GLENCORE

Interim Report and Financial Review 2009

GLENCORE
INTERNATIONAL AG
AND SUBSIDIARIES

Interim Report and Financial Review 2009

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Financial summary

First half 2009 compared to first half 2008

- Revenues down 48% from $ 86.2 billion to $ 45.2 billion

- Gross Income[1] down 53% from $ 3.1 billion to $ 1.4 billion, although Q2 2009 up 32% from Q1 2009

- Glencore net income[1, 2] down 57% from $ 2.6 billion to $ 1.1 billion, although Q2 2009 up 53% from Q1 2009

- Cash provided by operating activities before working capital changes down 55% from $ 2.9 billion to $ 1.3 billion, although Q2 2009 up 87% from Q1 2009

June 30, 2009 compared to December 31, 2008

- Glencore shareholders' funds[2] up 7.5% from $ 15.4 billion to $ 16.6 billion

- Net debt[2] down 10% from $ 11.5 billion to $ 10.4 billion

- Gearing (Net debt[2] to net debt plus Glencore shareholders' funds[2]) down to 38.5% from 42.7%

1 excludes our share of Xstrata's first half reported exceptional items of $ 94 million and $ 60 million of exceptional items reported in our first quarter interim report

2 refer to glossary on page 11 with definitions and calculations

Q1 2009 (unaudited)	Q2 2009 (unaudited)	H1 2009 (unaudited)	H1 2008 (unaudited)	US $ million
				Key figures for the six months ended June 30, 2009 and 2008
623	819	1 442	3 092	Gross income[3]
160	23	183	900	Share of income from associates[3]
787	848	1 635	4 134	Segment results[3]
725	829	1 554	3 793	EBITDA[3]
444	677	1 121	2 634	Glencore net income[1, 3]
458	857	1 315	2 919	Cash provided by operating activities before working capital changes
270	667	937	2 396	Funds from operations (FFO)[1]

June 30, 2009 (unaudited)	Dec 31, 2008 (audited)	Key figures as of June 30, 2009 and December 31, 2008
61 802	61 311	Total assets
16 561	15 405	Glencore shareholders' funds[1]
19 936	18 316	Gross debt
10 362	11 500	Net debt[1]
12 951	11 047	Current capital employed (CCE)[1]
6 182	5 802	Net working capital

		Key ratios as of June 30, 2009 and December 31, 2008
		Working capital ratios:
1.22	1.19	Current ratio (times)
1.31	1.33	Adjusted current ratio (times)[1]
		Equity, gearing and coverage ratios:
38.5%	42.7%	Net debt to net debt plus Glencore shareholders' funds (%)
0.65	0.60	CCE to gross debt (times)
1.32	1.22	CCE plus listed associates (at carrying value) to gross debt (times)
20.9	31.6	FFO[2] to Net debt[1] (%)[4]
2.29	1.69	Net debt[1] to EBITDA[2, 3] (times)
5.08	8.19	EBITDA[3] to net interest (times)

1 refer to glossary on page 11 with definitions and calculations

2 the 2009 ratio based on last 12 months' FFO and EBITDA

3 excludes exceptional items, see page 4

4 2009 ratio increases to approx. 25% by conservatively excluding only half of the exceptional items recorded in Q4 2008 and Q1 2009

Results

The first half of 2009 contrasted markedly with the first half of 2008 as the global economy and financial system sought to stem the tide of negative data and regain some level of stability following the economic meltdown which took hold during the second half of 2008. Against this challenging recessionary backdrop and low commodity price environment, where average period on period prices for most industrial use commodities fell between 40% and 60%, Glencore, owing to its diversified business mix, reported a respectable net income of $ 1,121 million[1], compared to $ 2,634 million over the corresponding period in 2008, when buoyant market conditions prevailed.

Revenues

Revenues decreased to $ 45.2 billion ($ 86.1 billion in 2008) as period on period average prices for Glencore's main commodities declined, including crude oil by 53%, copper by 50%, zinc by 42% and wheat by 39%.

Operating income

The split of segment results (gross income, share of income from associates and dividend income pre exceptional items) between marketing and industrial activities is as follows:

US $ million		Marketing Activities		Industrial Activities	Segment Results
Q1 2009	77%	605	23%	182	787
Q2 2009	71%	605	29%	243	848
H1 2009	74%	1 210	26%	425	1 635
H1 2008	52%	2 141	48%	1 993	4 134

The split of segment results broadly tracked that of the first quarter of 2009 and the fourth quarter of 2008, whereby the more resilient volume oriented marketing activities continued to account for the majority of the results.

Of the three marketing divisions, Metals and Minerals underperformed period on period due to the very challenging end-user demand conditions (steel, construction, automobiles, etc.) which generally prevailed throughout the first half of 2009. There are however, some encouraging signs that we will see increased levels of activity in the second half of 2009.

As expected, profitability at the industrial asset division has been impacted by the low commodity price environment, with ensuing margin contraction. However, as prices have started to recover, the prospects and expected profit trends of this division have greatly improved. In this regard, quarter over quarter gross income and Glencore net income have increased by 32% and 53% respectively.

A summary of business group segment result and EBITDA is as follows:

US $ million	H1 2009	H1 2008	Var (%)
Metals and minerals	287	2 298	– 88%
Energy products	1 101	1 535	– 28%
Agricultural products	247	301	– 18%
Segment result[1]	1 635	4 134	– 60%
Selling and administration	– 390	– 610	– 36%
Depreciation and amortization	309	269	15%
EBITDA[1]	1 554	3 793	– 59%

The Metals and Minerals segment was down $ 2.0 billion (88%) to $ 287 million against the corresponding prior period, due primarily to lower earnings from the industrial asset division, on the back of the significantly lower prices noted above. This impacted not only the earnings at our own consolidated operations, but also those of Xstrata (in Alloys, Copper, Zinc and Nickel) and Century Aluminum, the results of which are reported in our share of income from associates.

The Energy segment was down $ 434 million (28%) to $ 1.1 billion, while the Agricultural segment was $ 54 million (18%) lower at $ 247 million. In both these segments, it is worth noting that the marketing and industrial assets' profit contributions were only somewhat lower than first half of 2008 which was characterized by very high commodity prices and buoyant market conditions.

[1] excludes exceptional items, see page 4

Interest expense and interest income

Interest expense

Compared to the first half of 2008, interest expense decreased primarily due to lower short term U.S. Dollar base interest rates.

Variable interest expense

One month U.S. Dollar LIBOR averaged 0.42% in the first half of 2009, compared to 2.95% in the corresponding 2008 period.

The lower base interest rate, partially offset by the overall increase in lending spreads for good quality credits, resulted in a net decrease in interest expense on floating rate debt of $ 231 million to $ 223 million in the first half of 2009 from $ 454 million in the corresponding 2008 period. Floating rate debt is predominantly used to fund fast turning and liquid working capital, the funding cost of which is taken into account in transactional pricing and terms and accordingly 'recovered' in gross marketing income.

Fixed interest expense

Interest expense on fixed rate funding was $ 188 million for the first half of 2009, consistent with the corresponding 2008 period.

Interest income

Interest income was down $ 81 million compared to the first half of 2008, primarily due to the lower average U.S. Dollar Libor rate noted above and the corresponding impact on interest received on cash/short term deposits and various loans extended, including to companies of the Russneft Group.

