GlencoreXstrata

NEWS RELEASE
Baar, 4 March 2014

Preliminary Results 2013

Key Highlights:

- Adjusted pro forma EBITDA of $13.1bn consistent with 2012, reflecting:
  - Strong marketing results, with Adjusted EBITDA up 17% to $2.6 billion (Adjusted EBIT up 11% to $2.4 billion).
  - Industrial Adjusted EBITDA lower by a respectable 4% to $10.5 billion, as increased production and improved cost management, aided by some merger related synergies, substantially mitigated the impact of the weaker commodity price environment.
- Strong year for production growth:
  - Copper up 26% to 1.5 million tonnes, including African copper, up 43%, with Mutanda and Katanga each reaching 200,000 tonnes p.a. capacity at year-end and 58% production growth at Collahuasi.
  - Ferrochrome up 32% to 1.2 million tonnes based on higher utilisation of the smelters and furnaces and the successful commissioning of the Tswelopele pelletizing plant.
  - Coal up 4% to 138.1 million tonnes, driven by expansions at Prodeco and in Australian thermal coal.
  - Start-up of production at the Alen (Equatorial Guinea) and Badila (Chad) oil fields.
- Successful integration of Xstrata, with sustainable annual synergies of $2.4 billion identified and substantially delivered. The full benefit is expected to be realised in 2014, with implementation costs of some $0.3 billion, mostly incurred in 2013.
- Net debt increased to $35.8 billion as the Group nears completion of many of its large development projects, including McArthur River, African copper and the pre-commissioning of Koniambo, the benefits of which should start to accrue in the near term. Capital expenditure is now on steeply declining trajectory.
- Operating cash flow generation in the form of pro forma FFO was solid at $10.4 billion, slightly ahead of 2012.
- Overall balance sheet remains strong and flexible with $13 billion of committed available liquidity at year-end.
- Active balance sheet / portfolio management continued:
  - Las Bambas sale process ongoing.
  - Successful sale of the pasta and malt businesses during 2013, acquired as part of Viterra.
  - Repayment of $1.2 billion of Russneft loans received during the year.
- Secondary listing on the JSE, deepening our relationship with South Africa and highlighting our confidence in Africa as an investment destination.
- Statutory Day One goodwill impairment of $7.5 billion was recorded in relation to the Xstrata acquisition, reflecting the broader negative mining industry environment / sentiment which prevailed during 2013 and the heightened risks associated with greenfield and large scale expansion projects.
- Board has recommended a final distribution of $11.1 cents per share, or $16.5 cents for the full year, some 4.8% higher than 2012, reflecting our continued confidence in the strength and prospects for the group.

Glencore's Chief Executive Officer, Ivan Glasenberg, commented:

"Our marketing division once again delivered a strong overall performance, while the modest year on year decline in our industrial asset performance inevitably reflected the weaker commodity price environment in 2013.

Glencore remains the only genuinely diversified natural resources company in respect of business activity, commodity and geography. Our financial performance in 2013 reflects this, with a consistent pro forma EBITDA and operational cash flow performance compared to 2012.

As we look ahead to 2014, we continue to see healthy demand growth in all our key commodities, underpinned by the long term trend of urbanisation in emerging markets and parts of the developed world returning to trend growth."

In addition, Glencore has today published on its website (www.glencorexstrata.com) a presentation which contains a summary of the 2013 preliminary results.

US$ million	2013	2012[2]	Change %
Key statement of income and cash flows highlights – pro forma[1]:			
Revenue	**239,673**	236,236	1
Adjusted EBITDA[3]	**13,071**	13,086	-
Adjusted EBIT[3]	**7,434**	8,591	(13)
Net income attributable to equity holders pre-significant items[4]	**4,583**	5,970	(23)
Earnings per share (pre-significant items) (US$)	**0.35**	0.45	(22)
Funds from operations (FFO)[5]	**10,375**	10,267	1
Purchase and sale of property, plant and equipment	**12,865**	12,994	(1)

US$ million	2013	2012	Change %
Key statement of income and cash flows highlights – reported:			
Revenue	**232,694**	214,436	9
Adjusted EBITDA[3]	**10,466**	5,943	76
Adjusted EBIT[3]	**5,970**	4,470	34
Net income attributable to equity holders pre-significant items[4]	**3,666**	3,064	20
Net (loss)/income attributable to equity holders	**(7,402)**	1,004	n.m.
Earnings per share (pre-significant items) (US$)	**0.33**	0.44	(25)
Funds from operations (FFO)[6]	**8,030**	4,115	95
Purchase and sale of property, plant and equipment	**9,849**	3,005	228

US$ million	31.12.2013	31.12.2012	Change %
Key financial position highlights:			
Total assets - reported	**154,932**	105,564[2]	47
Current capital employed (CCE)[3] – reported	**24,351**	23,924[2]	2
Net debt[5] – pro forma	**35,810**	29,460[2]	22
Ratios:			
FFO to Net debt[5] – pro forma	**29.0%**	34.9%[2]	(17)
Net debt to Adjusted EBITDA – pro forma	**2.74x**	2.25x[2]	22
Adjusted EBITDA to net interest – pro forma	**9.12x**	11.72x[2]	(22)
Adjusted EBITDA to net interest – reported	**7.54x**	6.13x	23
Adjusted current ratio - reported	**1.18x**	1.16x	2

1 Refer to page 4.
2 Pro forma 2012 has been adjusted to reflect the updated year-end fair value acquisition accounting for the acquisitions of Xstrata and Viterra.
3 Refer to glossary on page 125 for definitions and for Adjusted EBIT/EBITDA to note 2 of the financial statements.
4 Refer to page 121 for pro forma results and page 7 for reported results.
5 Refer to page 123.
6 Refer to page 9.

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CEO Review

2013 was a landmark year for Glencore with the completion of our merger with Xstrata. As we outlined at our September investor day, robust structures and procedures were established, that allowed our operations to be quickly and smoothly combined.

As part of this process, we rationalised divisional head office structures and sought to eliminate excessive bureaucracy and duplication across the entire operational base, which combined with marketing benefits identified, has resulted in expected total annual merger synergies now in excess of $2.4bn.

A bottom up review of all operating assets and projects also formed an important component of the integration process, resulting in the suspension of more than 40 projects and the identification of other assets for potential sale. We remain committed to ensuring that key projects are delivered in the best possible manner, while maintaining a strong focus on cost control. Our efforts to improve the efficiency and productivity of the enlarged industrial asset base continue to present opportunities to accrue further savings. Separately, we are also exploring the possibility of creating further value via closer cooperation and interaction in specific areas where there is significant operational overlap with third party producers.

Unique amongst our peers, we have made our capital allocation process and thresholds explicit. We are focussed on delivering the right returns on our capital in order to grow our long-term free cash flows. Depleting assets will only be replaced if it makes economic sense. Excess capital, which cannot be gainfully redeployed, will be returned to shareholders.

Incremental capital allocation will focus on lower-risk expansion brownfield projects and bolt-on acquisitions that minimise risk and allow for strong returns and rapid cash payback. The combination of the substantial completion of the current growth pipeline and our operational cost reduction programme is expected to see Glencore move materially down the cost curve in all our key commodities.

Glencore remains the only genuinely diversified natural resources company in respect of business activity, commodity and geography. Our financial performance in 2013 reflects this, with a consistent pro forma EBITDA and operational cash flow performance compared to 2012. In light of the near term expected production growth, associated deceleration of capital expenditure and recognition of the level of merger related synergies achieved, we are delighted to announce a further increase in our dividend per share.

Marketing delivered a very creditable overall performance with an 11% increase in Adjusted EBIT, despite a relatively lacklustre commodity and economic backdrop. Our industrial asset performance inevitably reflected such weaker commodity price environment, particularly in coal, resulting in an overall relatively modest year on year decline, bolstered by volume growth, improved cost management and the delivery of merger related synergies.

