of the following:

US $ million	2012	2011
Cash and short term investments	4	10
Fixed income	161	109
Equities	132	120
Other	50	45
Total	**347**	**284**

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

The principal actuarial assumptions used were as follows:

	2012	2011
Discount rate	3 – 6%	3 – 7%
Expected return on plan assets	3 – 7%	3 – 8%
Future salary increases	2 – 5%	2 – 5%
Future pension increases	3 – 4%	3 – 4%

Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned. These tables imply expected future lifetimes (in years) for employees aged 65 as at the 31 December 2012 of 18 to 24 for males (2011: 18 to 24) and 20 to 25 (2011: 20 to 25) for females. The assumptions for each country are reviewed each year and are adjusted where necessary to reflect changes in fund experience and actuarial recommendations.

The Group expects to make a contribution of $ 24 million (2011: $ 26 million) to the defined benefit plans during the next financial year.

Summary historical information:

US $ million	Present value of defined benefit obligation	Fair value of plan assets
2010	422	267
2009	363	232
2008	324	190

23. ACCOUNTS PAYABLE

US $ million	2012	2011
Trade payables	19 890	14 523
Trade advances from buyers	546	828
Associated companies	1 552	1 511
Other payables and accrued liabilities	1 513	1 274
Total	**23 501**	**18 136**

24. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

2012

Acquisitions

US $ million	Viterra [1]	Mutanda [1]	Optimum [1]	Rosh Pinah [1]	European Manganese [1]	Other [1]	Total
Non current assets							
Property, plant and equipment	2 505	3 496	1 311	231	72	259	7 874
Intangible assets	102	0	1 096	0	0	0	1 198
Investments in Associates	76	0	0	1	0	0	77
Loans and advances [2]	6	11	175	0	0	0	192
Deferred tax asset	1	0	0	0	5	0	6
	2 690	**3 507**	**2 582**	**232**	**77**	**259**	**9 347**
Current assets							
Inventories	1 572	223	50	13	127	44	2 029
Accounts receivable [2]	1 063	99	57	8	85	11	1 323
Cash and cash equivalents	1 097	38	25	8	16	11	1 195
Assets held for sale	2 677	0	0	0	0	0	2 677
	6 409	**360**	**132**	**29**	**228**	**66**	**7 224**
Non controlling interest	**0**	**– 807**	**– 460**	**– 28**	**0**	**– 28**	**– 1 323**
Non current liabilities							
Non current borrowings	– 592	– 5	– 99	– 1	0	– 1	– 698
Other non current liabilities	0	– 6	– 9	0	0	0	– 15
Non current deferred income	0	0	– 591	0	0	0	– 591
Non current provisions	– 114	– 7	– 235	– 10	0	– 40	– 406
Deferred tax liabilities	– 279	– 882	– 335	– 56	0	– 25	– 1 577
	– 985	**– 900**	**– 1 269**	**– 67**	**0**	**– 66**	**– 3 287**
Current liabilities							
Current borrowings	– 1 222	0	– 6	0	– 2	0	– 1 230
Asset acquirer loans	– 2 580	0	0	0	0	0	– 2 580
Accounts payable	– 1 496	– 152	– 100	– 16	– 113	– 43	– 1 920
Current deferred income	0	0	– 97	0	0	0	– 97
Current provision	– 6	0	0	0	0	0	– 6
Liabilities held for sale	– 461	0	0	0	0	0	– 461
	– 5 765	**– 152**	**– 203**	**– 16**	**– 115**	**– 43**	**– 6 294**
Total fair value of net assets acquired	**2 349**	**2 008**	**782**	**150**	**190**	**188**	**5 667**
Goodwill arising on acquisition [3]	1 251	0	0	0	0	0	1 251
Less: Amounts previously recognised through investments and loans	0	1 528	381	0	0	51	1 960
Less: cash and cash equivalents acquired	1 097	38	25	8	16	11	1 195
Acquisition related costs [4]							120
Net cash used in acquisition of subsidiaries	**2 503**	**442**	**376**	**142**	**174**	**126**	**3 883**

[1] The fair values are provisional due to the complexity of the valuation process. The finalisation of the fair value of the assets and liabilities acquired will be completed within 12 months of the acquisition.
[2] There is no material difference between the gross contractual amounts for loans and advances and accounts receivable and their fair value.
[3] The goodwill arising on acquisition is not deductible for tax purposes.
[4] Includes $ 58 million related to the Xstrata acquisition, see note 28.

Viterra

On 17 December 2012, Glencore completed the acquisition of a 100% interest in Viterra Inc., a leading global agricultural commodity business for a net cash consideration of $ 3.6 billion.

As part of the acquisition, Glencore entered into agreements with Agrium and Richardson which provide for the on-sale of certain assets of Viterra.

Agrium has agreed to acquire assets which comprise a majority of Viterra's retail agri-products business including its 34% interest in Canadian Fertilizer Limited ("CFL") for CAD 1,775 million ($ 1,781 million) in cash, subject to any final specified purchase price adjustments such as payment for working capital and required regulatory approvals. Richardson has agreed to acquire 23% of Viterra's Canadian grain handling assets, certain agri-centres and certain processing assets in North America for CAD 796 million ($ 799 million) in cash, subject to any final specified purchase price adjustments such as payment for working capital. Upon closing of the Viterra acquisition, Agrium and Richardson advanced the agreed consideration. The businesses which they will acquire have been presented in single line items as assets and liabilities held for sale (see note 14). Upon closing of these divestitures, the relevant net assets will be transferred to Agrium and Richardson and set off against the asset acquirer loans.