Gain on sale of investments

In 2009, there was a net gain on sale of investments of $ 24 million and in 2008, $ 78 million resulted from the disposal of approximately 7% of Kazzinc.

Changes in mark to market valuation – net

Changes in mark to market valuation mainly reflect movements related to mark to market valuation on other investments.

Cash flow

Cash provided by operating activities

Cash flows from operating activities before working capital changes amounted to $ 1.3 billion over the first half of the year ($ 857 million over the second quarter, which was up 87% quarter on quarter). Net working capital outflows reached $ 1.6 billion, spread evenly between the two quarters. This was primarily influenced by the commodity price evolution during the period, such as crude oil (+80%), copper (+60%) and zinc (+40%) albeit tempered by aluminum up only 5% and lower spot coal prices. We regularly perform stress scenarios over our hedging/derivatives portfolio to ensure that, at all times, we have sufficient available committed liquidity to meet potential margining requirements (included in working capital outflows above) even in extreme price movement scenarios.

Net cash provided/used by investing activities

Net cash used by investing activities amounted to $ 417 million over the first half of 2009 compared to $ 1.7 billion in the corresponding 2008 period. The net outflow comprises primarily loans extended to our associate Vasilkovskoje Gold (commissioning expected Q1 2010) along with continued capital expenditure programs in respect of the new copper smelter at Kazzinc (expected completion Q1 2010) and the Colombian coal expansion, offset with the $ 549 million of proceeds received from the sale of our 51% stake in the Cartagena oil refinery.

Net cash provided/used by financing activities

During the first half of 2009, we purchased a portion of Glencore bonds with a notional amount of $ 149 million for a total consideration of $ 90 million. These bonds have not been cancelled.

Balance sheet

Assets, leverage and working capital

Total assets were $ 61.8 billion as of June 30, 2009, representing an increase of 1% from $ 61.3 billion as of December 31, 2008.

The current ratio as of June 30, 2009, was 1.22 compared with 1.19 at December 31, 2008, while net working capital increased by $ 380 million to $ 6.2 billion. Non current assets increased by $ 3.2 billion primarily due to our participation in Xstrata's rights issue of some $ 2 billion in March 2009 and the first time consolidation of Katanga, where we increased our ownership from 8.5% to 77.9% in June 2009, following conversion of a convertible loan and participation in the recent rights issue. As part of its capital raising, Xstrata acquired Glencore's Colombian Coal Group (Prodeco) for $ 2 billion, while granting Glencore a call option to repurchase Prodeco within 12 months for $ 2.25 billion plus profits accrued during the option period. Given the repurchase option, the conditions for derecognition/disposal of Prodeco have not been met under IFRS and as a consequence, the assets remain in the consolidated financial statements and the 'proceeds' have been deferred and recognized as a liability. The final accounting treatment will be reflected in the full year audited 2009 Annual Report, as Glencore is expected to have taken a decision on the exercise of this option prior to the release of these accounts.

As of June 30, 2009, 97% ($ 8.6 billion) of total marketing inventories were contractually sold or hedged (readily marketable inventories) compared to 93% ($ 5.9 billion) as of December 31, 2008. These inventories are readily convertible into cash due to their liquid nature, widely available markets, and the fact that any associated price risk is covered either by a physical sale transaction or a hedge transaction either on a commodity exchange or with a highly rated counterparty. Given the cash like nature of these inventories, which represent a significant share of current assets, we believe it is appropriate to consider them as cash equivalents in analyzing net debt levels and computing certain debt coverage ratios and credit trends.

After taking into account these readily marketable inventories, net debt as of June 30, 2009, decreased to $ 10.4 billion from $ 11.5 billion as of December 31, 2008. Last 12 months' FFO to net debt was 20.9% compared to 31.6% as at December 31, 2008, although this ratio increases to circa 25% by conservatively excluding only half of the exceptional items recorded in Q4 2008 and Q1 2009. The improving trend of FFO seen over the second quarter, up 147% to $ 667 million from $ 270 million, should see this ratio trend higher given that Q4 2008 and Q1 2009 are expected to be the trough quarters. Annualizing the second quarter FFO, the FFO/Net debt ratio would improve to 25.7%.

Glencore shareholders' funds as of June 30, 2009, were $ 16.6 billion, an increase of $ 1.2 billion (8%) compared with $ 15.4 billion as of December 31, 2008. Gearing (calculated as net debt/net debt plus Glencore shareholders' funds) decreased to 38.5% from 42.7%.

Capital resources and financing/liquidity

During the first half of 2009, the following financing activities took place:

- Purchased Glencore bonds with a notional amount of $ 149 million;
- In May 2009, Glencore replaced the previous $ 925 million 364 day revolving credit facility with a new $ 815 million 364 day revolving credit facility with a one year term out option, and entered into a forward start facility, effectively extending $ 6.65 billion of the $ 8.2 billion committed medium term revolver by one year to 2012;
- In June 2009, Glencore renewed the liquidity back up of the committed asset backed (receivables) commercial paper program at the requested amount of $ 1.5 billion.

The following facilities and funding programs are currently in place:

Facility/Program US $ million	Initial issue / current rollover	Amount issued or outstanding June 30, 2009	December 31, 2008
2014 144A Notes	950	944	944
Xstrata secured bank loans[1]	2 850	2 042	1 640
2011 Eurobonds (Euro 600 million)	739	799	834
2013 Eurobonds (Euro 850 million)	1 078	1 130	1 171
2015 Eurobonds (Euro 750 million)	1 200	1 006	1 031
2019 Sterling Bond (GBP 650 million)	1 242	1 031	920
Perpetual Notes	700	700	700
Purchase of profit participation certificates[2]	1 984	1 984	2 047
Committed syndicated revolving credit facility[3]	8 995	6 122	4 819
Bilateral committed secured inventory financing facility[4]	1 000	374	369
Committed asset backed (receivables) commercial paper program[5]	1 500	900	1 600
Uncommitted bilateral bank credit facilities[6]	1 400	1 133	991
Other financings[7]	1 771	1 771	1 250
Total		19 936	18 316

Short term debt commentary US $ million	June 30, 2009	December 31, 2008
Short term committed syndicated revolving credit facilities[3]	1 406	0
Bilateral committed secured inventory financing facility[4]	374	369
Committed asset backed (receivables) commercial paper program[5]	900	1 600
Short term Xstrata secured bank loans[1]	1 050	900
Uncommitted bilateral bank credit facilities[6]	1 133	991
Other financings[7]	997	623
Total	5 860	4 483

1 Consisting of a 3 year $ 1.35 billion loan (drawn at $ 1.05 billion) maturing in December 2009, and a 3 year $ 1.5 billion loan (drawn at $ 1 billion) maturing in September 2011

2 See note 10 of the financial statements

3 $ 815 million drawn under the new 364 day facility, with the balance drawn under the 3 year facility

4 Funding is secured against certain base metal inventories, with committed funding currently in place until December 2009

5 Funded via ABCP issued by three Western European banks' multi seller A1+/P1 rated conduits. The programs are structured and rated until 2013, with the backup liquidity facilities provided by the sponsoring banks requiring annual renewal - currently renewed until June 2010

6 Available credit facilities from a large number of international banks

7 Debt facilities at subsidiary level

Glencore maintains adequate liquidity via its cash, committed credit facilities, diversified funding sources and fast turning, very liquid working capital. As at June 30, 2009, excluding over $ 2.0 billion of undrawn availability under the committed asset backed funding programs, Glencore had available cash and undrawn committed facilities of some $ 3.7 billion, consistent with its internal target of maintaining, at all times, a minimum committed available liquidity level of $ 3 billion.