On 13 November 2013, our shares began trading on the Johannesburg Stock Exchange, as a secondary and inward foreign listing as defined by the South African Reserve Bank. Africa is an exciting and growing market for Glencore. South Africa has a strong and knowledgeable institutional investor base with a long history of investing in resource companies and, in this regard, we look forward to developing long term and rewarding shareholder relationships.

We continue to see healthy demand growth in all our key commodities, underpinned by the long term trend of urbanisation in emerging markets and parts of the developed world returning to trend growth. Under pressure from shareholders, resources companies appear to be fundamentally reassessing their allocation of capital dedicated to new supply. This does suggest a more constructive price environment for commodities in the future.

Ivan Glasenberg

Chief Executive Officer

Financial Review

Pro forma financial results

Basis of presentation

The unaudited pro forma financial information detailed below and where otherwise noted has been prepared as if the acquisition of Xstrata plc and full consolidation of such had taken place as of 1 January 2012 to illustrate the effects of the acquisition on the profit from continuing operations and cash flow statement for the years ended 31 December 2013 and 31 December 2012. The pro forma financial information is presented before significant items unless otherwise stated to provide an enhanced understanding and comparative basis of the underlying financial performance.

The pro forma financial information has been prepared in a manner consistent with the accounting policies applicable for periods ending on or after 1 January 2013 as outlined in note 1 of the financial statements with the exception of the accounting treatment applied to certain associates and joint ventures for which Glencore's attributable share of revenues and expenses are presented (see note 2) and reflects the provisional fair value adjustments arising from the acquisition of Xstrata on 2 May 2013 as if the acquisition had occurred and those fair value adjustments had arisen at 1 January 2012. These adjustments primarily relate to depreciation, amortisation and the unwind of onerous and unfavourable contract provisions. The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not reflect the Group's actual financial position or results.

A reconciliation of the pro forma results to the reported results for the years ended 31 December 2013 and 31 December 2012 is included in the Appendix on page 121.

Financial Review

Pro forma results

On a pro forma basis, Adjusted EBITDA in 2013 of $13,071 million was in-line with 2012, as improved marketing results, increased production and productivity gains at many of our industrial operations and some merger related synergies, helped to offset the impact of weaker average commodity prices on our industrial activities. Adjusted EBIT decreased by 13% in 2013, due to the additional depreciation expense, consistent with increasing production.

Pro forma Industrial Adjusted EBITDA declined by 4% to $10,472 million in 2013 (EBIT down 21% to $5,078 million), owing primarily to weaker average year over year commodity prices, including coal API4, nickel, silver, gold and copper down 13%, 14%, 23%, 15% and 8% respectively. Increased production across many of our assets, notably African copper (up 43%), Collahuasi (up 58%), Antapaccay (up 192%), Ernest Henry (up 107%) and Prodeco (up 26%), together with weaker producer currencies (notably AUD and ZAR) and integration / other cost savings initiatives, largely offset the impact of commodity price declines and the impact of reduced production resulting from the planned closures of the Perseverance and Brunswick mines.

Pro forma Marketing Adjusted EBITDA increased by 17% to $2,599 million in 2013, while EBIT was up 11% to $2,356 million, representing 32% of pro forma Adjusted EBIT, up from 25% in 2012. 2013 saw an improved performance from metals and minerals, with healthy contributions from each of the metals marketing groups aided by good overall volume growth and relatively tight physical demand conditions in many markets (e.g. zinc and aluminium). Energy EBIT was up 45% over 2012, with coal in particular recovering from a 2012 base, which offered limited arbitrage opportunities. The Agricultural products segment, as reported in our interim results, was substantially lower, compounded by crop shortfalls, limited volatility and South American logistics and sourcing challenges experienced during H1 2013. H2 2013 saw a substantial improvement on H1 2013, with the halves contributing $260 million and $123 million respectively to the overall 2013 Marketing EBITDA, including the benefit of a solid Viterra performance.

These results reinforce 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 EBITDA/EBIT - pro forma

Pro forma Adjusted EBITDA by business segment is as follows[1]:

US$ million	**Marketing activities**	**Industrial activities**	**2013 Adjusted EBITDA**	Marketing activities	Industrial activities	2012 Adjusted EBITDA	%
Metals and minerals	**1,643**	**7,203**	**8,846**	1,379	7,052	8,431	5
Energy products	**666**	**3,378**	**4,044**	494	4,083	4,577	(12)
Agricultural products	**383**	**61**	**444**	394	59	453	(2)
Corporate and other	**(93)**	**(170)**	**(263)**	(39)	(336)	(375)	n.m.
Total	**2,599**	**10,472**	**13,071**	2,228	10,858	13,086	-

Pro forma Adjusted EBIT by business segment is as follows[1]:

US$ million	**Marketing activities**	**Industrial activities**	**2013 Adjusted EBIT**	Marketing activities	Industrial activities	2012 Adjusted EBIT	%
Metals and minerals	**1,622**	**4,036**	**5,658**	1,363	4,534	5,897	(4)
Energy products	**629**	**1,244**	**1,873**	435	2,289	2,724	(31)
Agricultural products	**198**	**(6)**	**192**	371	(10)	361	(47)
Corporate and other	**(93)**	**(196)**	**(289)**	(39)	(352)	(391)	n.m.
Total	**2,356**	**5,078**	**7,434**	2,130	6,461	8,591	(13)

1 Pro forma 2012 has been adjusted to reflect the updated year-end fair value acquisition accounting for the acquisitions of Xstrata and Viterra.

Reported financial results

Basis of presentation

The reported financial information has been prepared on the basis as outlined in note 1 of the financial statements. It is presented in the Financial Review section before significant items unless otherwise stated to provide an enhanced understanding and comparative basis of the underlying financial performance. Significant items (refer to page 7) 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. The reported results comprise those of the legacy Glencore operations for 2013 (including the Group's equity accounted 34% interest in Xstrata up to the date of acquisition) plus 100% of the results of Xstrata plc from the date of acquisition, 2 May 2013. A summary of reported results and brief related commentary is provided below.

Adjusted EBITDA/EBIT – reported

Adjusted EBITDA by business segment is as follows:

US$ million	Marketing activities	Industrial activities	2013 Adjusted EBITDA	Marketing activities	Industrial activities	2012 Adjusted EBITDA	%
Metals and minerals	1,643	5,296	6,939	1,379	1,625	3,004	131
Energy products	666	2,530	3,196	494	983	1,477	116
Agricultural products	383	61	444	394	59	453	(2)
Corporate and other[1]	(93)	(20)	(113)	(39)	1,048	1,009	n.m.
Total Adjusted EBITDA	**2,599**	**7,867**	**10,466**	2,228	3,715	5,943	76

Adjusted EBIT by business segment is as follows:

US$ million	Marketing activities	Industrial activities	2013 Adjusted EBIT	Marketing activities	Industrial activities	2012 Adjusted EBIT	%
Metals and minerals	1,622	2,742	4,364	1,363	708	2,071	111
Energy products	629	907	1,536	435	594	1,029	49
Agricultural products	198	(6)	192	371	(10)	361	(47)
Corporate and other[1]	(93)	(29)	(122)	(39)	1,048	1,009	n.m.
Total Adjusted EBIT	**2,356**	**3,614**	**5,970**	2,130	2,340	4,470	34

1 Corporate industrial activities include $176 million (2012: $1,174 million) of Glencore's equity accounted share of Xstrata's income.

Marketing Adjusted EBITDA and EBIT were $2,599 million and $2,356 million, up 17% and 11% respectively over 2012, owing to stronger performances from the metals and energy marketing groups, offset by a lower contribution from the agricultural marketing group.

Industrial Adjusted EBITDA and EBIT increased by 118% and 54% to $7,867 million and $3,614 million respectively in 2013, primarily due to the inclusion of eight months of Xstrata on a fully consolidated basis, such enhanced scale (not part of the 2012 comparatives), trumping the impact of lower average commodity prices during the year.

Corporate and other primarily relates to the equity accounted interest in Xstrata and other unallocated corporate related expenses including variable pool bonus charges, the net result of which was negative $122 million in 2013, following the change in Xstrata accounting after acquiring the remaining 66% in May 2013.

