

GLENCORE

INTERNATIONAL AG
AND SUBSIDIARIES

First Quarter

2007

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Financial highlights

Three months ended March 31,

	US \$ million	US \$ million	
% Change	2007	2006	
21%	29 974	24 743	Revenues
9%	1 431	1 317	Gross income
32%	1 578	1 191	EBITDA ¹
32%	1 486	1 124	Operating income
84%	1 907	1 035	Glencore net income ²

March 31, 2007 compared to December 31, 2006

	US \$ million	US \$ million	
% Change	2007	2006	
2%	47 790	47 068	Total assets
15%	12 584	10 927	Glencore shareholders' funds ³
- 1%	8 684	8 811	Net debt ⁴
15%	22 055	19 251	Capitalization ⁵

Key ratios as of March 31, 2007
and December 31, 2006

	2007	2006	
	1.21	1.19	Current ratio (times)
	39.5	39.4	Long term debt to capitalization ⁵ (%)
	1.38	1.46	Net debt ⁴ to EBITDA ¹ (times) ⁶

¹ EBITDA consists of operating income of \$ 1,486 million (2006: \$ 1,124 million) plus depreciation of \$ 92 million (2006: \$ 67 million).

² Glencore net income consists of income before attribution of \$ 2,000 million (2006: \$ 1,063 million) less attribution to minority interest of \$ 93 million (2006: \$ 28 million).

³ Glencore shareholders' funds consist of net assets attributable to profit participation shareholders, minority interest and equity holders of \$ 13,335 million (2006: \$ 11,673 million) less minority interest of \$ 751 million (2006: \$ 746 million).

⁴ Net debt consists of total debt less cash and cash equivalents, marketable securities and readily marketable inventories of \$ 6,681 million (2006: \$ 6,799 million).

⁵ Capitalization is the sum of long term debt, minority interest and Glencore shareholders' funds.

⁶ 3 month figures have been annualized; full year EBITDA 2006 of \$ 6,050 million consists of operating income of \$ 5,728 million plus depreciation of \$ 322 million.

Financial review

Income Statement

First quarter 2007 provided a solid start to the year with increases over the comparable 2006 period as follows:

- Operating income up 32% from \$ 1,124 million to \$ 1,486 million
- Glencore net income up 84% from \$ 1,035 million to \$ 1,907 million, although the increase benefited from the gain on sale of investments

The continuation of positive industry conditions led to increased gross income contributions from our marketing and production operations. This was despite some weakness in certain commodity prices during the first part of the quarter, in particular zinc and copper, the effects of which, more directly influenced the profit performance of our industrial asset portfolio. Commodity prices have since rebounded strongly and we are confident of a stronger relative performance for the remainder of 2007.

Share of income from associates was up \$ 245 million to \$ 298 million. A large part of this increase is attributable to the higher shareholding in Xstrata, following the equity swap arrangement brought on balance sheet in May 2006 and its subsequent maturing in late 2006.

As previously announced, the merger of certain of our aluminum/alumina assets with Rusal and Sual's aluminum/alumina assets in exchange for a 12% stake in the combined company was completed in March 2007. We accounted for the transaction effective January 1 with a resulting net gain on sale of \$ 861 million.

Net interest expense rose 82% compared to the corresponding 2006 quarter, primarily due to new long term debt issuance concluded subsequent to March 31, 2006, including the 2013 Eurobond in October 2006 and the 2019 Sterling issue in February 2007. In addition, higher quarter on quarter short term funding rates contributed to the net increase. However, as discussed in previous reports, to the extent that additional debt is funding fast-turning working capital, any increased cost of funding is taken into account in transactional pricing and terms, which in turn has contributed to the higher level of gross income noted above.

Changes in mark to market valuation mainly reflect movements related to the exchange feature (into Xstrata shares) of the Exchangeable bonds. In 2006, the negative movement of the exchange feature was more than offset by the positive movement in the Xstrata equity swap, resulting in a net mark to market gain of \$ 271 million. As discussed in the 2006 Annual Report, the Xstrata shares underlying the equity swap arrangement were brought on balance sheet in May 2006 and in this respect no further mark to market movements were recorded from this time.

Cash flows

Operating cash flows (before working capital changes) were \$ 1,285 million for the first 3 months of 2007, representing a slight reduction compared to \$ 1,367 million for the corresponding 2006 period. The cash flow impact of changes in working capital during the 1st quarter of 2007 was marginal compared to a net working capital build up of \$ 1,517 million in 2006, which reflected an environment of rapidly increasing commodity prices.

Investing activities amounted to a net outflow of \$ 142 million over the first 3 months of 2007 compared to \$ 314 million in 2006, primarily comprising ongoing capital expansion and improvement projects at our industrial assets. Dividends increased from \$ 9 million to \$ 77 million in 2007 due to distributions received in respect of our shareholding in United Company Rusal Limited.

During the quarter, the asset backed receivables program was increased by \$ 500 million, GBP 650 million 12 year bonds were issued and further Exchangeable bonds with a notional value of \$ 200 million were repurchased, but not cancelled, for a total consideration of \$ 776 million.

At March 31, 2007, Glencore had available undrawn committed facilities in excess of \$ 3.5 billion.

Balance sheet

The current ratio as of March 31, 2007, was 1.21 compared with 1.19 as of December 31, 2006, and net current assets increased by \$ 321 million to \$ 5,080 million. At March 31, 2007, 83% (\$ 6,681 million) of total marketing inventories were contractually sold or hedged (readily marketable inventories), compared to 83% (\$ 6,799 million) at December 31, 2006.

Net debt (total debt less cash and cash equivalents, marketable securities and readily marketable inventories) decreased from \$ 8,811 million at December 31, 2006, to \$ 8,684 million at March 31, 2007.