The following table summarizes Glencore's net balance sheet liquidity as at June 30, 2009.

After 5 years	Due 1–5 years	Due 0–1 year	Total	US $ million 2009
17 958	0	0	17 958	Investments in associates and other investments
0	2 098	0	2 098	Long term advances and loans
0	0	10 637	10 637	Inventories
0	0	22 131	22 131	Accounts receivable and other financial assets
0	0	1 005	1 005	Cash and cash equivalents and marketable securities
17 958	2 098	33 773	53 829	
– 3 797	– 9 370	– 909	– 14 076	Long term debt (see note 11)
0	– 1 406	– 4 454	– 5 860	Short term debt (see note 12)
0	0	– 20 822	– 20 822	Accounts payable, other financial liabilities and income taxes
– 3 797	– 10 776	– 26 185	– 40 758	
14 161	– 8 678	7 588	13 071	Net – June 30, 2009
12 345	– 7 561	5 802	10 586	Net – December 31, 2008

As noted in the above tables, Glencore has no significant unsecured obligations falling due in the next two years. Some of our secured funding facilities require extensions/renewals during the next twelve months, however we feel very confident in this regard, given the strong underlying collateral and our history of successful refinancings. In relation to the $ 1.05 billion Xstrata secured bank loan due in December 2009, we are well advanced in concluding a new 2 year refinancing of this upcoming maturity.

Certain bank debt arrangements require compliance with specific financial covenants related to current ratio and a maximum long term debt to tangible net worth ratio. Currently, there is significant headroom under these covenants.

None of the credit facilities or funding programs include rating triggers which would accelerate repayment obligations in the event of a credit rating downgrade.

Average market risk VaR (1 day 95%) during the first half of 2009 was $ 29 million compared to $ 51 million during the first half of 2008.

In light of our extensive funding activities, investment grade ratings are of utmost importance to us and the Group's business, capital structure, balance sheet and risk and financial profiles are managed accordingly. On April 29, 2009, Standard & Poor's affirmed our BBB–/A-3 corporate credit rating, maintaining its stable outlook and on March 20, 2009, Moody's affirmed Glencore's higher equivalent Baa2/P-2 issuer rating, however with a negative outlook, taking into account the global economic uncertainty.

Glossary to financial summary and interim review

Adjusted current ratio

Current assets and current liabilities adjusted to exclude the more temporary impact of other financial assets.

Current capital employed

Current capital employed is current assets less accounts payable, other financial liabilities and income tax payable.

Funds from operations

Cash provided by operating activities before working capital changes less tax and net interest payments plus dividends received.

Glencore net income

Income before attribution less attribution to non controlling interests.

Glencore shareholders' funds

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

Net debt

2009 US $ million	2008 US $ million	
13 167	13 071	Long term debt
6 769	5 245	Short term debt, including short term portion of long term debt
– 1 005	– 939	Cash and cash equivalents and marketable securities
– 8 569	– 5 877	Readily marketable inventories
10 362	11 500	Net debt

Readily marketable inventories

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

Consolidated statements of income
for the six months ended June 30, 2009 and 2008

US $ million

Notes	2009 (unaudited)	2008 (unaudited)	
	45 242	86 175	Revenues
	– 43 860	– 83 083	Cost of goods sold
	1 382	3 092	Gross income
	– 390	– 610	Selling and administrative expenses
	89	900	Share of income from associates
	10	142	Dividend income
	1 091	3 524	Income before interest, tax and other items
	105	186	Interest income
	– 411	– 649	Interest expense
3	24	78	Gain on sale of investments
4	137	– 173	Changes in mark to market valuation – net
	67	59	Other income – net
	1 013	3 025	Income before income taxes and attribution
	– 29	– 306	Income taxes
	984	2 719	Income before attribution
	– 55	– 328	Attribution to hybrid profit participation shareholders
	– 62	– 1 956	Attribution to ordinary profit participation shareholders
	867	435	Income for the period
			Attribution to:
	– 17	– 85	Non controlling interests
	– 850	– 350	Equity holders

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

Consolidated statements of comprehensive income for the six months ended June 30, 2009 and 2008

2009 (unaudited)	2008 (unaudited)	US $ million
867	435	Income for the period
31	– 1	Exchange gain/(loss) on translation of foreign operations
248	– 125	Gain/(loss) on hedges
170	51	Equity related movements of associates
449	– 75	Net income/(loss) recognized directly in equity
41	33	Hedges transferred to the income statement
490	– 42	Other comprehensive income/(loss)
1 357	393	Total comprehensive income
		Attribution to:
– 17	– 85	Non controlling interests
– 1 340	– 308	Equity holders

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

Consolidated statements of financial position
as of June 30, 2009 and December 31, 2008

US $ million

Notes	2009 (unaudited)	2008 (audited)	Assets
			Non current assets
5	7 837	6 859	Property, plant and equipment
6	14 958	13 221	Investments in associates
6	3 000	2 808	Other investments
7	2 098	1 826	Long term advances and loans
	136	89	Deferred income taxes
	28 029	24 803	Total non current assets
			Current assets
8	10 637	7 805	Inventories
9	14 240	14 002	Accounts receivable
15	7 891	13 762	Other financial assets
	105	113	Marketable securities
	900	826	Cash and cash equivalents
	33 773	36 508	Total current assets
	61 802	61 311	Total assets

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

Consolidated statements of financial position
as of June 30, 2009 and December 31, 2008

Notes	2009 (unaudited)	2008 (audited)	US $ million Liabilities and equity
			Net assets attributable to profit participation shareholders, non controlling interests and equity holders
10	46	46	Share capital
	4 093	2 755	Reserves and retained earnings
	1 120	906	Non controlling interests
	5 259	3 707	
10	1 441	1 414	Hybrid profit participation shareholders
10	10 980	11 190	Ordinary profit participation shareholders
	17 680	16 311	Total net assets attributable to profit participation shareholders, non controlling interests and equity holders
			Other non current liabilities
11	13 167	13 071	Long term debt
	620	630	Deferred income taxes
	2 744	593	Provisions and other long term liabilities
	16 531	14 294	Total other non current liabilities
			Current liabilities
11	909	762	Current portion of long term debt
12	5 860	4 483	Short term debt
13	10 659	11 614	Accounts payable
15	9 928	13 591	Other financial liabilities
	235	256	Income tax payable
	27 591	30 706	Total current liabilities
	61 802	61 311	Total liabilities and equity

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

Consolidated statements of cash flow
for the six months ended June 30, 2009 and 2008