Earnings

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

US$ million	2013	2012
Adjusted EBIT[1]	**5,970**	4,470
Net finance and income tax expense in certain associates and joint ventures[1]	**(335)**	-
Net finance costs	**(1,365)**	(970)
Income tax expense	**(426)**	(224)
Non-controlling interests	**(178)**	(212)
Income attributable to equity holders pre-significant items	**3,666**	3,064
Earnings per share (Basic) pre-significant items (US$)	**0.33**	0.44
Other income/(expense) – net[2]	**(10,844)**	(1,214)
Mark to market valuation of certain natural gas forward contracts[3]	**-**	(123)
Mark to market loss on certain aluminium positions[3]	**(95)**	-
Unrealised intergroup profit elimination[3]	**(261)**	(84)
Share of Associates' exceptional items[4]	**(51)**	(875)
Write off of capitalised borrowing costs[5]	**(23)**	-
Loss on disposal of investments	**(40)**	(128)
Net deferred tax asset recorded[6]	**172**	300
Non-controlling interests share of other income[7]	**74**	64
Total significant items	**(11,068)**	(2,060)
(Loss)/Income attributable to equity holders	**(7,402)**	1,004
Earnings per share (Basic) (US$)	**(0.67)**	0.14

1 Refer to note 2 of the financial statements.
2 Recognised within other income/(expense) – net, see notes 2 and 4 of the financial statements.
3 Recognised within cost of goods sold, see note 2 of the financial statements.
4 Recognised within share of income from associates and joint ventures, see note 2 of the financial statements.
5 Recognised within interest expense.
6 Recognised within income tax expense.
7 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 the Group's results to provide a better understanding and comparative basis of the underlying financial performance.

In 2013, Glencore recognised $11,068 million of net other significant expenses, mainly comprising a $1,160 million accounting loss related to the revaluation of Glencore's 34% interest in Xstrata immediately prior to acquisition, a $7,480 million goodwill impairment recognised upon acquisition of Xstrata and directly attributable transaction costs of $294 million. On acquisition, the underlying assets and liabilities acquired were fair valued, with an amount of resulting goodwill allocated to the business. A residual goodwill amount of $7.5 billion could not be supported and has been written off as explained in note 5. The size of the impairment was influenced by the deemed acquisition consideration, calculated by reference to Glencore's share price on the date of acquisition. Furthermore, due to the persistent challenging nickel and aluminium market environments and revisions to some mining and development plans, impairment charges were recognised at Murrin Murrin ($454 million), Cobar ($137 million) and UC Rusal ($446 million). Additional significant items include $300 million of valuation adjustments made to various long-term loans and advances, $308 million of mark to market adjustments on other investments classified as held for trading and $261 million of unrealised profit eliminations.

In 2012, Glencore recognised $2,060 million of other significant expenses on a net basis, primarily comprising impairments of $1,650 million, $120 million acquisition related expenses and a $109 million 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 2012 impairment mainly comprised $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.

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

Net finance costs

Net finance costs were $1,388 million in 2013, a 43% increase over 2012 or up 41% on a pre-significant basis, taking into account $23 million of capitalised borrowing costs written off upon refinance of the revolving credit facility. Interest income in 2013, which includes interest on various loans extended, such as that to the Russneft Group, was $393 million consistent with 2012. Interest expense for 2013 was $1,781 million, a 30% increase from $1,371 million in 2012, due mainly to the consolidation of Xstrata debt from May 2013. Average cost of debt reduced during the year, as the pro-active refinancing of maturing bonds and bank debt achieved improved terms.

Income taxes

A net income tax expense of $254 million was recognised during the year ended 2013 compared to an income tax credit of $76 million in 2012 as the latter included the recognition of one off tax benefits (losses carried forward), following an internal reorganisation of our existing ownership interest in Xstrata. Based on our historical experience, including that gathered via Xstrata reporting over the years, income tax expense, pre-significant items, should approximate Adjusted EBIT for marketing and industrial assets less an allocated interest expense (see page 12) multiplied by an estimated tax rate of 10% and 25% respectively. This has been reflected in the table above. Refer to appendix for a reconciliation of the calculation.

Assets, leverage and working capital

Total assets were $154,932 million as at 31 December 2013 compared to $105,564 million as at 31 December 2012, a period over which, current assets increased from $54,112 million to $58,542 million. The adjusted current ratio at 31 December 2013 was 1.18, reflecting a 2% improvement compared with 31 December 2012. Non-current assets increased from $51,452 million to $96,390 million, primarily due to the acquisition of Xstrata.

Consistent with 31 December 2012, 99% ($16,418 million) of total marketing inventories were contractually sold or hedged (readily marketable inventories) as at 31 December 2013. These inventories are considered to be readily convertible into cash due to their liquid nature, widely available markets, and the fact that the associated price risk is covered either by a physical sale transaction or a hedge transaction. Given the highly liquid nature of these inventories, which represent a significant share of current assets, the Group 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.

Cash flow and net debt

Net debt

US$ million	31.12.2013	31.12.2012
Gross debt	**55,185**	35,526
Associates and joint ventures net funding[1]	**(72)**	-
Cash and cash equivalents and marketable securities	**(2,885)**	(2,820)
Net funding	**52,228**	32,706
Readily marketable inventories	**(16,418)**	(17,290)
Net debt	**35,810**	15,416

Cash and non-cash movements in net debt

US$ million	31.12.2013	31.12.2012
Cash generated by operating activities before working capital changes	**8,676**	4,782
Associates and joint ventures Adjusted EBITDA[1]	**1,487**	-
Net interest paid[1]	**(1,488)**	(784)
Tax paid[1]	**(679)**	(344)
Dividends received from associates[1]	**34**	461
Funds from operations	**8,030**	4,115
Working capital changes, excluding readily marketable inventory movements and other[1]	**(761)**	2,776
Payments of non-current advances and loans[1]	**285**	(203)
Acquisition and disposal of subsidiaries, net of asset acquirer loans[1]	**2,125**	(3,602)
Purchase and sale of investments	**(144)**	(610)
Purchase and sale of property, plant and equipment[1]	**(9,849)**	(3,005)
Margin payments in respect of financing related hedging activities	**167**	176
Acquisition and disposal of additional interests in subsidiaries	**(489)**	(624)
Dividends paid and purchase of own shares	**(2,236)**	(1,066)
Cash movement in net debt	**(2,872)**	(2,043)
Net debt assumed in business combination	**(17,407)**	(359)
Foreign currency revaluation of non-current borrowings and other non-cash items	**(115)**	(76)
Non-cash movement in net debt	**(17,522)**	(435)
Total movement in net debt	**(20,394)**	(2,478)
Net debt, beginning of period	**(15,416)**	(12,938)
Net debt, end of period	**(35,810)**	(15,416)

1 Adjusted to include the impacts of proportionate consolidation of certain associates and joint ventures as outlined in the appendix.

The reconciliation in the table above is the method by which management reviews movements in net debt and comprises key movements in cash and any significant non-cash movements on net debt items.

Net debt as at 31 December 2013 increased to $35,810 million from $15,416 million as at 31 December 2012 of which $17,407 million of the increase was due to the debt assumed on acquisition of Xstrata and $2,872 million related to the net additional funding requirement in excess of FFO required to fund primarily the various ongoing expansion activities.

Capital expenditure

Net capital expenditure increased from $3,005 million in 2012 to $9,849 million in 2013, due primarily to the progression of the various development projects assumed with the Xstrata acquisition, notably Las Bambas, Koniambo, Australian thermal coal projects and McArthur River, combined with African copper and Oil E&P.

Business acquisitions and disposals

Net expenditures on business combinations was $3,602 million in 2012 (primarily Viterra) compared to a net inflow of $2,125 million (or $544 million excluding cash acquired in the Xstrata transaction of $1,581 million) in 2013, due mainly to an inflow of $744 million on disposal of certain non-core operations assumed in the 2012 Viterra acquisition, partially offset by a few smaller acquisitions.