The acquisition of Viterra brings Glencore critical mass in the key grain markets of North America through Viterra's substantial Canadian operations and greatly expands Glencore's existing operations in Australia. This acquisition is consistent with Glencore's strategy to enhance its position as a leading participant in the global grain and oil seeds markets. It has been accounted for as a business combination.

If the acquisition had taken place effective 1 January 2012, the operation would have contributed additional revenue of $ 12,816 million and an increase in attributable income of $ 264 million. From the date of acquisition the operation contributed $ 5 million and $ 898 million to Glencore's attributable income and revenue, respectively.

Glencore incurred acquisition related costs of $ 54 million and a realised foreign currency gain of $ 65 million on Canadian dollar hedges entered into in May in expectation of the acquisition (both items included within other expense – net, see note 4).

Optimum

In March 2012, Glencore acquired an additional 31.8% interest in Optimum, a South African coal mining company, for a total consideration of $ 401 million thereby increasing its ultimate ownership in Optimum from 31.2% to 63.0% and enhancing its existing South African coal market presence. Prior to acquisition, Glencore owned a 31.2% interest in Optimum which, in accordance with IFRS 3, at the date of acquisition was revalued to its fair value of $ 381 million and as a result, a loss of $ 20 million was recognised in other expense – net (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.

If the acquisition had taken place effective 1 January 2012, the operation would have contributed additional revenue of $ 196 million and additional attributable income of $ 19 million. From the date of acquisition the operation contributed $ 27 million and $ 541 million to Glencore's attributable income and revenue, respectively.

Mutanda

In April 2012, Glencore concluded its agreement to acquire an additional 20% interest in Mutanda, a copper and cobalt mining company located in the Democratic Republic of the Congo, for a total cash consideration of $ 480 million (equity of $ 420 million and shareholder debt of $ 60 million) thereby increasing its ultimate ownership in Mutanda from 40% to 60% and enhancing its attributable copper production base. Prior to acquisition, Glencore owned a 40% interest in Mutanda which, in accordance with IFRS 3, at the date of acquisition was revalued to its fair value of $ 837 million and as a result, a gain of $ 517 million was recognised in other expense – net (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.

If the acquisition had taken place effective 1 January 2012, the operation would have contributed additional revenue of $ 236 million and additional attributable income of $ 9 million. From the date of acquisition the operation contributed $ 23 million and $ 533 million to Glencore's attributable income and revenue, respectively.

In addition to the acquisition of the 20% interest in Mutanda noted above, Glencore concurrently entered into a put and call option arrangement, whereby Glencore has the right to acquire and the seller has the ability to force Glencore to acquire an additional 20% interest in Mutanda for a total cash consideration of $ 430 million. The put and call options are exercisable in the period between 15 December 2013 and 31 December 2013. The present value of the put option ($ 419 million) has been accounted for as an other financial liability with the corresponding amount recognised against non controlling interest.

Rosh Pinah

In June 2012, Glencore completed the acquisition of an 80.1% interest in Rosh Pinah, a Namibian zinc and lead mining operation, for a cash consideration of $ 150 million increasing our zinc and lead production footprint. The acquisition has been accounted for as a business combination with the non controlling interest being measured at its percentage of net assets acquired.

If the acquisition had taken place effective 1 January 2012, the operation would have contributed additional revenue of $ 78 million and a decrease in attributable income of $ 2 million. From the date of acquisition the operation contributed $ 1 million and $ 51 million to Glencore's attributable income and revenue, respectively.

European Manganese

In November 2012, Glencore completed the acquisition of a 100% interest in Vale's European manganese ferro alloys operations, located in Dunkirk, France and Mo I Rana, Norway, for a cash consideration of $ 190 million. This is the first time that Glencore has expanded into manganese production, strengthening its marketing offer and complementing existing production of steel-making products. The acquisition has been accounted for as a business combination.

If the acquisition had taken place effective 1 January 2012, the operation would have contributed additional revenue of $ 303 million and a decrease in attributable income of $ 18 million. From the date of acquisition the operation contributed $ 49 million to revenue and a reduction in attributable income of $ 7 million.

Other

Other comprises primarily an acquisition of a 100% interest in a sunseed crushing operation in Ukraine for a cash consideration of $ 80 million. If the acquisitions had taken place effective 1 January 2012, the operations would have contributed additional revenue of $ 2 million and a decrease in attributable income of $ 1 million. From the date of acquisition the operation contributed $ 1 million and $ 16 million to Glencore's attributable income and revenue, respectively.

2012

Disposals

In December 2012, Glencore disposed of its 100% interest in Chemoil Storage Limited (part of Chemoil Group), which owned and operated the Helios Terminal, for a cash consideration of $ 287 million.

US $ million	Total
Property, plant and equipment	279
Accounts receivable	1
Cash and cash equivalents	2
Non current borrowings	– 7
Deferred tax liabilities	– 7
Current borrowings	– 1
Total net assets disposed	**267**
Net gain on disposal	20
Net cash proceeds	**287**
Less: cash and cash equivalents disposed of	– 2
Net cash received on disposal of subsidiary	**285**

2011

Acquisitions

During 2011, Glencore acquired interests in various businesses, the most significant being Umcebo Mining (Pty) Ltd ("Umcebo"). The net cash used in the acquisition of subsidiaries and the fair value of the assets acquired and liabilities assumed at the date of acquisition are detailed below:

US $ million	Umcebo			Other	Total
	Provisional as previously reported	Fair value adjustments[1]	Final fair value at acquisition	Fair value at acquisition	
Property, plant and equipment	555	– 160	395	220	615
Intangible assets	0	88	88	13	101
Investments in Associates	10	0	10	0	10
Loans and advances[2]	30	0	30	6	36
Inventories	10	0	10	13	23
Accounts receivable[2]	34	0	34	19	53
Cash and cash equivalents	4	0	4	14	18
Non controlling interest	– 208	63	– 145	– 7	– 152
Non current borrowings	– 57	0	– 57	– 12	– 69
Deferred tax liabilities	– 118	9	– 109	– 3	– 112
Provisions	– 53	0	– 53	– 4	– 57
Accounts payable	– 84	0	– 84	– 28	– 112
Current borrowings	0	0	0	– 7	– 7
Total fair value of net assets acquired	**123**	**0**	**123**	**224**	**347**
Goodwill arising on acquisition[3]	0	0	0	36	36
Less: cash and cash equivalents acquired	4	0	4	14	18
Less: contingent consideration[4]	0	0	0	15	15
Net cash used in acquisition of subsidiaries	**119**	**0**	**119**	**231**	**350**

[1] The accounting was privisional at 31 December 2011 due to the timing and complexity of the transaction. These adjustments arose due to the revisions to the valuations of property, plant and equipment, the recognition of port allocation rights, the recognition of tax liabilities and the resulting impact on minority interests. In 2012, the acquisition accounting was finalised.
[2] Represents the gross contractual amount for loans and advances and accounts receivable.
[3] None of the goodwill arising on acquisition is deductible for tax purposes.
[4] The contingent consideration of $ 15 million related to the purchase of assets of OceanConnect has been settled in 2012 for $ 10 million and a gain of $ 5 million has been realised.

Umcebo

In December 2011, in order to increase its South African coal market presence, Glencore completed the acquisition of a 43.7% stake in Umcebo, an unlisted South African coal mining company, for $ 123 million cash consideration. Although Glencore holds less than 50% of the voting rights, it has the ability to exercise control over Umcebo as the shareholder agreements allow Glencore to control the Board of Directors through the ability to appoint half of the Directors and the CEO, who has the casting vote in respect of the financial and operating policies of Umcebo. The acquisition was accounted for as a business combination with the non controlling interest being measured at its percentage of net assets acquired.

If the acquisition had taken place effective 1 January 2011, the operation would have contributed additional revenue of $ 309 million and a decrease in attributable income of $ 3 million. From the date of acquisition the operation contributed $ nil million and $ nil million to Glencore's income and revenue, respectively, due to the fact that the acquisition was completed in late December 2011.

Other
Other comprises primarily acquisitions of crushing operations in the Czech Republic and a 90.7% interest of crushing operations in Poland for cash consideration of $ 82 million and $ 71 million, respectively, a 100% interest in Sable Zinc Kabwe Limited, a Zambian metal-processing operation for cash consideration of $ 29 million and certain assets related to the business of OceanConnect for total consideration of $ 30 million. The goodwill recognised in connection with these acquisitions principally related to OceanConnect.

If these acquisitions had taken place effective 1 January 2011, the operations would have contributed revenue of $ 104 million and a decrease in attributable income of $ 19 million. From the date of acquisition the operations contributed $ 1,321 million and – $ 9 million to Glencore's revenue and income, respectively.

Disposals
In 2011, there were no material disposals of subsidiaries.

25. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial risks arising in the normal course of business from Glencore's operations comprise 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 overall risk management program focuses on the unpredictability of financial markets and seeks to protect its financial security and flexibility by using derivative financial instruments where possible to substantially hedge these financial risks. Glencore's finance and risk professionals, working in coordination with the commodity departments, monitor, manage and report regularly to senior management, the Audit Committee and ultimately the Board of Directors on the approach and effectiveness in managing financial risks along with the financial exposures facing the Group.

Glencore's objectives in managing capital attributable to equity holders include preserving its overall financial health and strength for the benefit of all stakeholders, maintaining an optimal capital structure in order to provide a high degree of financial flexibility at an attractive cost of capital and safeguarding its ability to continue as a going concern, while generating sustainable long term profitability. Paramount in meeting these objectives is Glencore's policy to maintain an investment grade rating status. Following the Xstrata merger and Viterra acquisition announcements, Glencore's current credit ratings are Baa2 (stable) from Moody's and BBB (stable) from S&P.

Dividend policy
The Company intends to pursue a progressive dividend policy with the intention of maintaining or increasing its total ordinary dividend each year. Dividends are expected to be declared by the Board semi-annually (with the half-year results and the preliminary full year results). Interim dividends are expected to represent approximately one-third of the total dividend for any year. Dividends will be declared and paid in U.S. dollars, although Shareholders will be able to elect to receive their dividend payments in pounds sterling, Euros or Swiss Francs based on the exchange rates in effect around the date of payment. Shareholders on the Hong Kong branch register will receive their dividends in Hong Kong dollars.

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. Glencore manages a significant portion of this exposure through futures and options transactions on worldwide commodity exchanges or in over the counter (OTC) markets, to the extent available. Commodity price risk management activities are considered an integral part of Glencore's physical commodity marketing activities and the related assets and liabilities are included in other financial assets from and other financial liabilities to derivative counterparties, including clearing brokers and exchanges. Whilst it is Glencore's policy to substantially hedge its commodity price risks, there remains the possibility that the hedging instruments chosen may not always provide effective mitigation of the underlying price risk. The hedging instruments available to the marketing businesses may differ in specific characteristics to the risk exposure to be hedged, resulting in an ongoing and unavoidable basis risk exposure. Residual basis risk exposures represent a key focus point for Glencore's commodity department teams who actively engage in the management of such.

In previous years Glencore entered into futures transactions (designated as cash flow hedges) to hedge the price risk of specific future operating expenditure with a notional sell amount of $ 181 million and a recognised fair value liability of $ 101 million as at 31 December 2011. These cash flow hedges matured and were closed in 2012. As at 31 December 2012, there were no open cash flow hedge positions related to future operating expenditure.

