GLENCORE
INTERNATIONAL AG
AND SUBSIDIARIES

Third Quarter

2006

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Key financial results

Nine months ended September 30, 2006 and 2005

- **Revenues up 33% from $ 64,968 million to $ 86,524 million**

- **Operating income up 116% from $ 1,832 million to $ 3,953 million**

- **Glencore net income[1] up 128% from $ 1,765 million to $ 4,024 million (up 72% excluding the Gain on sale of investments[2])**

- **Cash flows from operating activities before working capital changes up 119% from $ 1,700 million to $ 3,723 million**

September 30, 2006 compared to December 31, 2005

- **Glencore shareholders' funds[3] up 59% from $ 6,442 million to $ 10,232 million**

- **Net debt[4] to annualized EBITDA[4] down to 0.92 times from 1.8 times**

[1] Glencore net income consists of income before attribution of $ 4,244 million (2005: $ 1,834 million) less attribution to minority interest of $ 220 million (2005: $ 69 million).

[2] The Gain on sale of investments of $ 986 million primarily relates to the sale of Glencore's 33.3% interest in the Cerrejon Coal Group to Xstrata.

[3] Glencore shareholders' funds consists of net assets attributable to profit participation shareholders, minority interest and equity holders of $ 10,779 million (2005: $ 6,797 million) less minority interest of $ 547 million (2005: $ 355 million).

[4] Net debt consists of total debt less cash and cash equivalents, marketable securities and readily marketable inventories of $ 6,663 million (2005: $ 6,377 million). EBITDA consists of operating income of $ 3,953 million (full year 2005: $ 2,666 million) plus depreciation of $ 228 million (2005: $ 280 million). 2006 EBITDA has been annualized.

Financial review

Income Statement

Third quarter 2006 was another strong period for Glencore with all business segments continuing to benefit from the positive market conditions. On a year to date basis, increases over the comparable 2005 period were as follows:

- Glencore net income up 128% (72% excluding the Gain on sale of investments) from $ 1,765 million to $ 4,024 million
- Cash flows from operating activities before working capital changes up 119% from $ 1,700 million to $ 3,723 million.

Continued tight market conditions combined with significant price increases, in particular relating to the base metals aluminum, copper, nickel and zinc (up 10%, 67%, 120% and 87% respectively since December 31, 2005 and period on period average prices up 37%, 91%, 37% and 128% respectively), led to strong contributions from our marketing and production operations.

Share of income from associates was up $ 406 million to $ 735 million (123%). Much of the increase relates to the higher contribution from Xstrata as our shareholding increased when the equity swap arrangement was brought on balance sheet in May 2006, as discussed in the 2006 Interim Report.

Compared to the first 9 months of 2005, net interest expense rose primarily due to higher average short term interest rates. As discussed in previous reports, the increased cost of funding is reflected in transactional pricing and terms, which has in turn contributed to the higher level of gross income.

Changes in mark to market valuation reflect the positive movement in the Xstrata equity swap up to May 2006, partly offset by the negative mark to market movement related to the exchange feature into Xstrata shares of the Exchangeable bonds. As discussed above and further in the 2006 Interim Report, the Xstrata shares underlying the equity swap arrangement were re–recognized in May 2006 and accordingly, no further mark to market movements were recognized from this time.

Cash flows

Cash flows from operating activities before working capital changes amounted to $ 3,723 million for the first 9 months of 2006, representing an increase of 119% compared to $ 1,700 million for the corresponding 2005 period. As would be expected, the increase in commodity prices in 2006 resulted in a $ 1,522 million increase in net working capital. A decrease of $ 132 million over the third quarter was however recorded, as the sharp rise in commodity prices experienced inlate April/early May was followed by a more stable price environment.

Investing activities amounted to a net inflow of $ 823 million over the first 9 months of 2006, of which $ 1,160 million had been recognized as at June 2006. The net inflow primarily comprises proceeds from the disposal of Cerrejon, offset by the ongoing capital expansion projects at our industrial assets and minor acquisitions of coal and zinc operations in South Africa, Colombia and the United States.

During the first 9 months of 2006, operating cash flow and the proceeds from the sale of Cerrejon were applied towards debt reduction. Exchangeable bonds with a notional value of $ 162 million were repurchased, but not cancelled, for a total consideration of $ 468 million. Since September 30, 2006, additional Exchangeable bonds with a notional value of $ 238 million have been repurchased.

Balance sheet

The current ratio as of September 30, 2006, was 1.27 compared with 1.25 as of December 31, 2005, and the net working capital was $ 5,762 million, representing an increase of $ 877 million compared to December 31, 2005. At September 30, 2006, 84% ($ 6,663 million) of total marketing inventories were contractually sold or hedged (defined as readily marketable inventories), compared to 83% ($ 6,377 million) at December 31, 2005.

Net debt (total debt less cash and cash equivalents, marketable securities and readily marketable inventories) decreased from $ 5,314 million at December 31, 2005, to $ 5,108 million at September 30, 2006.

Glencore shareholders' funds at September 30, 2006, were $ 10,232 million, an increase of 59% from $ 6,442 million at December 31, 2005.

At September 30, 2006, Glencore had available undrawn committed facilities in excess of $ 4 billion.