Liquidity and funding activities

During 2013, the following significant financing activities took place:

- In May, Glencore issued, in five tranches, US$5 billion of interest bearing notes as follows:
  - 3 year $1,000 million 1.7% fixed coupon bonds;
  - 5 year $1,500 million 2.5% fixed coupon bonds;
  - 10 year $1,500 million 4.125% fixed coupon bonds;
  - 3 year $500 million floating coupon notes; and
  - 5 year $500 million floating coupon notes.
- In June, Glencore signed new committed revolving credit facilities totalling $17,340 million, which extended and increased previous revolving credit facilities. The facilities comprise:
  - a $5,920 million 12 month revolving credit facility with a borrower's 12 month term-out option and a 12 month extension option;
  - a $7,070 million 3 year facility with two 12 month extension options; and
  - a $4,350 million 5 year facility.
- In September, Glencore issued EUR 750 million 3.375% bonds maturing in 2020.
- In October, Glencore issued EUR 400 million 3.70% bonds maturing in 2023 and CHF 175 million 2.125% bonds maturing 2019.

As at 31 December 2013, Glencore had available committed undrawn credit facilities and cash amounting to $13 billion. As an internal financial policy, Glencore has a $3 billion minimum threshold requirement.

Credit ratings

In light of the Group's extensive funding activities, maintaining strong Baa/BBB investment grade ratings is a financial priority/target. Following completion of the all-share acquisition of Xstrata, the Group's credit ratings are Baa2 (stable) from Moody's and BBB (stable) from S&P.

Value at risk

One of the tools used by Glencore to monitor and limit its primary market risk exposure, namely commodity price risk related to its physical marketing activities, is the use of a value at risk (VaR) computation. VaR is a risk measurement technique which estimates the potential loss that could occur on risk positions as a result of movements in risk factors over a specified time horizon, given a specific level of confidence. The VaR methodology is a statistically defined, probability based approach that takes into account market volatilities, as well as risk diversification by recognising offsetting positions and correlations between commodities and markets. In this way, risks can be measured consistently across all markets and commodities and risk measures can be aggregated to derive a single risk value. Glencore has set a consolidated VaR limit (1 day 95%) of $100 million representing some 0.2% of equity.

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

Average market risk VaR (1 day 95%) during 2013 was $32 million, representing less than 0.1% of equity. Average equivalent VaR during 2012 was $40 million.

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 their management.

Distributions

The directors have recommended a 2013 financial year final distribution of $11.1 cents per share amounting to $1,457 million excluding any distribution on own shares.

Final distribution	2014
Applicable exchange rate reference date (Johannesburg Stock Exchange (JSE))	2 May
Last time to trade on JSE to be recorded in register for distribution	Close of business (SA) 9 May
Last day to effect removal of shares cum dividend between Jersey and JSE registers	9 May
Ex-dividend date (JSE)	12 May
Ex-dividend date (Jersey and Hong Kong)	14 May
Last time for lodging transfers in Hong Kong	4:30 pm (HK) 15 May
Record date in Hong Kong	Opening of business (HK) 16 May
Record date for JSE	Close of business (SA) 16 May
Record date in Jersey	Close of business (UK) 16 May
Deadline for return of currency election form (Jersey shareholders)	19 May
Removal of shares between the Jersey and JSE registers permissible from	19 May
Annual General Meeting (shareholder vote to approve final distribution)	20 May
Applicable exchange rate date (Jersey and Hong Kong)	21 May
Payment date	30 May

The directors have proposed that this final distribution be paid out of capital contribution reserves. As such, this distribution would be exempt from Swiss withholding tax. As at 31 December 2013, Glencore Xstrata plc had CHF11.4 billion of such capital contribution reserves in its statutory accounts.

The final distribution is declared and ordinarily paid in US dollars. Shareholders on the Jersey register may elect to receive the distribution in sterling, euros or Swiss francs, the exchange rates of which will be determined by reference to the rates applicable to the US dollar as stated above. Shareholders on the Hong Kong branch register will receive their distribution in Hong Kong dollars, while shareholders on the Johannesburg register will receive their distribution in South African rand. Further details on distribution payments, together with currency election and distribution mandate forms, are available from the Group's website (www.glencorexstrata.com) or from the Company's Registrars.

Notional allocation of debt and interest expense

Glencore's debt funding 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 (also see the appendix):

- 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.
- 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 2013.

Financial Review

US$ million	Marketing activities	Industrial activities	**Total**
Adjusted EBIT, pre-significant items	2,356	3,614	**5,970**
Interest expense allocation	(283)	(1,475)	**(1,758)**
Interest income allocation	-	393	**393**
Allocated profit before tax	2,073	2,532	**4,605**
Allocated net funding – 31 December 2013	15,414	36,814	**52,228**
Allocated net funding – quarterly average	14,534	29,520	**44,054**

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 2013. The industrial activities' return on notional equity, is being held back by mostly mid to advanced stage oil, copper, nickel and zinc development and expansion projects, where significant investments have been made to date. These projects did not contribute to earnings in the year at anywhere near their full production potential, and as a result, the full effect of the earnings is yet to be reflected in allocated profits.

Summary pro forma financial information

Information in this section has been presented on the pro forma basis described in the Financial Review section

Year ended 31 December 2013

US$ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	**Total**
Revenue from third parties	**67,181**	**142,248**	**30,039**	**205**	**239,673**
Impact of presenting certain associates and joint ventures on proportionate consolidation basis	(2,468)	(816)	-	-	(3,284)
Revenue from third parties - reported measure	64,713	141,432	30,039	205	236,389
Marketing activities					
Adjusted EBIT	1,622	629	198	(93)	2,356
Depreciation and amortisation	21	37	185	-	243
Adjusted EBITDA	**1,643**	**666**	**383**	**(93)**	**2,599**
Industrial activities					
Adjusted EBIT	4,036	1,244	(6)	(196)	5,078
Depreciation and amortisation	3,167	2,134	67	26	5,394
Adjusted EBITDA	**7,203**	**3,378**	**61**	**(170)**	**10,472**
Total Adjusted EBITDA	**8,846**	**4,044**	**444**	**(263)**	**13,071**
Depreciation and amortisation	(3,188)	(2,171)	(252)	(26)	(5,637)
Total Adjusted EBIT	**5,658**	**1,873**	**192**	**(289)**	**7,434**
Impact of presenting certain associates and joint ventures on proportionate consolidation basis					(436)
Total Adjusted EBIT- reported measure					**6,998**
Interest expense – net					(1,434)
Income tax expense					(712)
Non-controlling interests					(269)
Income for the year before significant items					**4,583**
Significant items					
Other expense – net[1]					(1,988)
Mark to market loss on certain aluminium positions					(95)
Unrealised intergroup profit elimination adjustments					(261)
Write off of capitalised borrowing costs					(23)
Income tax credit					183
Non-controlling interest portion of significant items					74
Income for the year attributable to equity holders					**2,473**

1 Includes $1,606 million of impairments, see note 5. This excludes the Xstrata acquisition goodwill impairment, see the reconciliation between the reported results and the pro forma results on page 121.

A reconciliation between the reported results and the pro forma results is set out on page 121.