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's Board has set a consolidated VaR limit (1 day 95%) of $ 100 million representing less than 0.5% of total equity.

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

Position sheets are regularly 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 2012, Glencore's 95%, one day market risk VaR was $ 49 million (2011: $ 28 million). Average market risk VaR (1 day 95%) during 2012 was $ 40 million compared to $ 39 million during 2011.

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 day and week.

Glencore's VaR computation currently covers its business in the key base metals (aluminium, nickel, zinc, copper, lead, etc), coal, iron ore, oil/natural gas and the main risks in the Agricultural products business segment (grain, oil seeds, sugar and cotton) and assesses the open-priced positions which are those subject to price risk, including inventories of these commodities. Due to the lack of a liquid terminal market, Glencore does not include a VaR calculation for products such as alumina or certain ferro alloy commodities as it does not consider the nature of these markets, nor the Group's underlying exposures to these products to be suited to this type of analysis. Alternative tools have been implemented and are used to monitor exposures related to these products.

Net present value at risk
Glencore's future cash flows related to its forecast energy, metals and 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 cashflows and 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 equity for the year ended 31 December 2012 would decrease/increase by $ 109 million (2011: $ 98 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 hedged through forward exchange contracts. Consequently, foreign exchange movements against the U.S. Dollar on recognised transactions would have an immaterial 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, Canadian Dollar, Australian Dollar, Euro, Kazakhstan Tenge, Colombian Peso and South African Rand are the predominant currencies.

Glencore has issued Euro, Swiss Franc and Sterling denominated bonds (see note 19). 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
US $ million	Buy	Sell	Assets	Liabilities	maturity[1]
Cross currency swap agreements – 2012	0	9 039	0	82	2017
Cross currency swap agreements – 2011	0	6 080	0	174	2015

[1] Refer to note 19 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, 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 and 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% (2011: 3%) of its trade receivables (on a gross basis taking into account credit enhancements) or accounting for more than 2% of its revenues over the year ended 2012 (2011: 2%).

The maximum exposure to credit risk, without considering netting agreements or without taking account of any collateral held or other credit enhancements, is equal to the carrying amount of Glencore's financial assets plus the guarantees to third parties and Associates (see note 29).

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 supplier and 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 exceptions being coal and cotton where longer term fixed price contracts are common, ensure that performance risk is adequately mitigated. The commodity industry has trended towards shorter fixed price contract periods, in part to mitigate against such potential performance risk, but also due to the development of more transparent and liquid spot markets, e.g. coal and iron ore and associated derivative products and indexes.

Liquidity risk

Liquidity risk is the risk that Glencore is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents through the availability of adequate committed funding facilities. Glencore has set itself an internal minimum liquidity target to maintain at all times, available committed undrawn credit facilities of $ 3 billion (2011: $ 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.

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

As at 31 December 2012, Glencore had available committed undrawn credit facilities, cash and marketable securities amounting to $ 9,018 million (2011: $ 6,831 million). The maturity profile of Glencore's financial liabilities based on the contractual terms is as follows:

2012 US $ million	After 5 years	Due 3–5 years	Due 2–3 years	Due 1–2 years	Due 0–1 year	Total
Borrowings	4 680	2 757	2 312	9 279	16 498	35 526
Expected future interest payments	417	684	662	927	1 067	3 757
Viterra assets acquirer loans	0	0	0	0	2 580	2 580
Accounts payable	0	0	0	0	23 501	23 501
Other financial liabilities	0	0	0	0	3 388	3 388
Total	**5 097**	**3 441**	**2 974**	**10 206**	**47 034**	**68 752**
Current assets					54 059	54 059

2011 US $ million	After 5 years	Due 3–5 years	Due 2–3 years	Due 1–2 years	Due 0–1 year	Total
Borrowings	3 285	2 178	9 985	4 396	8 185	28 029
Commodities sold with agreements to repurchase	0	0	0	0	39	39
Expected future interest payments	270	547	768	849	942	3 376
Accounts payable	0	0	0	0	18 136	18 136
Other financial liabilities	0	820	39	394	3 551	4 804
Total	**3 555**	**3 545**	**10 792**	**5 639**	**30 853**	**54 384**
Current assets					45 731	45 731

26. 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.

The financial assets and liabilities are presented by class in the tables below at their carrying values, which generally approximate to the fair values. In the case of $ 35,526 million (2011: $ 28,029 million) of borrowings, the fair value at 31 December 2012 is $ 36,371 million (2011: $ 28,247 million).

2012 US $ million	Carrying value[1]	Available for sale	FVtPL[2]	Total
Assets				
Other investments[3]	0	840	749	1 589
Advances and loans	3 758	0	0	3 758
Accounts receivable	24 882	0	0	24 882
Other financial assets	0	0	2 650	2 650
Cash and cash equivalents and marketable securities	0	0	2 820	2 820
Total financial assets	**28 640**	**840**	**6 219**	**35 699**
Liabilities				
Borrowings	35 526	0	0	35 526
Viterra asset acquirer loans	2 580	0	0	2 580
Accounts payable	23 501	0	0	23 501
Other financial liabilities	0	0	3 388	3 388
Total financial liabilities	**61 607**	**0**	**3 388**	**64 995**

[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 of $ 1,414 million are classified as Level 1 with the remaining balance of $ 175 million classified as Level 3.