Glencore shareholders' funds at March 31, 2007, were \$ 12,584 million, an increase of 15% from \$ 10,927 million at December 31, 2006.

Net debt to net debt plus Glencore shareholders' funds reduced from 44.6% at December 31, 2006, to 40.8% at March 31, 2007.

Corporate developments

In May 2007, Glencore further increased the size of its committed revolving credit facility by \$ 1 billion to \$ 8.8 billion and significantly extended the maturity profile with some 94% now in the 3 year tranche.

Consolidated financial statements

Consolidated statements of income for the three months ended March 31, 2007 and 2006

		US \$ million
2007 (unaudited)	2006 (unaudited)	
29 974	24 743	Revenues
- 28 543	- 23 426	Cost of goods sold
1 431	1 317	Gross income
- 243	- 246	Selling and administrative expenses
298	53	Share of income from associates
1 486	1 124	Operating income
- 278	- 153	Interest expense - net
67	0	Dividends received
10	2	Foreign exchange adjustments
861	0	Gain on sale of investments
36	271	Changes in mark to market valuation - net
10	- 2	Other income/(expense) - net
2 192	1 242	Income before income taxes and attribution
- 192	- 179	Income taxes
2 000	1 063	Income before attribution
- 224	0	Attribution to hybrid profit participation shareholders
- 1 346	- 799	Attribution to ordinary profit participation shareholders
430	264	Income for the year
		Attribution to:
- 93	- 28	Minority interest
- 337	- 236	Equity holders

Consolidated balance sheets
as of March 31, 2007 and December 31, 2006

		US \$ million
2007	2006	Assets
(unaudited)	(audited)	
		Non current assets
4 431	5 316	Property, plant and equipment
13 243	10 504	Investments in associates and other investments
1 106	1 117	Long term advances and loans
74	190	Deferred income taxes
18 854	17 127	Total non current assets
		Current assets
9 733	9 975	Inventories
18 188	18 821	Accounts receivable
360	349	Marketable securities
655	796	Cash and cash equivalents
28 936	29 941	Total current assets
47 790	47 068	Total assets

		US \$ million
2007	2006	Liabilities and equity
(unaudited)	(audited)	
		Net assets attributable to profit participation shareholders, minority interest and equity holders
46	46	Share capital
2 421	2 081	Reserves and retained earnings
751	746	Minority interest
3 218	2 873	
814	590	Hybrid profit participation shareholders
9 303	8 210	Ordinary profit participation shareholders
13 335	11 673	Total net assets attributable to profit participation shareholders, minority interest and equity holders
		Other non current liabilities
8 720	7 578	Long term debt
684	769	Deferred income taxes
1 195	1 866	Provisions and other long term liabilities
10 599	10 213	Total other non current liabilities
		Current liabilities
676	612	Current portion of long term debt
6 984	8 565	Short term debt
15 850	15 635	Accounts payable
346	370	Income tax payable
23 856	25 182	Total current liabilities
47 790	47 068	Total liabilities and equity

Consolidated statements of cash flows
for the three months ended March 31, 2007 and 2006

		US \$ million
2007 (unaudited)	2006 (unaudited)	
		Operating activities
2 192	1 242	Income before income taxes and attribution
		Adjustments to reconcile income before income taxes and attribution to net cash provided/(used) by operating activities
92	67	Depreciation and amortization
- 298	- 53	Share of income from associates
- 24	490	Unrealized (gain)/loss on bonds' exchange feature
- 33	243	Increase/(decrease) in long term provisions
- 861	0	(Gain)/loss on sale of investments – net
0	- 749	Unrealized (gain)/loss on equity swap – net
- 12	0	Unrealized mark to market movements on marketable securities
- 67	0	Dividends received from other investments
18	- 26	Other non cash items
278	153	Interest expense – net
1 285	1 367	Cash provided by operating activities before working capital changes
		Working capital changes
0	- 65	(Increase)/decrease in marketable securities
466	- 2 096	(Increase)/decrease in accounts receivable
- 43	- 284	(Increase)/decrease in inventories
- 497	928	Increase/(decrease) in accounts payable
- 74	- 1 517	Total working capital changes
1 211	- 150	Cash provided/(used) by operating activities
- 193	- 37	Income taxes paid
17	34	Interest received
- 253	- 181	Interest paid
782	- 334	Net cash provided/(used) by operating activities

Consolidated statements of cash flows
for the three months ended March 31, 2007 and 2006

		US \$ million
2007 (unaudited)	2006 (unaudited)	
		Investing activities
11	- 52	(Increase)/decrease in long term advances and loans
0	- 60	Net cash used in acquisition of subsidiaries
- 94	- 42	Purchase of investments
- 260	- 169	Purchase of property, plant and equipment
7	0	Proceeds from sale of property, plant and equipment
117	0	Proceeds from sale of other investments
67	0	Dividends received from other investments
10	9	Dividends received from associates
- 142	- 314	Net cash provided/(used) by investing activities
		Financing activities
- 1 551	337	Net proceeds/(repayment) of short term debt
500	- 214	Net proceeds /(repayment) of U.S. commercial paper notes
- 20	32	Net proceeds/(repayment) of other long term bank debt
0	700	Net proceeds from issuance of Perpetual Notes
1 266	0	Net proceeds from issuance of Sterling bonds
- 119	- 65	Payment of profit participation certificates
- 776	0	Repurchase of Exchangeable bonds
- 81	- 9	Dividend to minority interest
- 781	781	Net cash provided /(used) by financing activities
- 141	133	Increase/(decrease) in cash and cash equivalents
796	346	Cash and cash equivalents, beginning of period
655	479	Cash and cash equivalents, end of period

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