Summary pro forma financial information

Year ended 31 December 2012[1]

US$ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Revenue from third parties	**69,392**	**145,713**	**20,825**	**306**	**236,236**
Impact of presenting certain associates and joint ventures on proportionate consolidation basis	(2,356)	(970)	-	-	(3,326)
Revenue from third parties - reported measure	67,036	144,743	20,825	306	232,910
Marketing activities					
Adjusted EBIT	1,363	435	371	(39)	2,130
Depreciation and amortisation	16	59	23	-	98
Adjusted EBITDA	**1,379**	**494**	**394**	**(39)**	**2,228**
Industrial activities					
Adjusted EBIT	4,534	2,289	(10)	(352)	6,461
Depreciation and amortisation	2,518	1,794	69	16	4,397
Adjusted EBITDA	**7,052**	**4,083**	**59**	**(336)**	**10,858**
Total Adjusted EBITDA	**8,431**	**4,577**	**453**	**(375)**	**13,086**
Depreciation and amortisation	(2,534)	(1,853)	(92)	(16)	(4,495)
Total Adjusted EBIT	**5,897**	**2,724**	**361**	**(391)**	**8,591**
Impact of presenting certain associates and joint ventures on proportionate consolidation basis					(562)
Total Adjusted EBIT- reported measure					**8,029**
Interest expense – net					(1,117)
Income tax expense					(434)
Non-controlling interests					(508)
Income for the year before significant items					**5,970**
Significant items					
Other expense – net[2]					(2,449)
Mark to market valuation of certain natural gas contracts					(123)
Unrealised intergroup profit elimination adjustments					(84)
Loss on sale of investments					(128)
Loan issue costs written off					(12)
Net deferred tax asset recorded					314
Non-controlling interest portion of significant items					149
Share of associates' significant items					(945)
Income for the year attributable to equity holders					**2,692**

1 Pro forma 2012 has been adjusted to reflect the updated year-end fair value acquisition accounting for the acquisitions of Xstrata and Viterra.
2 Includes $1,650 million of impairments, see note 5.

Metals and Minerals

Information in this section has been presented on the pro forma basis described in the Financial Review section

Highlights

Metals and minerals total Adjusted EBITDA in 2013 was $8,846 million, 5% higher than 2012, reflecting increased production and a stronger marketing contribution, tempered by lower commodity prices. Adjusted EBIT however, of $5,658 million, was 4% lower, due to additional depreciation, consistent with increasing production.

Metals and minerals industrial Adjusted EBIT was $4,036 million, 11% lower than 2012 (EBITDA was 2% higher). The EBIT decline was driven by lower average metal prices (e.g. S&P GSCI Industrial Metal Index down 7%), offset by strong production growth (apart from zinc mine closures), particularly copper and ferrochrome, where own sourced production increased by 26% and 32% respectively.

Marketing Adjusted EBIT in 2013 was $1,622 million, 19% higher than 2012, supported by generally higher volumes and strong physical premiums.

Outlook

Further production growth is expected from key projects across copper, zinc/lead and nickel, which is expected to provide a platform for volume growth over the next few years. We expect demand to remain strong across most of the markets in which we operate, driven by both continuing emerging market demand as well as a return to growth trajectories in the developed world, especially North America.

US$ million	**Marketing activities**	**Industrial activities**	**2013**	Marketing activities	Industrial activities	2012
Revenue	**35,986**	**31,195**	**67,181**	38,798	30,594	69,392
Adjusted EBITDA	**1,643**	**7,203**	**8,846**	1,379	7,052	8,431
Adjusted EBIT	**1,622**	**4,036**	**5,658**	1,363	4,534	5,897
Allocated average CE[1]	**9,097**	**58,867**	**67,964**	8,083	56,561	64,644
Adjusted EBIT return on average CE	**18%**	**7%**	**8%**	17%	8%	9%

1 The simple average of segment current and non-current capital employed (see note 2 of the financial statements and pro forma in respect of 2012), adjusted for production related inventories, is applied as a proxy for marketing and industrial activities respectively.

Market Conditions

Selected average commodity prices

	2013	2012	Change %
S&P GSCI Industrial Metals Index	354	382	(7)
LME (cash) copper price ($/t)	7,328	7,958	(8)
LME (cash) zinc price ($/t)	1,909	1,948	(2)
LME (cash) lead price ($/t)	2,139	2,062	4
LME (cash) nickel price ($/t)	15,012	17,530	(14)
Gold price ($/toz)	1,411	1,669	(15)
Silver price ($/toz)	24	31	(23)
Metal Bulletin cobalt price 99.3% ($/lb)	13	13	-
LME (cash) aluminium price ($/t)	1,846	2,022	(9)
Metal Bulletin alumina price ($/t)	327	319	3
Metal Bulletin ferrochrome 6-8% C basis 60% Cr, max 1.5% Si (¢/lb)	99	109	(9)
Platinum price ($/toz)	1,486	1,552	(4)
Iron ore (Platts 62% CFR North China) price ($/DMT)	135	130	4

Metals and Minerals

Currency table

	Average 2013	Spot 31 Dec 2013	Average 2012	Spot 31 Dec 2012	Change in average %
AUD : USD	0.97	0.89	1.04	1.04	(7)
USD : COP	1 869	1 930	1 797	1 767	4
EUR : USD	1.33	1.37	1.29	1.32	3
GBP : USD	1.56	1.66	1.59	1.63	(2)
USD : CHF	0.93	0.89	0.94	0.92	(1)
USD : KZT	152	154	149	150	2
USD : ZAR	9.65	10.49	8.21	8.47	18

Marketing

Highlights

Adjusted EBIT for 2013 was $1,622 million, an increase of 19% compared to 2012. The growth was driven by higher volumes, including copper, cobalt and iron ore, generally supportive physical market conditions, as evidenced by strong physical premia (in copper, zinc, lead and aluminium) and some level of Xstrata synergy contribution.

Financial information

US$ million	2013	2012	Change %
Revenue	**35,986**	38,798	(7%)
Adjusted EBITDA	**1,643**	1,379	19%
Adjusted EBIT	**1,622**	1,363	19%

Selected marketing volumes sold

	Units	2013	2012	Change%
Copper metal and concentrates[1]	mt	**2.8**	2.3	22
Zinc metal and concentrates[1]	mt	**3.2**	2.8	14
Lead metal and concentrates[1]	mt	**0.7**	0.7	-
Gold	koz	**1,326**	746	78
Silver	moz	**52.8**	22.5	135
Nickel	kt	**226**	232	(3)
Ferroalloys (incl. agency)	mt	**3.8**	3.0	27
Cobalt	kt	**25**	16	56
Alumina/aluminium	mt	**13.1**	11.5	14
Iron ore	mt	**33.2**	19.8	68

1 Estimated metal unit contained.

Copper

Despite a relatively challenging year for copper, where the average price was down 8% on 2012, supply / demand fundamentals surprised on the upside, with the market finishing the year balanced compared to consensus expectation of a significant surplus at the start of 2013. In fact, refined copper metal inventories recorded a large drop.

The extent of improvement in the physical market balance caught many by surprise. A significant reduction in scrap availability coupled with strong Chinese demand saw its cathode consumption jump almost 1 million tonnes to more than 9 million in 2013. This, together with limited 2013 cathode contract coverage, forced many consumers to chase spot cathode premia to record / near record levels across all key consuming regions, in conjunction with significant drawdowns in bonded warehouse and exchange stocks by year end. Additionally, more than half of the LME's cathode stocks are currently cancelled for withdrawal, suggesting further declines beyond the current low levels.

Similar Chinese demand growth rates are anticipated in 2014, driven by additional grid infrastructure and residential construction spending as well as the commissioning of an estimated two million tonnes of new rod capacity. Furthermore, our expectations of strong global cathode demand in 2014 is expected to be supported by improving economic conditions in the developed world, driven primarily by the US and ex-China Asia, but also supported by Europe, which is expected to post demand growth for the first time since 2010, as the global economy recovers from one of the largest recessions in many years.

Metals and Minerals

While 2013 copper mine supply experienced the strongest growth seen over the last decade, similar mine growth forecasts for 2014 and 2015 carry higher performance risk. Compared to the incremental brownfield capacity additions that underpinned 2013 mine supply growth (including Collahuasi, Escondida and Grasberg), growth over the next two years is largely reliant on greenfield sources that carry significantly higher timetable risk, especially as many face challenging geographical backdrops. Also, as in previous years, aging operations and declining grades pose downside risks to supply forecasts at existing operations.

Beyond the copper projects in construction and commissioning this year and next, a lack of large high-quality mine projects from 2015 onwards is expected to shift the market back into structural deficit, particularly given the number of mine closures that are forecast over the second half of this decade.

Zinc/Lead

The zinc metal market went into deficit in 2013 for the first time in 5 years, driven by the continuing appetite from China for imported metal (record of 600,000 tonnes in 2013) and the recovery in physical demand in the US / South East Asia. This change in the supply / demand picture is evidenced by increased physical premiums worldwide. Warehouse levels (LME and SHFE) decreased by approximately 370,000 tonnes (24%) year on year.