2011 US $ million	Carrying value[1]	Available for sale	FVtPL[2]	Total
Assets				
Other investments[3]	0	842	705	1 547
Advances and loans	4 141	0	0	4 141
Accounts receivable	21 895	0	0	21 895
Other financial assets	0	0	5 065	5 065
Cash and cash equivalents and marketable securities	0	0	1 345	1 345
Total financial assets	**26 036**	**842**	**7 115**	**33 993**
Liabilities				
Borrowings	28 029	0	0	28 029
Commodities sold with agreements to repurchase	39	0	0	39
Accounts payable	18 160	0	0	18 160
Other financial liabilities	0	0	4 804	4 804
Total financial liabilities	**46 228**	**0**	**4 804**	**51 032**

[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 of $ 1,429 million are classified as Level 1 with the remaining balance of $ 118 million classified as Level 3.

The following tables show the fair values of the derivative financial instruments including trade related financial and physical forward purchase and sale commitments by type of contract as at 31 December 2012 and 2011. Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. Glencore classifies the fair values of its financial instruments into a three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

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

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

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

Other financial assets

2012 US $ million	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	564	141	0	705
Options	27	0	4	31
Swaps	75	304	0	379
Physical forwards	12	778	485	1 275
Financial contracts				
Cross currency swaps	5	147	0	152
Foreign currency and interest rate contracts	63	45	0	108
Total	746	1 415	489	2 650

2011 US $ million	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	2 521	528	0	3 049
Options	50	0	0	50
Swaps	67	239	0	306
Physical forwards	0	1 015	458	1 473
Financial contracts				
Cross currency swaps	0	76	0	76
Foreign currency and interest rate contracts	61	50	0	111
Total	2 699	1 908	458	5 065

Other financial liabilities

2012 US $ million	Notes	Level 1	Level 2	Level 3	Total
Commodity related contracts					
Futures		712	283	0	995
Options		96	1	37	134
Swaps		25	267	0	292
Physical forwards		14	439	393	846
Financial contracts					
Cross currency swaps		0	633	0	633
Foreign currency and interest rate contracts		48	21	0	69
Put option over non controlling interest	24	0	0	419	419
Total		**895**	**1 644**	**849**	**3 388**

2011 US $ million	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	1 643	758	0	2 401
Options	61	51	25	137
Swaps	31	372	0	403
Physical forwards	0	590	416	1 006
Financial contracts				
Cross currency swaps	0	766	0	766
Foreign currency and interest rate contracts	76	15	0	91
Total	**1 811**	**2 552**	**441**	**4 804**

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

US $ million	Notes	Physical forwards	Options	Total Level 3
1 January 2011		**355**	**– 99**	**256**
Total gain/(loss) recognised in cost of goods sold		– 269	1	– 268
Realised		– 44	73	29
31 December 2011		**42**	**– 25**	**17**
1 January 2012		**42**	**– 25**	**17**
Total gain/(loss) recognised in cost of goods sold		10	– 33	– 23
Put option over non controlling interest	24	0	– 419	– 419
Realised		44	21	65
31 December 2012		**96**	**– 456**	**– 360**

27. AUDITORS' REMUNERATION

US $ million	2012	2011
Remuneration in respect of the audit of Glencore's consolidated financial statements	4	3
Other audit fees, primarily in respect of audits of accounts of subsidiaries	13	13
Total audit fees	**17**	**16**
Audit-related assurance services	2	2
Corporate finance services [1]	6	12
Taxation compliance services	3	2
Other taxation advisory services	2	1
Other services	2	1
Total non-audit fees	**15**	**18**
Total professional fees	**32**	**34**

[1] Included within corporate finance services for the year ended 31 December 2012 is $ 4 million (2011 - $ nil million) of professional fees related directly to the auditors role as Reporting Accountant in connection with the merger with Xstrata plc (see note 28). Within corporate finance services for the year ended 31 December 2011 is $ 9 million of professional fees related directly to the auditors role as Reporting Accountant in connection with the Listing.

28. 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 2012, $ 756 million (2011: $ 884 million), of which 63% (2011: 92%) relates to expenditure to be incurred over the next year, was contractually committed for the acquisition of property, plant and equipment.

Certain of Glencore's exploration tenements and licenses require it to spend a minimum amount per year on development activities, a significant portion of which would have been incurred in the ordinary course of operations. As at 31 December 2012, $ 343 million (2011: $ 549 million) of such development expenditures are to be incurred, of which 41% (2011: 57%) are for commitments to be settled over the next year.

Glencore procures seagoing vessels/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 $ 1,419 million (2011: $ 2,171 million) of which $ 596 million (2011: $ 570 million) are with associated companies. 55% (2011: 50%) of the total charters are for services to be received over the next 2 years.

As part of Glencore's ordinary sourcing and procurement of physical commodities and other ordinary marketing obligations, the selling party may request that a financial institution act as either a) the paying party upon the delivery of product and qualifying documents through the issuance of a letter of credit or b) the guarantor by way of issuing a bank guarantee accepting responsibility for Glencore's contractual obligations. As at 31 December 2012, $ 10,509 million (2011: $ 8,642 million) of such commitments have been issued on behalf of Glencore, which will generally be settled simultaneously with the payment for such commodity.