2009 (unaudited)	2008 (unaudited)	US $ million
		Operating activities
1 013	3 025	Income before income taxes and attribution
		Adjustments to reconcile income before income taxes and attribution to net cash provided/(used) by operating activities
309	269	Depreciation and amortization
– 89	– 900	Share of income from associates
0	78	Unrealized (gain)/loss on bonds' exchange feature
22	– 45	Increase/(decrease) in long term provisions
– 24	– 78	(Gain)/loss on sale of investments – net
– 149	92	Unrealized mark to market movements on other investments
– 73	15	Other non cash items
306	463	Interest expense – net
1 315	2 919	Cash provided by operating activities before working capital changes
		Working capital changes
7	– 7	(Increase)/decrease in marketable securities
5 540	– 13 594	(Increase)/decrease in accounts receivable[1]
– 2 766	– 1 825	(Increase)/decrease in inventories
– 4 390	12 738	Increase/(decrease) in accounts payable[1]
– 1 609	– 2 688	Total working capital changes
– 294	231	Cash provided/(used) by operating activities
– 33	– 360	Income taxes paid
64	186	Interest received
– 417	– 478	Interest paid
– 680	– 421	Net cash provided/(used) by operating activities

[1] Includes movements in other financial assets and liabilities

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

Consolidated statements of cash flow
for the six months ended June 30, 2009 and 2008

US $ million

Notes	2009 (unaudited)	2008 (unaudited)	
			Investing activities
	– 271	– 130	(Increase)/decrease in long term advances and loans
14	– 54	– 40	Net cash used in acquisition of subsidiaries
	– 188	– 1 001	Purchase of investments
	555	271	Proceeds from sale of investments
	– 504	– 955	Purchase of property, plant and equipment
	30	12	Proceeds from sale of property, plant and equipment
	7	62	Return of capital
	8	129	Dividends received
	– 417	– 1 652	Net cash provided/(used) by investing activities
			Financing activities
	1 558	2 288	Net proceeds/(repayment) of short term debt
	60	– 5	Net proceeds/(repayment) of other long term bank debt
	– 355	– 387	Payment of profit participation certificates
	0	– 469	Repurchase of Exchangeable bonds
	– 90	1 189	(Repurchases of)/net proceeds from Euro/Sterling bonds
	0	– 62	Dividend to non controlling interests
	– 2	– 2	Dividend
	1 171	2 552	Net cash provided by financing activities
	74	479	Increase in cash and cash equivalents
	826	658	Cash and cash equivalents, beginning of period
	900	1 137	Cash and cash equivalents, end of period

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

Consolidated statements of changes in equity
for the six months ended June 30, 2009 and 2008

US $ million (unaudited)

Reserves restricted	Retained earnings	Translation adjustment	Cash flow hedge reserve	Total reserves and retained earnings	Share capital	Total	Non controlling interests	Total equity	
1	3 255	– 44	– 457	2 755	46	2 801	906	3 707	Balance January 1, 2009
0	850	0	0	850	0	850	17	867	Income for the period
0	170	31	289	490	0	490	0	490	Other comprehensive income
0	– 2	0	0	– 2	0	– 2	0	– 2	Dividend
0	0	0	0	0	0	0	197	197	Other movements non controlling interests
1	4 273	– 13	– 168	4 093	46	4 139	1 120	5 259	Balance June 30, 2009
1	3 120	– 5	– 215	2 901	46	2 947	900	3 847	Balance January 1, 2008
0	350	0	0	350	0	350	85	435	Income for the period
0	51	– 1	– 92	– 42	0	– 42	0	– 42	Other comprehensive income
0	– 2	0	0	– 2	0	– 2	– 62	– 64	Dividend
0	0	0	0	0	0	0	115	115	Other movements non controlling interests
1	3 519	– 6	– 307	3 207	46	3 253	1 038	4 291	Balance June 30, 2008

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

US $ million unless otherwise stated

1 Basis of presentation

These interim consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the 2008 Annual Report of Glencore International AG (the Company) and subsidiaries, collectively 'Glencore'.

These interim consolidated financial statements are prepared using the same accounting policies as applied in the audited 2008 annual financial statements, except for the adoption of the following new Standards as of January 1, 2009:

IAS 1 (Revised) Presentation of Financial Statements, which now separates owner and non owner transactions in equity and introduces a statement of comprehensive income.

IFRS 3 (Revised) Business combinations, which has been early adopted, requires all acquisition costs to be expensed, contingent payments to be re-measured through the income statement and on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's net assets.

IAS 27 (Revised) Consolidated and Separate Financial Statements, which has been early adopted, now requires the effects of all transactions with non controlling interests to be recorded in equity if there is no change in control.

The adoption of these Standards have had no material impact on Glencore's financial statements other than additional note disclosures.

Certain financial information that is included in the audited annual financial statements but is not required for interim reporting purposes has been condensed or omitted. The impact of seasonality or cyclicality on operations is not regarded as significant on the interim consolidated financial statements.

2 Nature of the business activities

Glencore is a leading, privately held, diversified natural resources group with worldwide activities in mining, smelting, refining, processing and marketing of metals and minerals, energy products and agricultural products. Glencore operates on a global scale, marketing, in addition to its own production, physical commodities mainly sourced from producers and delivering such commodities to industrial consumers. Glencore also provides financing, logistics, marketing and purchasing services to producers and consumers of commodities. These activities are supported by substantial strategic investments in industrial assets operating in Glencore's core commodities.

3 Gain on sale of investments

2009 US $ million	2008 US $ million	
0	78	Gain on sale of subsidiaries – net
24	0	Gain on sale of investments in associates
24	78	Total

In March 2008, Glencore disposed of a 7% interest in Kazzinc for $ 210 million, which reduced its ownership to 69% and realized a gain of $ 78 million ($ 54 million after income taxes).

4 Changes in mark to market valuation – net

2009 US $ million	2008 US $ million	
0	– 78	Exchange feature
137	– 95	Other
137	– 173	Net

Changes in the mark to market valuation of the exchange feature relate to the Exchangeable bonds, all of which were cash settled or redeemed and cancelled in 2008. Other relates to movements on interests in other investments carried at fair value.

5 Property, plant and equipment

Land and buildings	Plant, machinery and vehicles	Furniture, fixtures and equipment	Mineral rights	Deferred mining costs	Total	US $ million
						Gross carrying amount:
1 046	6 192	326	1 075	319	8 958	January 1, 2009
0	882	0	1	0	883	Business combination
25	419	16	26	18	504	Additions
– 18	– 37	– 3	0	– 1	– 59	Disposals
21	– 127	13	57	– 7	– 43	Other movements
1 074	7 329	352	1 159	329	10 243	June 30, 2009
						Accumulated depreciation and impairment:
179	1 401	179	325	15	2 099	January 1, 2009
27	216	19	38	9	309	Depreciation
– 12	– 20	– 3	0	0	– 35	Disposals
0	15	13	7	– 2	33	Other movements
194	1 612	208	370	22	2 406	June 30, 2009
880	5 717	144	789	307	7 837	Net book value June 30, 2009

Land and buildings	Plant, machinery and vehicles	Furniture, fixtures and equipment	Mineral rights	Deferred mining costs	Total	US $ million
						Gross carrying amount:
725	4 874	262	1 030	256	7 147	January 1, 2008
8	7	1	32	0	48	Business combination
86	738	24	63	44	955	Additions
– 9	– 47	– 3	0	– 1	– 60	Disposals
100	– 61	6	– 17	0	28	Other movements
910	5 511	290	1 108	299	8 118	June 30, 2008
						Accumulated depreciation and impairment:
135	924	140	205	1	1 405	January 1, 2008
18	197	18	33	3	269	Depreciation
– 1	– 14	– 2	0	0	– 17	Disposals
1	– 1	– 1	– 1	– 1	– 3	Other movements
153	1 106	155	237	3	1 654	June 30, 2008
757	4 405	135	871	296	6 464	Net book value June 30, 2008

Plant, machinery and vehicles includes expenditure for construction in progress of $ 1,273 million (December 31, 2008: $ 1,381 million). Mineral rights include expenditures for exploration and evaluation of $ 127 million (December 31, 2008: $ 118 million).