The lead metal market had a particularly strong start in 2013, as concerns about planned smelter closures (Doe Run and Exide in the US) and lack of secondary feed resulted in a tight market and LME inventory drawdowns. The re-starts of lead metal production at La Oroya, Portovesme (Glencore) and Korea Zinc brought the market back into balance in the latter part of the year. Over the year, warehouse levels (LME and SHFE) decreased by 90,000 tonnes (23%) year on year.

The zinc concentrate spot market was relatively quiet during 2013, due to an increase in Chinese domestic concentrate production and Chinese arbitrage for concentrates not being present, despite good arbitrage for metal in favour of imports. This resulted in a steady increase of spot treatment charges through the year.

Nickel

Global stainless steel production increased in 2013, driven by strong Chinese growth, while Western markets were impacted by persistent overcapacity and increasing imports from Asia, resulting in subdued stainless steel prices. The general sentiment improved from negative to neutral as the year progressed, with stainless inventories remaining relatively low throughout the supply chain.

Global demand for nickel improved during 2013, supported by increased demand in stainless and non-stainless applications. However, with the continued growth in nickel pig iron output, coupled with increased supply from greenfield projects, the market remained heavily oversupplied. LME inventory increased from 142,000 tonnes at the start of the year to a record high of 262,000 tonnes at year-end, with the cash settlement price averaging 14% lower than 2012.

Nickel ore exports from Indonesia stopped on 12 January 2014 following the introduction of the mineral export ban of unprocessed ore in accordance with law 4, 2009 and related ministerial decrees. With Indonesian nickel ore shipments supporting over 20% of global primary nickel production the export ban, if sustained, is expected to have a material impact on global nickel supply in the medium term as global stocks are consumed and sizeable primary deficits appear.

Ferroalloys

Ferrochrome prices were largely flat during H2 2013 as demand from the global stainless steel market remained steady, while supply from all major producing regions increased. Prices showed some signs of recovery towards the end of the year, on the back of renewed optimism in the stainless steel industry, and to a lesser extent, expectations of further Eskom power buy-backs in South Africa.

In 2013, cobalt prices fluctuated in a narrow range. 2013 was marked by ongoing growth in battery applications for cobalt as well as a recovery related to the aerospace industry. Volumes increased significantly (56%) due to the DRC production growth and an expansion of third party purchases.

Manganese alloy prices declined throughout the year with a slight recovery from November. Demand was stable with over-capacity placing downward pressure on prices. Ore prices remained range bound as South African producers increased capacity, while Chinese demand remained healthy.

Vanadium prices were firm in H1 2013 with the expectation of increased demand within China. However, this was met, to a large extent, by increased domestic Chinese vanadium output, such oversupply then flowing back to the broader market, putting pressure on prices later in the year.

Metals and Minerals

Alumina/Aluminium

Average LME aluminium prices during 2013 were below 2012, although average premium levels increased significantly (from an average range of $140-$166 to $195-$215 per tonne). Producers remain under pressure, with many no longer able to cover their production costs. Indications for aluminium premiums for duty unpaid, in-warehouse material at the beginning of 2013 were within the $200-$230 per tonne range and the 2013 year end level was around $210 to $230 per tonne.

The FOB Australia alumina price opened and closed 2013 at $330 per tonne, with a price range of $315 to $345 per tonne witnessed during the year.

Iron Ore

With Chinese iron ore imports reaching another record high of 819 million tonnes the iron ore price in 2013 was well supported and averaged around $135 per dmt. We believe long-term pricing momentum is potentially down, with large increases in supply currently expected from major producers in the next few years.

The iron ore paper market enjoyed a strong liquidity boost in 2013, with SGX reporting total traded volumes of 229.8 million tonnes, compared to 108.9 million tonnes in 2012, augmented by other exchanges such as Dalian (started in H2 2013) providing additional liquidity.

Metals and Minerals

Industrial activities

Highlights

Total industrial revenues for metals and minerals were $31,195 million, up 2% from $30,594 million in 2012. Adjusted EBITDA was $7,203 million, up 2% from $7,052 million, driven by strong production growth, particularly copper (up 26%), gold (up 14%) and ferrochrome (up 32%), relating to the Group's key growth projects (including Mutanda, Katanga and Antapaccay) and improved production from Collahuasi, offset by lower average metal prices (e.g. S&P GSCI Industrial Metals Index down 7%). Adjusted EBIT was $4,036 million, down 11% from $4,534 million compared to 2012, reflecting the higher depreciation and amortisation charge, consistent with the increased production. Testament to the overall improvement in asset quality / cost competiveness, is that, notwithstanding the reduction in commodity prices, the adjusted metals and minerals' EBITDA mining margin improved from 32% to 34%.

Financial information

US$ million	2013	2012	Change %
Revenue			
Copper assets			
African copper (Katanga, Mutanda, Mopani, Sable)	**3,211**	2,082	54
Collahuasi[1]	**1,314**	1,002	31
Antamina[1]	**1,154**	1,354	(15)
Other South America (Alumbrera, Lomas Bayas, Antapaccay/Tintaya, Punitaqui)	**2,611**	2,742	(5)
Australia (Ernest Henry, Mount Isa, Cobar)	**1,904**	2,051	(7)
Custom metallurgical (Altonorte, Townsville Refinery, CCR, Horne, Pasar)	**10,625**	10,471	1
Intergroup revenue elimination	**(2,196)**	(2,620)	n.m.
Copper	**18,623**	17,082	9
Zinc assets			
Kazzinc	**2,587**	2,839	(9)
Australia (Mount Isa, McArthur River)	**1,070**	1,331	(20)
European custom metallurgical (Portovesme, San Juan de Nieva, Nordenham, Northfleet)	**2,428**	2,469	(2)
North America (Matagami/Perseverance, Kidd, Brunswick, CEZ Refinery)	**1,548**	1,367	13
Other Zinc (AR Zinc, Los Quenuales, Sinchi Wayra, Illapa, Rosh Pinah, Perkoa)	**708**	715	(1)
Intergroup revenue elimination	**(674)**	(1,002)	n.m.
Zinc	**7,667**	7,719	(1)
Nickel assets			
Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk)	**1,634**	2,683	(39)
Australia (Murrin Murrin, XNA)	**693**	846	(18)
Falcondo	**150**	259	(42)
Nickel	**2,477**	3,788	(35)
Ferroalloys	**1,910**	1,579	21
Aluminium/Alumina	**518**	426	22
Metals and minerals revenue – pro forma segmental measure	**31,195**	30,594	2
Impact of presenting joint ventures on an equity accounting basis	**(2,468)**	(2,356)	n.m.
Metals and minerals revenue – reported measure	**28,727**	28,238	2

1 Represents the Group's share of revenue in these JVs.

Metals and Minerals

US$ million	2013	2012	Change %
Adjusted EBITDA			
Copper assets			
African copper	**942**	395	138
Collahuasi[1]	**756**	442	71
Antamina[1]	**868**	964	(10)
Other South America	**1,220**	1,276	(4)
Australia	**760**	705	8
Custom metallurgical	**115**	167	(31)
Copper	**4,661**	3,949	18
Adjusted EBITDA mining margin[2]	***45%***	*41%*	
Zinc assets			
Kazzinc	**703**	890	(21)
Australia	**341**	427	(20)
European custom metallurgical	**159**	230	(31)
North America	**332**	534	(38)
Other Zinc	**38**	187	(80)
Zinc	**1,573**	2,268	(31)
Adjusted EBITDA mining margin[2]	***24%***	*33%*	
Nickel assets			
Integrated Nickel Operations	**667**	907	(26)
Australia	**(39)**	(112)	n.m.
Falcondo	**(27)**	-	n.m.
Koniambo	**-**	(2)	n.m.
Nickel	**601**	793	(24)
Adjusted EBITDA margin	***24%***	*21%*	
Ferroalloys	**346**	84	312
Aluminium/Alumina	**24**	(30)	n.m.
Iron ore	**(2)**	(12)	n.m.
Metals and minerals Adjusted EBITDA – pro forma segmental measure	**7,203**	7,052	2
Adjusted EBITDA mining margin[2]	***34%***	*32%*	
Impact of presenting joint ventures on an equity accounting basis	**(760)**	(852)	n.m.
Metals and minerals Adjusted EBITDA – reported measure	**6,443**	6,200	4

1 Represents the Group's share of EBITDA in these JVs.

2 Adjusted EBITDA mining margin is Adjusted EBITDA (excluding custom metallurgical assets) divided by Revenue (excluding custom metallurgical assets and intergroup revenue elimination) i.e. the weighted average EBITDA margin of the mining assets. Custom metallurgical assets include the Copper custom metallurgical assets and Zinc European custom metallurgical assets and the Aluminium/Alumina group, as noted in the table above.