Glencore has entered into various operating leases mainly as lessee for office and warehouse/storage facilities. Rental expenses for these leases totalled respectively $ 99 million and $ 77 million for the years ended 31 December 2012 and 2011. Future net minimum lease payments under non cancellable operating leases are as follows:

US $ million	2012	2011
Within 1 year	110	76
Between 2 and 5 years	213	147
After 5 years	160	120
Total	483	343

Glencore has entered into finance leases for various plant and equipment items, primarily vessels and machinery. Future net minimum lease payments under finance leases together with the future finance charges are as follows:

US $ million	Undiscounted minimum lease payments		Present value of minimum lease payments	
	2012	2011	2012	2011
Within 1 year	62	50	48	39
Between 2 and 5 years	188	197	146	164
After 5 years	109	136	87	114
Total minimum lease payments	**359**	**383**	**281**	**317**
Less: amounts representing finance lease charges	78	66		
Present value of minimum lease payments	**281**	**317**	**281**	**317**

Future development and related commitments

Xstrata

On 7 February 2012, the Glencore Directors and the Independent Xstrata Directors announced that they had reached an agreement on the terms of a recommended all-share merger (the "Merger") between Glencore and Xstrata to create a unique $ 90 billion natural resources group. The final terms of the Merger provide Xstrata shareholders with 3.05 newly issued shares in Glencore for each Xstrata share held. The Merger, which received shareholder approval in November 2012, is to be effected by way of a court sanctioned scheme of arrangement of Xstrata under Part 26 of the UK Companies Act, pursuant to which Glencore will acquire the entire issued and to be issued ordinary share capital of Xstrata not already owned by the Glencore Group. Completion of the Merger remains conditional upon the receipt of the outstanding regulatory approval in China and completion of the Xstrata court process as further set out in the New Scheme Document in connection with the Merger published by Xstrata on 25 October 2012 and Glencore giving effect to the commitments required by the European Commission. Glencore will be required to repay the Xstrata secured bank loans (see note 19) prior to completion of the Merger. Costs of $ 58 million (included within other expense – net, see note 4) have been expensed to date.

Kansuki

In August 2010, Glencore acquired an ultimate 37.5% interest in the Kansuki concession (Kansuki), a 185 square kilometre copper and cobalt pre-development project which borders Glencore's partly owned Mutanda concession in the DRC. In exchange, Glencore has a) an obligation to finance the first $ 400 million of development related expenditures, b) the right to operate the operations and c) a life of mine off-take agreement for all copper and cobalt produced by Kansuki. In addition, one of the partners in Kansuki has the right to sell an additional 18.75% ultimate interest to Glencore at the then calculated equity value of the operation, at the earlier of the date the operation produces a minimum annual 70,000 tonnes of copper and August 2013. A total of $ 507 million of capital expenditure for mine and plant development has been committed of which $ 413 million has been spent. Exploration of the Kansuki concession is ongoing. Discussions with respect to a potential combination of the Mutanda and Kansuki operations are ongoing, with a view to ultimately obtaining a majority stake in the merged entity.

Prodeco

Prodeco currently exports the majority of its coal through Puerto Prodeco which operates under a private concession awarded by the Colombian government. This concession expired in March 2009, however the Colombian government has continued to grant Prodeco the right to use the port under annual lease agreements, currently expiring around the time of the expected commissioning of Puerto Nuevo in the first half of 2013 as discussed below. To comply with new government regulations on loading methods, which became effective from July 2010, Prodeco commenced construction of a new, wholly owned, port facility (Puerto Nuevo) which is estimated to cost $ 553 million and be commissioned over the first half of 2013. As at 31 December 2012, $ 449 million of the estimated initial investment has been incurred and $ 38 million has been contractually committed and is included in the capital expenditure commitments disclosure above.

SNEL power project

In early 2012, a joint programme with Société Nationale d'Electricité (SNEL), the DRC's national electricity utility, was signed. Glencore's operations will contribute $ 284 million to a major electricity infrastructure refurbishment programme of transmission and distribution systems. This will facilitate a progressive increase in power availability to 450 megawatts by the end of 2015. Funding started in the second quarter of 2012 and will continue until the end of 2015. As at 31 December 2012, $ 13 million has been advanced under this joint agreement.

Chad oil investments

In December 2012, Glencore signed a farm-in agreement (the "FIA") with Griffiths Energy International Inc. and its subsidiaries ("Griffiths") to acquire a 33.3% participating interest stake in each of Griffiths' three production sharing contracts in the Republic of Chad (the "PSCs"). In addition, under the terms of the FIA, Glencore will acquire a 25% participating interest in the Mangara and Badila Exclusive Exploitation Authorizations (the "EXA's") from Griffiths.

In consideration for the 33.3% participating interests in Mangara and Badila, in addition to its own share of expenditure, Glencore will fund $ 300 million of Griffiths' share of joint venture expenditures in the Mangara and Badila oil fields up to a maximum of $ 100 million per year, starting from 1 July 2012 ("Effective Date").

In consideration for the assignment of the participating interests in the PSC's, Glencore will pay Griffiths approximately $ 31 million on closing of the FIA, representing 33.3% of Griffiths' unrecoverable costs related to the three PSCs as of the Effective Date.

The above transaction is subject to approval by the Government of Chad and waiver of certain pre-emption rights.

Rosneft

On 21 December 2012, Glencore and Vitol agreed heads of terms for long term crude and oil products offtake contracts with Rosneft under which Rosneft will deliver up to 67 million metric tonnes of crude oil and oil products (by mutual agreement) over a period of 5 years split 70/30 between Glencore and Vitol. Additionally, Glencore and Vitol will jointly arrange up to a $ 10 billion prepayment facility in favor of Rosneft, in which Glencore expects to hold a participation of up to $ 500 million alongside a broad syndicate of banks. The closing of such facility is expected by the end of Q1 2013.

29. CONTINGENT LIABILITIES

The amount of corporate guarantees in favour of associated and third parties as at 31 December 2012, was $ 46 million (2011: $ 53 million). Also see note 9.

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 material liability arising from these claims to be remote and that the liability, if any, resulting from any litigation will not have a material adverse effect on its consolidated income, financial position or cashflows.

Environmental contingencies

Glencore's operations, mainly 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 was being made, in June 2012 the Government of Bolivia nationalised Sinchi Wayra's Colquiri mine. Sinchi Wayra continues to negotiate joint venture arrangements for its other mines along with restitution in respect of its nationalised mine, the final outcome and the timing thereof cannot be determined at this stage.