Depreciation expenses included in cost of goods sold are $ 304 million (2008: $ 264 million) and in selling and administrative expenses $ 5 million (2008: $ 5 million).

6 Investments in associates and other investments

2009 US $ million	2008 US $ million	
13 421	11 345	Listed associates
1 537	1 876	Non listed associates
14 958	13 221	Investments in associates
3 000	2 808	Other investments
17 958	16 029	Total

A list of the principal operating and finance subsidiaries and industrial investments is included in note 20.

Listed associates

Significant transactions relating to listed associates during 2009 were as follows:

In March 2009, Glencore participated in Xstrata's rights issue for $ 2,023 million (see note 14).

In June 2009, following conversion of a convertible bond issued by the Katanga Mining group (Katanga), Glencore 'acquired' a controlling interest and as a result its initial equity interest was included as part of the cost of acquisition (see note 14).

Non listed associates

In May 2009, Glencore disposed of its 51% interest in Refineria de Cartagena for $ 549 million.

Other investments

Other investments primarily include Glencore's interests in various Russneft Group companies, together with its current 10.3% interest in United Company Rusal Limited.

7 Long term advances and loans

2009 US $ million	2008 US $ million	
62	64	Loan to Parents
578	378	Loans to associated companies
1 458	1 384	Other long term receivables and loans
2 098	1 826	Total

8 Inventories

2009 US $ million	2008 US $ million	
1 772	1 511	Production inventories
8 569	5 877	Inventories contractually sold or hedged
296	417	Other
10 637	7 805	Total

Production inventories consist of materials, spare parts, work in process and finished goods held by the production entities.

Inventories contractually sold or hedged and Other are together considered marketing inventories.

A $ 1 billion committed secured inventory funding bank facility is currently in place until December 2009, having previously been extended as required. Under the program, certain base metal inventories are sold and repurchased where the net balance outstanding under the facility bears interest at the participating bank's variable cost of funding plus a premium. As of June 30, 2009, the total amount of marketing inventories securitized was $ 401 million (2008: $ 398 million), against proceeds received as secured bank loans included as short term debt (see note 12) amounting to $ 374 million (2008: $ 369 million).

Glencore has entered into arrangements with various counterparties for the sale and optional repurchase of certain trading inventories. These sales do not meet the derecognition criteria from an accounting perspective. As at June 30, 2009, $ 829 million (2008: $ 261 million) of marketing inventory has not been derecognized and proceeds received for the inventory have been deferred and included as trade advances from buyers (see note 13).

9 Accounts receivable

2009 US $ million	2008 US $ million	
8 559	9 617	Trade receivables
3 972	2 526	Trade advances and deposits
360	487	Associated companies
1 349	1 372	Other receivables and prepaid expenses
14 240	14 002	Total

In June 2009, the Company, Glencore AG and Glencore Energy UK Ltd renewed the liquidity commitments in respect of the revolving Commercial Paper Program backed by certain trade receivables in the amount of $ 1.5 billion. Under the program, a widely diversified portfolio of trade receivables meeting certain debtor and country concentration limits are sold on a continuous basis to M&M Finance Company Limited, Jersey (MMFC). MMFC is funded with Commercial Paper issued by three bank conduits, carrying interest at floating market rates which are included as short term debt (see note 12). The liquidity back-up commitments for the three conduits require annual renewal.

The trade receivables sold through this program do not meet the derecognition criteria under IFRS. As of June 30, 2009, the total amount of trade receivables securitized was $ 1,090 million (2008: $ 1,822 million) and proceeds received as secured bank loans amounted to $ 900 million (2008: $ 1,600 million).

10 Share capital

The share capital consists of 150,000 registered shares with a nominal value of CHF 500 each, a restriction of transferability and carry the right to a preferred dividend up to a maximum of 10% of nominal value.

Glencore Holding AG (the ultimate Parent) and Glencore L.T.E. AG (together the Parents), both wholly owned by the management and employees of Glencore, own 85% and 15% respectively, of the Company.

The Company is authorized by its articles of incorporation to issue to employees of Glencore, non voting profit participation certificates ("PPC") with no nominal value, enabling the employees to participate in the four profit sharing arrangements described below. The profit sharing arrangements entitle the participating employees to a portion of Glencore shareholders' funds accumulated during the period that such employees hold the PPCs. The PPCs attribute Glencore's net income pro rata based on the 150,000 (2008: 150,000) shares issued, however, upon termination of employment, the arrangements differ in the way that the accumulated financial benefits are settled as follows:

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

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

Long Term Profit Participation Shareholders ("LTPPS")

LTPPS, upon termination of employment, have agreed to forgo their accumulated financial benefits in the Company until the occurrence of certain triggering events, such as an IPO. Until such triggering event occurs, the accumulated financial benefits are non-interest bearing. As with LTS above, given that termination of employment does not trigger any claims against the Company, but rather, it is in the Company's control if and when any amount will be redeemed, the portion of net income accumulated by LTPPS is consistent with the traditional characteristics of an entity's retained earnings. As of June 30, 2009, 22,500 shares were held by LTPPS, representing 15% of the Company's registered share capital.

Hybrid Profit Participation Shareholders ("HPPS")

HPPS have agreed to receive their accumulated financial benefits upon termination of employment in the form of hybrid securities, which have been structured to achieve Basket D equity credit (75%) from Moody's and high equity content (100%) from Standard & Poor's. The key features include no maturity (perpetual), legally binding replacement covenant and mandatory coupon deferral where long term debt exceeds equity, current ratio falls below 1.1x, or a minimum cash flow to net debt ratio is breached. The securities, upon issuance, will constitute unsecured and subordinated obligations, that will rank senior to LTS (see above), pari passu with PPS/LTPPS and junior to any present or future claims of unsecured lenders and investors. As of June 30, 2009, HPPS represented 10% (2008: 10%) of the Company's registered share capital.

Ordinary Profit Participation Shareholders ("PPS")

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

All key employees, including department heads, holding in aggregate 66% of PPS as at June 30, 2009, have agreed to defer the commencement of all PPS payments, which may become due to them as a result of termination of their employment, until January 2012 at the earliest.

In the event of certain triggering events which includes any breach of a financial covenant, redemptions under all four plans are subordinated to claims of unsecured lenders and investors.

According to the existing agreements, the Company redeemed during the first half of 2009 a certain number of PPC representing an aggregate amount of $ 300 million (2008: $ 430 million).