Metals and Minerals

US$ million	2013	2012	Change %
Adjusted EBIT			
Copper assets			
African copper	**548**	136	303
Collahuasi[1]	**544**	288	89
Antamina[1]	**692**	759	(9)
Other South America	**819**	1,127	(27)
Australia	**492**	511	(4)
Custom metallurgical	**53**	101	(48)
Copper	**3,148**	2,922	8
Zinc assets			
Kazzinc	**286**	537	(47)
Australia	**159**	366	(57)
European custom metallurgical	**81**	160	(49)
North America	**194**	309	(37)
Other Zinc	**(119)**	78	n.m.
Zinc	**601**	1,450	(59)
Nickel assets			
Integrated Nickel Operations	**213**	492	(57)
Australia	**(113)**	(226)	n.m.
Falcondo	**(27)**	-	n.m.
Koniambo	**-**	(2)	n.m.
Nickel	**73**	264	(72)
Ferroalloys	**207**	(48)	n.m.
Aluminium/Alumina	**10**	(42)	n.m.
Iron ore	**(3)**	(12)	n.m.
Metals and minerals Adjusted EBIT – pro forma segmental measure	**4,036**	4,534	(11)
Impact of presenting joint ventures on an equity accounting basis	**(372)**	(492)	n.m.
Metals and minerals Adjusted EBIT – reported measure	**3,664**	4,042	(9)

1 Represents the Group's share of EBIT in these JVs.

Metals and Minerals

US$ million	2013	2012
Sustaining capex		
Copper assets		
African copper	**522**	252
Collahuasi[1]	**235**	279
Antamina[1]	**241**	70
Other South America	**452**	202
Australia	**341**	403
Custom metallurgical	**131**	140
Copper	**1,922**	1,346
Zinc assets		
Kazzinc	**173**	254
Australia	**546**	593
European custom metallurgical	**93**	46
North America	**61**	48
Other Zinc	**181**	134
Zinc	**1,054**	1,075
Nickel assets		
Integrated Nickel Operations	**154**	246
Australia	**43**	80
Falcondo	**3**	6
Nickel	**200**	332
Ferroalloys	**112**	124
Aluminium/Alumina	**28**	25
Total sustaining capex – pro forma segmental measure	**3,316**	2,902
Impact of presenting joint ventures on an equity accounting basis	**(476)**	(349)
Total sustaining capex – reported measure	**2,840**	2,553

1 Represents the Group's share of EBIT in these JVs.

Metals and Minerals

US$ million	2013	2012
Expansion capex		
Copper assets		
African copper	**1,103**	611
Collahuasi[1]	**59**	128
Antamina[1]	**47**	172
Las Bambas	**1,734**	1,064
Other South America	**113**	878
Australia	**275**	450
Custom metallurgical	**65**	25
Copper	**3,396**	3,328
Zinc assets		
Kazzinc	**75**	87
Australia	**637**	685
European custom metallurgical	**36**	82
North America	**118**	126
Other Zinc	**95**	102
Zinc	**961**	1,082
Nickel assets		
Integrated Nickel Operations	**256**	279
Australia	**5**	71
Falcondo	**3**	3
Koniambo	**1,033**	1,199
Other nickel projects	**6**	13
Nickel	**1,303**	1,565
Ferroalloys	**209**	290
Iron ore	**89**	148
Total expansion capex – pro forma segmental measure	**5,958**	6,413
Impact of presenting joint ventures on an equity accounting basis	**(106)**	(300)
Total expansion capex – reported measure	**5,852**	6,113

1 Represents the Group's share of EBIT in these JVs.

Metals and Minerals

US$ million	2013	2012
Total capex		
Copper assets		
African copper	**1,625**	863
Collahuasi[1]	**294**	407
Antamina[1]	**288**	242
Las Bambas	**1,734**	1,064
Other South America	**565**	1,080
Australia	**616**	853
Custom metallurgical	**196**	165
Copper	**5,318**	4,674
Zinc assets		
Kazzinc	**248**	341
Australia	**1,183**	1,278
European custom metallurgical	**129**	128
North America	**179**	174
Other Zinc	**276**	236
Zinc	**2,015**	2,157
Nickel assets		
Integrated Nickel Operations	**411**	525
Australia	**48**	151
Falcondo	**6**	9
Koniambo	**1,033**	1,199
Other nickel projects	**5**	13
Nickel	**1,503**	1,897
Ferroalloys	**321**	414
Aluminium/Alumina	**28**	25
Iron ore	**89**	148
Total capex – pro forma segmental measure	**9,274**	9,315
Impact of presenting joint ventures on an equity accounting basis	**(582)**	(649)
Total capex – reported measure	**8,692**	8,666

1 Represents the Group's share of capex in these JVs.

Metals and Minerals

Pro forma production data

Production from own sources – Total[1]

		2013	2012	Change %
Total Copper	kt	1,496.7	1,189.8	26
Total Zinc	kt	1,398.5	1,531.8	(9)
Total Lead	kt	315.0	320.6	(2)
Total Nickel	kt	98.4	102.5	(4)
Total Gold	koz	1,023	897	14
Total Silver	koz	39,256	35,656	10
Total Cobalt	kt	19.4	14.0	39
Total Ferrochrome	kt	1,238	938	32
Total Platinum	koz	90	80	13
Total Palladium	koz	50	45	11
Total Rhodium	koz	15	14	7
Total Vanadium Pentoxide	mlb	21.6	21.2	2

Production from own sources – Copper assets[1]

			2013	2012	Change %
African Copper (Katanga, Mutanda, Mopani)					
	Total Copper metal[2]	kt	398.6	279.0	43
	Total Cobalt[3]	kt	16.0	10.7	50
Collahuasi[4]					
	Copper metal	kt	12.5	16.2	(23)
	Copper in concentrates	kt	183.1	107.9	70
	Silver in concentrates	koz	2,217	1,334	66
Antamina[5]					
	Copper in concentrates	kt	149.5	150.8	(1)
	Zinc in concentrates	kt	87.9	73.9	19
	Silver in concentrates	koz	5,216	4,203	24
Other South America (Alumbrera, Lomas Bayas, Antapaccay/Tintaya)					
	Total Copper metal	kt	86.4	82.1	5
	Total Copper in concentrates	kt	260.4	190.6	37
	Total Gold in concentrates and in doré	koz	392	381	3
	Total Silver in concentrates and in doré	koz	2,192	2,167	1
Australia (Ernest Henry, Mount Isa, Cobar)					
	Total Copper in anode	kt	201.1	159.5	26
	Total Copper in concentrates	kt	48.5	40.9	19
	Total Gold	koz	51	41	24
	Total Silver	koz	1,549	1,170	32
Total Copper department					
	Total Copper	kt	**1,340.1**	1,027.0	30
	Total Cobalt	kt	**16.0**	10.7	50
	Total Zinc	kt	**87.9**	73.9	19
	Total Gold	koz	**443**	422	5
	Total Silver	koz	**11,174**	8,874	26

Metals and Minerals

Production from own sources – Zinc assets[1]