Tax audits

Glencore assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. For those matters where it is probable that an adjustment will be made, the Group records its best estimate of these tax liabilities, including related interest charges. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. Whilst Glencore believes it has adequately provided for the outcome of these matters, future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved. The final outcome of tax examinations may result in a materially different outcome than assumed in the tax liabilities.

30. RELATED PARTY TRANSACTIONS

In the normal course of business, Glencore enters into various arm's length transactions with related parties (including Xstrata and Century), 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 10, 12, 15 and 23). There have been no guarantees provided or received for any related party receivables or payables.

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

US $ million	2012	2011
Sales	1 661	1 666
Purchases	– 10 244	– 10 414
Interest income	24	42
Interest expense	– 1	– 1
Agency income	95	69

Information on post employment benefits that are classified as funded defined benefit plans in accordance with IAS 19 is included in note 22. There were no further material transactions with the defined benefit plans.

Note 15 provides details of the acquisition of an 18.91% further stake in Kazzinc. The seller of that interest, JSC Verny Capital ("Verny"), is a substantial shareholder in Kazzinc, which is a subsidiary undertaking of Glencore. Accordingly, the acquisition from Verny constitutes a "related party transaction" for the purposes of the UK FSA Listing Rules. Due to the amount of the consideration payable by Glencore pursuant to the transaction (being the issue of 176,742,520 new ordinary shares in Glencore and the payment of $ 400 million in cash), the UK Listing Authority confirmed on 24 September 2012 that the transaction falls within the modified requirements for a "smaller related party transaction" set out in Listing Rule 11.1.10.

31. SUBSEQUENT EVENTS

On 26 February 2013, Glencore-controlled Kazzinc purchased an 89.5% interest in two gold deposits in northern Kazakhstan with combined resources of 75,727 tonnes of gold for $ 179 million. The transaction was accomplished via the purchase of Kazakh company Orion Minerals which owns subsoil rights at the Raigorodok field in the Akmola Region and the Komarovskoye field in the Kostanai region. Due to the timing of the transaction, management is in the preliminary stages of determining the nature of the operations, the associated values of the assets and liabilities acquired and the accounting for the acquisition. Accordingly, certain disclosures relating to the business combination such as the provisional fair value of the net assets acquired have not been presented.

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

	Method of consolidation in 2012 [1]	Country of incorporation	% interest 2012	% interest 2011	Main activity
Glencore International plc	P	Jersey			
Glencore International AG	F	Switzerland	100.0	100.0	Operating
Glencore AG	F	Switzerland	100.0	100.0	Operating
Allied Alumina Inc. (Sherwin)	F	United States	100.0	100.0	Alumina production
Century Aluminum Company [2]	E	United States	46.6	46.4	Aluminium production
Glencore Funding LLC	F	United States	100.0	100.0	Finance
Glencore UK Ltd	F	U.K.	100.0	100.0	Operating
Glencore Commodities Ltd	F	U.K.	100.0	100.0	Operating
Glencore Energy UK Ltd	F	U.K.	100.0	100.0	Operating
Glencore Group Funding Limited	F	UAE	100.0	100.0	Finance
Glencore Finance (Bermuda) Ltd	F	Bermuda	100.0	100.0	Finance
AR Zinc Group	F	Argentina	100.0	100.0	Zinc/Lead production
Perkoa Group	F	Burkina Faso	55.7	55.7	Zinc development
Empresa Minera Los Quenuales S.A.	F	Peru	97.6	97.5	Zinc/Lead production
Glencore Exploration (EG) Ltd.	F	Bermuda	100.0	100.0	Oil production
Glencore Finance (Europe) S.A.	F	Luxembourg	100.0	100.0	Finance
Kansuki Group	E	DRC	37.5	37.5	Copper production
Minera Altos de Punitaqui	F	Chile	100.0	100.0	Copper production
Mopani Copper Mines plc	F	Zambia	73.1	73.1	Copper production
Mutanda Group	F	DRC	60.0	40.0	Copper production
Prodeco Group	F	Colombia	100.0	100.0	Coal production
Recylex S.A.	E	France	32.2	32.2	Zinc/Lead production
Rosh Pinah Zinc Corporation	F	Namibia	80.1	0.0	Zinc/Lead production
Sinchi Wayra Group	F	Bolivia	100.0	100.0	Zinc/Tin production
United Company Rusal Limited	O	Jersey	8.8	8.8	Aluminium production
Finges Investment B.V.	F	Netherlands	100.0	100.0	Finance
Biopetrol Industries AG [3]	F	Switzerland	67.5	60.3	Biodiesel production
Glencore Grain B.V.	F	Netherlands	100.0	100.0	Operating
Nyrstar N.V.	O	Belgium	7.8	7.8	Zinc/Lead production
Optimum Coal Holdings Limited	F	South Africa	67.0	31.2	Coal production
Pannon Vegetable Oil Manufacturing	F	Hungary	100.0	100.0	Vegetable oil production
Rio Vermelho	F	Brazil	100.0	100.0	Sugar cane/ethanol production
Sable Zinc Kabwe Limited	F	Zambia	100.0	100.0	Copper production
Umcebo Mining (Pty) Ltd [4]	F	South Africa	43.7	43.7	Coal production
Usti Oilseed Group	F	Czech Republic	100.0	100.0	Edible oil production
Xstrata plc	E	U.K.	34.2	34.5	Diversified production
Zaklady Tluszczowe w Bodaczowie	F	Poland	99.9	90.7	Edible oil production
Chemoil Energy Limited [5]	F	Hong Kong	89.2	51.5	Oil storage and bunkering
Cobar Group	F	Australia	100.0	100.0	Copper production
Glencore Manganese Group	F	France/Norway	100.0	0.0	Manganese furnace
Glencore Singapore Pte Ltd	F	Singapore	100.0	100.0	Operating
Kazzinc Ltd.	F	Kazakhstan	69.6	50.7	Zinc/Lead/Copper production
Vasilkovskoye Gold	F	Kazakhstan	100.0	100.0	Gold production