11 Long term debt

US $ million	Total	Current portion	Total long term	Due 2–3 years	Due 4–5 years	After 5 years
2009						
Banks:						
Committed revolving credit facility[1]	4 716	0	4 716	4 716	0	0
Other[2]	774	148	626	338	200	88
144A Notes	944	0	944	0	0	944
Xstrata secured bank loan	992	0	992	992	0	0
Eurobonds	2 935	0	2 935	799	1 130	1 006
Sterling bonds	1 031	0	1 031	0	0	1 031
Perpetual Notes	700	0	700	0	0	700
Ordinary profit participation certificates	1 956	761	1 195	974	221	0
Hybrid subordinated perpetual loans	28	0	28	0	0	28
Total	14 076	909	13 167	7 819	1 551	3 797

US $ million	Total	Current portion	Total long term	Due 2–3 years	Due 4–5 years	After 5 years
2008						
Banks:						
Committed revolving credit facility[1]	4 819	0	4 819	4 819	0	0
Other[2]	627	56	571	414	68	89
144A Notes	944	0	944	0	0	944
Xstrata secured bank loan	740	0	740	740	0	0
Eurobonds	3 036	0	3 036	834	1 171	1 031
Sterling bonds	920	0	920	0	0	920
Perpetual Notes	700	0	700	0	0	700
Ordinary profit participation certificates	2 047	706	1 341	1 074	267	0
Total	13 833	762	13 071	7 881	1 506	3 684

[1] see note 12

[2] Includes $ 67 million (2008: $ 69 million) of obligations under financial leases

144A Notes

In April 2004, Glencore Funding LLC, a wholly owned subsidiary of the Company, issued $ 950 million 6% coupon Notes due 2014 in accordance with Rule 144A of the United States Securities Act of 1933 as amended. The Notes, originally recorded at cost, are subsequently measured at amortized cost at an effective interest rate of 6.15% per annum. The Notes are guaranteed by the Company and Glencore AG.

The Notes are rated Baa2 by Moody's and BBB– by Standard & Poor's rating agencies.

Xstrata secured bank loan

In September 2008, Finges Investment B.V., a wholly owned subsidiary of the Company, entered into a $ 1,500 million 3 year facility. The substance of the facility, which is made up of two derivative limbs, has been accounted for as a secured 3 year bank loan which bears interest at a rate of US $ LIBOR plus a premium.

Eurobonds

In September 2004, Glencore Finance (Europe) S.A., a wholly owned subsidiary of the Company, issued Euro 600 million 5.375% coupon bonds due 2011. Upon issuance, Glencore entered into a cross currency transaction to swap the Euro denominated bonds as well as the future interest payments into their U.S. Dollar equivalent. The U.S. Dollar equivalent of the bonds issued was $ 739 million and the effective U.S. Dollar fixed interest rate is 5.78%.

In October 2006, Glencore Finance (Europe) S.A., issued Euro 850 million 5.25% coupon bonds due 2013. Upon issuance, Glencore entered into a cross currency transaction to swap the Euro denominated bonds as well as the future interest payments into their U.S. Dollar equivalent. The U.S. Dollar equivalent of the bonds issued was $ 1,078 million and the effective U.S. Dollar fixed interest rate is 6.60%.

In April 2008, Glencore Finance (Europe) S.A., issued Euro 750 million 7.125% coupon bonds due 2015. Upon issuance, Glencore entered into a cross currency transaction to swap the Euro denominated bonds as well as the future interest payments into their U.S. Dollar equivalent. The U.S. Dollar equivalent of the bonds issued was $ 1,200 million and the effective U.S. Dollar fixed interest rate is 6.86%.

Glencore has repurchased but not cancelled bonds with a notional amount of Euro 101 million (Euro 30 million of the 11's, Euro 45 million of the 13's and Euro 26 million of the 15's).

As of June 30, 2009, the carrying value of the Eurobonds decreased to $ 2,935 million due to changes in Euro/U.S. Dollar exchange rates. A corresponding loss of $ 101 million (2008: loss of $ 282 million) on the cross currency transaction, which offsets any foreign currency movements, is included in fair value of other financial assets/liabilities and cash flow hedge reserves. The bonds are guaranteed by the Company and Glencore AG.

The bonds are rated Baa2 by Moody's and BBB– by Standard & Poor's rating agencies.

Sterling bonds

In February 2007, Glencore Finance (Europe) S.A., a wholly owned subsidiary of the Company, issued GBP 650 million 6.50% coupon bonds due 2019. Upon issuance, Glencore entered into a cross currency transaction to swap the GBP denominated bonds as well as the future interest payments into their U.S. Dollar equivalent. The U.S. Dollar equivalent of the bonds issued was $ 1,242 million and the effective U.S. Dollar fixed interest rate is 6.58%. During the period, Glencore repurchased but did not cancel bonds with a notional amount of GBP 11 million.

As of June 30, 2009, the carrying value of the GBP 650 million bonds increased to $ 1,031 million due to changes in GBP/U.S. Dollar exchange rates. A corresponding gain of $ 111 million (2008: loss of $ 351 million) on the cross currency transaction, which offsets any foreign currency movements, is included in other financial assets/liabilities and cash flow hedge reserves.

The bonds are guaranteed by the Company and Glencore AG and are rated Baa2 by Moody's and BBB– by Standard & Poor's rating agencies.

Perpetual Notes

In February 2006, Glencore Finance (Europe) S.A., a wholly owned subsidiary of the Company, issued $ 700 million 8% Perpetual Notes, which can be called by the issuer after year 5 at par. The notes are guaranteed by the Company and Glencore AG and are rated Baa2 by Moody's and BBB– by Standard & Poor's rating agencies.

Ordinary profit participation certificates

Ordinary profit participation certificates bear interest at 6 month US $ LIBOR. In the event of certain triggering events (see note 10), with the exception of $ 47 million (2008: $ 67 million), all PPC would be subordinated to unsecured lenders.

Hybrid subordinated perpetual loans

Hybrid subordinated perpetual loans bear interest at 12% per annum, with coupons subject to mandatory deferral if certain ratios are not met (see note 10).

12 Short term debt

2009 US $ million	2008 US $ million	
1 406	0	Committed revolving credit facility
900	1 600	Securitized receivables program[1]
374	369	Securitized inventory program[2]
1 050	900	Xstrata secured bank loan
2 130	1 614	Other[3]
5 860	4 483	Total

1 see note 9

2 see note 8

3 comprises various uncommitted bilateral bank credit facilities and other financings

Committed revolving credit facilities

In May 2009, Glencore replaced the previous 364 day $ 925 million revolving credit facility with a new 364 day $ 815 million facility with a one year term out option at Glencore's discretion. In addition, Glencore entered into a forward start facility with a syndicate of 38 banks, whereby $ 6.65 billion of the existing $ 8.18 billion committed medium term revolver is available for drawdown between May 2011 and May 2012, effectively extending the maturity of the vast majority of the facility by one year. Following these transactions, the $ 9 billion revolving credit facilities have a final maturity profile as follows: $ 0.8 billion in May 2010, $ 1.5 billion in May 2011 and $ 6.7 billion in May 2012. Funds drawn under the medium term revolving credit facility which are used to finance current working capital are classified as short term debt, while the portion drawn to fund non current assets is classified as long term debt (see note 11).

Xstrata secured bank loan

In December 2006, Finges Investment B.V., a wholly owned subsidiary of the Company, entered into a $ 1.35 billion secured bank facility package. The substance of the financing facility, which is made up of two derivative limbs, has been accounted for as a secured 3 year bank loan which bears interest at a rate of US $ LIBOR plus a premium.