Corporate developments

Following Xstrata's successful acquisition of Falconbridge, in October 2006 Xstrata successfully completed a 1 for 3 rights issue, and Glencore followed its rights along with the rights underlying the shares held by Credit Suisse under the equity swap arrangement for total consideration of $ 2,008 million. In this regard our economic shareholding remained at some 35.8% compared to June 30, 2006.

In October 2006, Euro 850 million 5.25% 7 year bonds were issued.

Consolidated financial statements

Consolidated statements of income
for the nine months ended September 30, 2006 and 2005

2006 (unaudited)	2005 (unaudited)	US $ million
86 524	64 968	Revenues
– 82 556	– 62 942	Cost of goods sold
3 968	2 026	Gross income
– 750	– 523	Selling and administrative expenses
735	329	Share of income from associates
3 953	1 832	Operating income
– 496	– 325	Interest expense – net
986	0	Gain on sale of investments
386	619	Changes in mark to market valuation – net
28	15	Other income/(expense) – net
4 857	2 141	Income before income taxes and attribution
– 613	– 307	Income taxes
4 244	1 834	Income before attribution
– 3 557	– 1 461	Attribution to profit participation shareholders
687	373	Income for the period
		Attribution to:
– 220	– 69	Minority interest
– 467	– 304	Equity holders

Consolidated balance sheets
as of September 30, 2006 and December 31, 2005

2006 (unaudited)	2005 (audited)	US $ million Assets
		Non current assets
4 384	3 664	Property, plant and equipment
8 535	2 916	Investments in associates and other investments
823	846	Long term advances and loans
168	188	Deferred income taxes
13 910	7 614	Total non current assets
		Current assets
9 691	8 984	Inventories
16 290	15 180	Accounts receivable
233	257	Marketable securities
706	346	Cash and cash equivalents
26 920	24 767	Total current assets
40 830	32 381	Total assets

2006 (unaudited)	2005 (audited)	US $ million Liabilities and equity
		Net assets attributable to profit participation shareholders, minority interest and equity holders
46	46	Share capital
1 904	1 038	Reserves and retained earnings
547	355	Minority interest
2 497	1 439	
8 282	5 358	Profit participation shareholders
10 779	6 797	Total net assets attributable to profit participation shareholders, minority interest and equity holders
		Other non current liabilities
6 363	4 344	Long term debt
777	541	Deferred income taxes
1 753	817	Provisions and other long term liabilities
8 893	5 702	Total other non current liabilities
		Current liabilities
584	560	Current portion of long term debt
5 763	7 390	Short term debt
14 528	11 832	Accounts payable
283	100	Income tax payable
21 158	19 882	Total current liabilities
40 830	32 381	Total liabilities and equity

Consolidated statements of cash flows
for the nine months ended September 30, 2006 and 2005

2006 (unaudited)	2005 (unaudited)	US $ million
		Operating activities
4 857	2 141	Income before income taxes and attribution
		Adjustments to reconcile income before income taxes and attribution to net cash provided/(used) by operating activities
228	207	Depreciation and amortization
– 735	– 329	Share of income from associates
992	354	Unrealized (gain)/loss on bonds' exchange feature
248	38	Increase/(decrease) in long term provisions
– 986	0	(Gain)/loss on sale of investments – net
– 1 320	– 1 018	Unrealized (gain)/loss on equity swap – net
– 57	– 18	Other non cash items
496	325	Interest expense – net
3 723	1 700	Cash provided by operating activities before working capital changes
		Working capital changes
24	– 10	(Increase)/decrease in marketable securities
– 3 200	– 1 142	(Increase)/decrease in accounts receivable
– 700	– 828	(Increase)/decrease in inventories
2 354	991	Increase/(decrease) in accounts payable
– 1 522	– 989	Total working capital changes
2 201	711	Cash provided/(used) by operating activities
– 264	– 105	Income taxes paid
50	22	Interest received
– 566	– 343	Interest paid
1 421	285	Net cash provided/(used) by operating activities

Consolidated statements of cash flows
for the nine months ended September 30, 2006 and 2005

2006 (unaudited)	2005 (unaudited)	US $ million
		Investing activities
14	– 407	(Increase)/decrease in long term advances and loans
– 189	– 500	Net cash used in acquisition of subsidiaries
– 95	– 43	Purchase of investments
– 684	– 549	Purchase of property, plant and equipment
8	6	Proceeds from sale of property, plant and equipment
1 734	0	Proceeds from sale of investments
0	44	Return of capital from associates
35	68	Dividends received
823	– 1 381	Net cash provided/(used) by investing activities
		Financing activities
– 1 372	900	Net proceeds/(repayment) of short term debt
– 255	28	Net proceeds/(repayment) of U.S. commercial paper notes
0	600	Net proceeds/(repayment) of long term committed revolving credit facility
– 9	56	Net proceeds/(repayment) of other long term bank debt
700	0	Net proceeds from issuance of Perpetual Notes
– 287	– 265	Payment of profit participation certificates
– 160	– 105	Repayment of Senior Notes
– 468	0	Repurchase of Exchangeable bonds
– 31	– 18	Dividend/return of capital to minority interest
– 2	– 2	Payment of dividends
– 1 884	1 194	Net cash provided /(used) by financing activities
360	98	Increase/(decrease) in cash and cash equivalents
346	220	Cash and cash equivalents, beginning of period
706	318	Cash and cash equivalents, end of period

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