[1] P = Parent; F = Full consolidation; E = Equity method; O = Other investment
[2] Represents Glencore's economic interest in Century, comprising 41.8% (2011: 41.6%) voting interest and 4.8% (2011: 4.8%) non voting interest.
[3] Publicly traded on the Frankfurt Stock Exchange under the symbol A0HNQ5. Glencore owns 52,329,946 shares.
[4] Although Glencore holds less than 50% of the voting rights, it has the ability to exercise control over Umcebo as a result of shareholder agreements which provide Glencore the ability to control the Board of Directors.
[5] Publicly traded on the Singapore Exchange under the symbol CHEL.SI. Glencore owns 1,150,933,594 shares.

	Method of consolidation in 2012	Country of incorporation	% interest 2012	% interest 2011	Main activity
Katanga Mining Limited[6]	F	Canada	75.2	75.2	Copper production
Murrin Murrin Group	F	Australia	100.0	100.0	Nickel production
Moinho Agua Branca S.A.	F	Brazil	97.0	97.0	Wheat flour milling
Moreno Group	F	Argentina	100.0	100.0	Edible oils production
Pacorini Group	F	Switzerland	100.0	100.0	Metals warehousing
Pasar Group	F	Philippines	78.2	78.2	Copper production
Polymet Mining Corp.	E	Canada	25.7	24.1	Copper production
Portovesme S.r.L.	F	Italy	100.0	100.0	Zinc/Lead production
Renova S.A.	E	Argentina	33.3	33.5	Vegetable oil production
Russneft Group (various companies)[7]	O	Russia	40.0–49.0	40.0–49.0	Oil production
Shanduka Coal (Pty) Ltd[8]	F	South Africa	49.9	70.0	Coal production
ST Shipping & Transport Pte Ltd	F	Singapore	100.0	100.0	Operating
Topley Corporation	F	B.V.I.	100.0	100.0	Ship owner
Viterra Group	F	Canada	100.0	0.0	Grain handling
Volcan Compania Minera S.A.A.	O	Peru	7.3	6.9	Zinc production

[6] Publicly traded on the Toronto Stock Exchange under the symbol KAT.TO. Glencore owns 1,433,702,634 shares.
[7] Although Glencore holds more than 20% of the voting rights, it has limited management influence and thus does not exercise significant influence.
[8] Although Glencore holds less than 50% of the voting rights, it has the ability to exercise control over Shanduka as a result of shareholder agreements.

Glossary

AVAILABLE COMMITTED LIQUIDITY

US $ million	2012	2011
Cash and cash equivalents and marketable securities	2 820	1 345
Headline committed syndicated revolving credit facilities	12 805	11 905
Amount drawn under syndicated revolving credit facilities	– 5 881	– 5 907
Amount drawn under U.S. commercial paper program	– 726	– 512
Total	9 018	6 831

ADJUSTED CURRENT RATIO

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

ADJUSTED EBIT/EBITDA

US $ million	2012	2011
Revenue	214 436	186 152
Cost of goods sold	– 210 435	– 181 938
Selling and administrative expenses	– 997	– 857
Share of income from associates and jointly controlled entities	367	1 972
Share of Associates' exceptional items	875	45
Dividend income	17	24
Mark to market valuation of certain natural gas forward contracts	123	0
Unrealised intergroup profit elimination adjustments	84	0
Adjusted EBIT	4 470	5 398
Depreciation and amortisation	1 473	1 066
Adjusted EBITDA	5 943	6 464

CURRENT CAPITAL EMPLOYED

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

COPPER EQUIVALENT

Glencore has adopted a copper equivalent measure to assist in analysing and evaluating across its varied commodity portfolio. The copper equivalent measure is determined by multiplying the volumes of the respective commodity produced or marketed by the ratio of the respective commodity's average price over the average copper price in the prevailing period.

READILY MARKETABLE INVENTORIES

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

Forward looking statements

This document contains statements that are, or may be deemed to be, "forward looking statements". These forward looking statements may be identified by the use of forward looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "will", "could", or "should" or in each case, their negative or other variations thereon or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward looking statements include all matters that are not historical facts and include, but are not limited to, statements regarding Glencore's beliefs, opinions or current expectations concerning, among other things, the business, financial condition, results of operations, prospects, strategies and plans of Glencore.

By their nature, forward looking statements involve known and unknown risks and uncertainties, many of which are beyond Glencore's control. Forward looking statements are not guarantees of future performance and may and often do differ materially from actual results. Important factors that could cause these uncertainties include, but are not limited to, those discussed under "Principal risks and uncertainties "in section 1.7 of Glencore's Annual Report 2011, the section headed "Risks and uncertainties "in Glencore's Interim Report 2012 and the section headed "Risk factors "in Glencore's prospectus dated 31 May 2012 (as supplemented from time to time) filed in connection with the proposed merger with Xstrata plc.

No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing Glencore. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward looking statements.

Forward looking statements speak only as of the date of this document. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Services Authority and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited), Glencore is not under any obligation and Glencore and its affiliates expressly disclaim any intention or obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

No statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per Glencore share for the current or future financial years would necessarily match or exceed the historical published earnings per Glencore share.

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