13 Accounts payable

2009 US $ million	2008 US $ million	
7 148	7 445	Trade payables
1 364	2 118	Trade advances from buyers
1 182	1 074	Associated companies
965	977	Other payables and accrued liabilities
10 659	11 614	Total

14 Acquisition and disposal of subsidiaries

Acquisition

In the first half of 2009, the net cash used in the acquisition of subsidiaries and the provisional fair value acquisition adjustments made were:

Acquiree's carrying amount US $ million	Fair value adjustments US $ million	Fair value US $ million	
1 374	– 491	883	Property, plant and equipment
85	– 20	65	Inventories
52	0	52	Accounts receivable
228	0	228	Cash and cash equivalents
0	– 188	– 188	Non controlling interests
– 101	0	– 101	Long term debt
– 52	– 75	– 127	Provisions and other long term liabilities
– 163	163	0	Deferred income taxes
– 153	0	– 153	Accounts payable
1 270	– 611	659	Total net assets acquired
		377	Less: amounts previously recognized through loans and investments
		228	Less: cash and cash equivalents acquired
		54	Net cash used in acquisition of subsidiaries

In June 2009, following conversion of a convertible bond issued by Katanga, Glencore 'acquired' an additional 60%, thereby increasing its ownership in Katanga to 68%. Following the conversion above, Katanga completed a $ 250 million rights issue in which Glencore participated and acquired an additional 10% interest, bringing its total ownership in Katanga to 77.9%. The acquisition has been accounted for as a business combination with the non controlling interest being measured at fair value on the basis of Katanga's fair value less cost to sell, determined using discounted cash flow techniques which incorporate discount rates commensurate with the nature of the underlying forecast cash flows.

The fair values are provisional due to the proximity of the acquisition to June 30, 2009.

In the first half of 2008, the net cash used in the acquisition of subsidiaries and the fair value acquisition adjustments made were:

Acquiree's carrying amount US $ million	Fair value adjustments US $ million	Fair value US $ million	
16	32	48	Property, plant and equipment
8	0	8	Inventories
4	0	4	Accounts receivable
13	0	13	Non controlling interests
– 10	0	– 10	Provisions and other long term liabilities
0	– 2	– 2	Deferred income taxes
– 21	0	– 21	Accounts payable
10	30	40	Net cash used in acquisition of subsidiaries

Over the first half of 2008, Glencore completed a few smaller acquisitions which have been accounted for as business combinations. The acquisitions are not individually significant to the financial statements and are therefore presented in aggregate.

Prodeco disposal

As part of Xstrata's rights issue in March 2009, Xstrata acquired Glencore's Colombian Coal Group (Prodeco) for $ 2 billion, and concurrently granted Glencore a call option to repurchase Prodeco within 12 months for $ 2.25 billion plus profits accrued during the option period. Given the repurchase option, the conditions for derecognition/disposal of Prodeco have not been met under IFRS and as a consequence, the assets remain in the consolidated financial statements and the 'proceeds' are recognized as a long term liability (see page 15). The significant classes of assets and liabilities comprising the Colombian Coal Group as at June 30, 2009, are as follows:

2009 US $ million	
971	Property, plant and equipment
37	Investments in associates
18	Long term advances and loans
100	Inventories
79	Accounts receivable
14	Cash and cash equivalents
1 219	Assets
49	Long term debt
13	Deferred income taxes
5	Current portion of long term debt
35	Short term debt
127	Accounts payable
229	Liabilities
990	Net assets

15 Other financial assets, liabilities and hedging activities

The following tables show the contract or underlying notional amounts and fair values of the other financial assets and liabilities by type of contract as at June 30, 2009, and December 31, 2008, including physical forward purchase and sale commitments. Fair values are determined using quoted market prices or standard pricing models using observable market inputs and are presented reflecting the expected gross future cash in/outflows. It is Glencore's policy that transactions and activities in other financial assets and liabilities 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. Notional amounts provide an indication of the underlying volume of the business outstanding as at the balance sheet date but do not reflect the underlying Glencore market and credit risk profiles.

2009 Notional buy US $ million	2009 Notional sell US $ million	2009 Fair value US $ million	2008 Fair value US $ million	Fair value of other financial assets
				Commodity related contracts
24 108	33 992	4 613	8 537	Futures
2 740	1 704	365	300	Options
2 074	1 695	511	875	Swaps
3 241	8 805	2 138	3 874	Physical Forwards
				Financial contracts
0	1 817	187	95	Cross currency swaps
994	596	77	81	Foreign currency contracts
33 157	48 609	7 891	13 762	Total other financial assets

2009 Fair value US $ million	2008 Fair value US $ million	Fair value of other financial assets Term to maturity
5 452	10 728	Due in 0–1 year
2 040	2 418	Due in 1–3 years
399	616	Due after 3 years
7 891	13 762	Total other financial assets

2009 Notional buy US $ million	2009 Notional sell US $ million	2009 Fair value US $ million	2008 Fair value US $ million	Fair value of other financial liabilities
				Commodity related contracts
42 157	43 199	6 719	8 409	Futures
3 580	6 206	747	904	Options
2 020	2 796	465	568	Swaps
3 876	5 133	1 563	2 868	Physical Forwards
				Financial contracts
0	2 466	393	764	Cross currency swaps
621	1 046	41	78	Foreign currency contracts
52 254	60 846	9 928	13 591	Total other financial liabilities

2009 Fair value US $ million	2008 Fair value US $ million	Fair value of other financial liabilities Term to maturity
5 812	8 333	Due in 0–1 year
2 704	3 139	Due in 1–3 years
1 412	2 119	Due after 3 years
9 928	13 591	Total other financial liabilities

The following table summarizes the derivative instruments (included in the above tables) which are designated for hedge accounting purposes. These derivative instruments were specifically identified as cash flow hedges, held to hedge future cash flow risks related to the Eurobonds and Sterling bonds as discussed in note 11 and to specific marketing contracts (equivalent in US $ million).

Notional amounts		Recognized Fair Values		Average	
Buy	Sell	Assets	Liabilities	maturity	2009
–	4 283	–	77	2015	Cross currency swap agreements
–	282	–	91	2011	Commodity futures

Notional amounts		Recognized Fair Values		Average	
Buy	Sell	Assets	Liabilities	maturity	2008
–	4 283	–	384	2015	Cross currency swap agreements
–	391	–	75	2010	Commodity futures

16 Future commitments

Capital expenditure for the acquisition of property, plant and equipment is generally funded through the cash flow generated by the respective entities. As of June 30, 2009, $ 269 million (2008: $ 967 million) were 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 mine development activities, costs which in any event would have been incurred in the ordinary course of operations. As at June 30, 2009, $ 302 million (2008: $ 262 million) of such development expenditures are to be incurred, of which 39% are for commitments to be settled over the next two years.

Glencore procures chartering services to meet its overall marketing objectives and commitments. As at June 30, 2009, Glencore has committed to future hire costs to meet future physical delivery and sale obligations of $ 2,768 million (2008: $ 2,880 million), 55% of which are for services to be received over the next two years.

As part of Glencore's ordinary sourcing and procurement of physical commodities and other ordinary marketing obligations, the selling party may request that a financial institution act as either a) the paying party upon the delivery of product and qualifying documents through the issuance of a letter of credit or b) the guarantor by way of issuing a bank guarantee accepting responsibility for Glencore's contractual obligations. As at June 30, 2009, $ 5,873 million (2008: $ 5,450 million) of such commitments have been issued on behalf of Glencore, which will be settled simultaneously upon physical delivery of the commodity.

17 Contingent liabilities

The amount of corporate guarantees in favor of associated and third parties as of June 30, 2009, was $ 63 million (2008: $ 66 million).

Litigation

Certain legal actions, other claims and unresolved disputes are pending against Glencore. Whilst Glencore cannot predict the results of any litigation, it believes that it has meritorious defenses against those actions or claims. Glencore believes the likelihood of any liability arising from these claims to be remote and that the liability, if any, resulting from any litigation will not have a material adverse effect on its income or consolidated financial position.

Environmental contingencies

Glencore's operations, predominantly those arising from the ownership in industrial investments, are subject to various environmental laws and regulations. Glencore is in material compliance with those laws and regulations. Glencore accrues for environmental contingencies when such contingencies are probable and reasonably estimable. Such accruals are adjusted as new information develops or circumstances change. Recoveries of environmental remediation costs from insurance companies and other parties are recorded as assets when the recoveries are virtually certain. At this time, Glencore is unaware of any material environmental contamination at its locations.

18 Related party transactions

In the normal course of business, Glencore enters into various arm's length transactions with related parties, 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 7, 9, 13 and 14). There have been no guarantees provided or received for any related party receivables.

Related party transactions, unless discussed elsewhere in the notes to the financial statements, are summarized below. The principal related parties are included in notes 10 and 20. All transactions between Glencore and its subsidiaries are eliminated on consolidation along with any unrealized profits and losses between its subsidiaries and associates.

Associated companies	Joint ventures	Parent companies	Total	US $ million Six months ended June 30, 2009
299	0	0	299	Sales
– 2 950	0	0	– 2 950	Purchases
7	0	1	8	Interest income
– 1	0	0	– 1	Interest expense
23	0	0	23	Agency income
– 2	0	0	– 2	Agency expense

Associated companies	Joint ventures	Parent companies	Total	US $ million Six months ended June 30, 2008
515	0	0	515	Sales
– 5 472	– 23	0	– 5 495	Purchases
10	0	1	11	Interest income
– 1	0	0	– 1	Interest expense
81	0	0	81	Agency income
– 2	0	0	– 2	Agency expense

19 Segment information – business segments

For management purposes, Glencore is organized on a worldwide basis into three major business groups – metals and minerals, energy products, and agricultural products. These divisions are the basis on which Glencore reports its primary segment information.

Metals and minerals	Energy products	Agricultural products	Total	Six months ended June 30, 2009
14 923	26 167	4 152	45 242	Revenues
– 14 648	– 25 307	– 3 905	– 43 860	Cost of goods sold
275	860	247	1 382	Gross income
– 152	241	0	89	Share of income from associates
10	0	0	10	Dividend income
133	1 101	247	1 481	Segment results
			– 390	Selling and administrative expenses
			– 306	Interest expense – net
			24	Gain on sale of investments
			137	Changes in mark to market valuation – net
			67	Other income/(expense) – net
			– 29	Income taxes
			984	Income before attribution

Metals and minerals	Energy products	Agricultural products	Total	Six months ended June 30, 2008
23 385	55 355	7 435	86 175	Revenues
– 21 917	– 54 031	– 7 135	– 83 083	Cost of goods sold
1 468	1 324	300	3 092	Gross income
688	211	1	900	Share of income from associates
142	0	0	142	Dividend income
2 298	1 535	301	4 134	Segment results
			– 610	Selling and administrative expenses
			– 463	Interest expense – net
			78	Gain on sale of investments
			– 173	Changes in mark to market valuation – net
			59	Other income/(expense) – net
			– 306	Income taxes
			2 719	Income before attribution

20 List of principal operating, finance subsidiaries and industrial investments

	Method of Consolidation[1]	Country of incorporation	% of controlling interest 2009	% of controlling interest 2008	Main activity
Glencore International AG	P	Switzerland			Operating
Glencore AG	F	Switzerland	100.0	100.0	Operating
Allied Alumina Inc. (Sherwin Alumina)	F	United States	100.0	100.0	Alumina production
Century Aluminum Company[2]	E	United States	48.7[2]	47.0[2]	Aluminum production
Columbia Falls Aluminum Company	F	United States	100.0	100.0	Aluminum production
East Tennessee Zinc Company	F	United States	100.0	100.0	Zinc 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 Finance (Bermuda) Ltd	F	Bermuda	100.0	100.0	Finance
AR Zinc Group	F	Argentina	100.0	100.0	Zinc/Lead production
Colombian Coal Group[3]	F	Colombia	100.0	100.0	Coal production
Empresa Minera Los Quenuales	F	Peru	97.1	97.1	Zinc/Lead production
Glencore Exploration (EG) Ltd.	F	Bermuda	100.0	100.0	Oil exploration
Glencore Finance (Europe) SA	F	Luxembourg	100.0	100.0	Finance
Mopani Copper Mines PLC	F	Zambia	73.1	73.1	Copper production
Mutanda Mining	E	DRC	40.0	40.0	Copper production
Recylex S.A.	E	France	32.2	32.2	Zinc/Lead production
Refineria de Cartagena S.A.	E	Colombia	0.0	51.0	Oil production
Sinchi Wayra	F	Bolivia	100.0	100.0	Zinc/Tin production
United Company Rusal Limited	O	Jersey	10.3	10.3	Aluminum production
Finges Investment B.V.	F	Netherlands	100.0	100.0	Finance
Xstrata plc	E	U.K.	35.1	35.2	Diversified production
Cobar Group	F	Australia	100.0	100.0	Copper production
Glencore Grain BV	F	Netherlands	100.0	100.0	Operating
Inner Mongolia Huomei Hongiun Aluminium Co.	E	China	35.7	35.7	Aluminum production
JSC Kazzinc	F	Kazakhstan	69.0	69.0	Zinc/Lead production
Vasilkovskoje Gold	E	Kazakhstan	40.0	40.0	Gold production
Katanga Mining Limited	F	Bermuda	77.9	8.5	Copper production
Murrin Murrin Joint Venture[4]	F	Australia	40.0	40.0	Nickel production
Minara Resources Ltd	F	Australia	70.6	70.6	Nickel production
Moreno Group	F	Argentina	100.0	100.0	Edible oils production
Pasar	F	Philippines	78.2	78.2	Copper production
Portovesme	F	Italy	100.0	100.0	Zinc/Lead production
Russneft Group (various companies)[5]	O	Russia	40.0–49.0	40.0–49.0	Oil production
Shanduka Coal (Pty) Ltd	F	South Africa	70.0	70.0	Coal production
ST Shipping & Transport Pte Ltd	F	Singapore	100.0	100.0	Operating
Topley Corporation[6]	F	B.V.I.	100.0	100.0	Ship owner

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

[2] Represents Glencore's economic interest in Century, comprising 38.1% voting interest (2008: 28.5%) and 10.6% non voting interest (2008: 18.5%).

[3] Comprises C.I. Prodeco SA, Consorcio Minero Unido SA, Carbones de la Jagua SA, Carbones El Tesoro SA and Carboloma (see note 14).

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

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

[6] Holding company for 50% and 100% interests in various vessels.

GLENCORE
INTERNATIONAL AG
Baarermattstrasse 3
P. O. Box 777
CH-6341 Baar
Switzerland