			2013	2012	Change %
Kazzinc					
	Zinc metal	kt	216.2	227.3	(5)
	Lead metal	kt	29.8	26.8	11
	Copper metal	kt	50.9	49.6	3
	Gold	koz	579	474	22
	Silver	koz	5,251	4,777	10
Australia (Mount Isa, McArthur River)					
	Total Zinc in concentrates	kt	608.4	592.5	3
	Total Lead in concentrates	kt	213.6	193.5	10
	Total Silver in concentrates	koz	8,450	7,975	6
North America (Matagami/Perseverance, Kidd, Brunswick)					
	Total Zinc in concentrates	kt	194.3	389.0	(50)
	Total Lead in concentrates	kt	13.5	50.9	(73)
	Total Copper in concentrates	kt	49.0	53.1	(8)
	Total Silver in concentrates	koz	4,549	5,566	(18)
Other Zinc (AR Zinc, Los Quenuales, Sinchi Wayra, Illapa, Rosh Pinah, Perkoa)[6]					
	Zinc metal	kt	29.7	30.8	(4)
	Zinc in concentrates	kt	262.0	218.3	20
	Lead metal	kt	11.0	11.8	(7)
	Lead in concentrates	kt	47.1	37.6	25
	Copper in concentrates	kt	2.1	1.7	24
	Silver metal	koz	670	783	(14)
	Silver in concentrates	koz	9,162	7,681	19
Total Zinc department					
	Total Zinc	kt	**1,310.6**	1,457.9	(10)
	Total Lead	kt	**315.0**	320.6	(2)
	Total Copper	kt	**102.0**	104.4	(2)
	Total Gold	koz	**579**	474	22
	Total Silver	koz	**28,082**	26,782	5

Metals and Minerals

Production from own sources – Nickel assets[1]

			2013	2012	Change %
Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk)					
	Total Nickel metal	kt	47.1	41.5	13
	Total Nickel in concentrates	kt	0.5	0.7	(29)
	Total Copper metal	kt	16.7	15.3	9
	Total Copper in concentrates	kt	37.6	42.5	(12)
	Total Cobalt metal	kt	0.7	0.6	17
Australia (Murrin Murrin, XNA)					
	Total Nickel metal	kt	35.9	33.4	7
	Total Nickel in concentrates	kt	4.1	11.7	(65)
	Total Copper in concentrates	kt	0.3	0.6	(50)
	Total Cobalt metal	kt	2.6	2.4	8
	Total Cobalt in concentrates	kt	0.1	0.3	(67)
Falcondo	Nickel in ferronickel	kt	9.4	15.2	(38)
Koniambo	Nickel in ferronickel	kt	1.4	-	n.a.
Total Nickel department					
	Total Nickel	kt	**98.4**	102.5	(4)
	Total Copper	kt	**54.6**	58.4	(7)
	Total Cobalt	kt	**3.4**	3.3	3

Production from own sources – Ferroalloys assets[1]

			2013	2012	Change %
Ferrochrome[7]		kt	1,238	938	32
PGM[8]	Platinum	koz	90	80	13
	Palladium	koz	50	45	11
	Rhodium	koz	15	14	7
	Gold	koz	1	1	-
	4E	koz	**156**	140	11
Vanadium Pentoxide		mlb	21.6	21.2	2

Metals and Minerals

Total production – Custom metallurgical assets[1]

			2013	2012	Change %
Copper (Altonorte, Townsville, Pasar, Horne, CCR)					
	Copper metal	kt	750.6	622.0	21
	Copper anode	kt	514.5	465.0	11
Zinc (Portovesme, San Juan de Nieva, Nordenham, Northfleet)					
	Zinc metal	kt	745.0	730.6	2
	Lead metal	kt	174.1	156.9	11
	Silver	koz	7,870	7,249	9
Ferroalloys					
	Ferromanganese	kt	99	17	482
	Silicon Manganese	kt	92	16	475
Aluminium (Sherwin Alumina)					
	Alumina	kt	1,606	1,379	16

1 Controlled industrial assets and JVs only. Production is on a 100% basis, except as stated.
2 Copper metal includes copper contained in copper concentrates and blister copper.
3 Cobalt contained in concentrates and hydroxides.
4 The Group's pro-rata share of Collahuasi production (44%).
5 The Group's pro-rata share of Antamina production (33.75%).
6 Illapa is a 45:55 joint venture with the Bolivian government which holds the Bolivar and Porco mines previously held by Sinchi Wayra.
7 The Group's 79.5% share of the Glencore-Merafe Chrome Venture.
8 Consolidated 100% of Eland and 50% of Mototolo.

Operating highlights

Copper assets

Total Group copper production was 1,496,700 tonnes, an increase of 26% against 2012. The increase is driven by the key growth projects at Katanga, Mutanda, Antapaccay and Ernest Henry, together with improved production from Collahuasi.

African copper

African copper produced 398,600 tonnes of copper in 2013, up 43% compared to 2012. The growth has been achieved across all the key assets, mainly relating to the expansion projects at Katanga and Mutanda, both reaching production capacity of 200,000 tonnes per annum at the end of 2013.

Cobalt production was 16,000 tonnes, a 50% increase compared to 2012, driven primarily by Mutanda's expansion.

Collahuasi

The group's share of copper production at Collahuasi was 195,600 tonnes, an increase of 58% compared to 2012. Production increased significantly since June 2013, reflecting a strong ramp up, following restart of the SAG mill (closed for 49 days in Q2 2013) and a return to higher grades. H2 2013 production was 91% higher than H1 2013.

Antamina

The group's share of copper production from Antamina was 149,500 tonnes, in line with 2012. Zinc production was 87,900 tonnes, an increase of 19% compared to 2012, as a result of higher grades within the 2013 mine-plan. Antamina had a planned shutdown of the SAG mill during 2013 for a stator replacement; this was completed within 30 days, well ahead of schedule with a quick return to expected throughput level post the restart.

Other South America

Production from other South American copper was 346,800 tonnes, 27% higher than 2012. This increase was driven by the ramp-up at Antapaccay, following commissioning in November 2012, partially offset by lower production at Alumbrera due to lower head grades and the processing of more stockpiled ore, as the mine approaches the end of its life in 2019.

Gold production was 392,000 oz, 3% higher than 2012. The small net increase relates to the ramp up at Antapaccay offset by declining grades at Alumbrera, although the latter is expected to hold up well in 2014.

Australia

Copper production was 249,600 tonnes in 2013, a 25% increase over 2012. This increase mainly relates to higher anode production at Mount Isa (up 26%), driven by higher concentrate feed from Ernest Henry, which produced 70,700 tonnes of copper in concentrate in 2013, an increase of 107% compared to 2012, relating to the underground expansion project.

Custom metallurgical assets

The copper custom metallurgical assets produced 514,500 tonnes of anode (Altonorte and Horne), an 11% increase over 2012, as Altonorte increased production by 14% to 309,000 tonnes in 2013, driven by higher concentrate grades.

Cathode production was 750,600 tonnes during 2013 (Townsville, CCR and Pasar), an increase of 21% compared to 2012. This increase primarily relates to the contribution from Pasar, following the fire that impacted 2012. Pasar, however, ceased production following damages sustained by Typhoon Haiyan and has remained closed since. It is currently expected to restart in Q1 2014.

Zinc assets

Total Group zinc production was 1,398,500 tonnes and lead production was 315,000 tonnes, a reduction of 9% and 2% respectively against 2012. The reduction relates to expected declines at Brunswick and Perseverance as they reached the end of their mine lives (last production in June 2013). Zinc production is expected to return to growth in 2014, originating mainly from Australia.

Kazzinc

Gold production from own sources was 579,000 oz, an increase of 22% against 2012, primarily relating to productivity improvements at Vasilkovskoye, plus some contribution from the gold mines Komarovskoye and Raigorodok (57,000 oz), acquired in 1H 2013.

Zinc production from own sources was 216,200 tonnes, down 5% against 2012, reflecting an expected reduction in head grades. Own sourced lead and copper production was 29,800 tonnes and 50,900 tonnes, an increase of 11% and 3% respectively, mainly relating to a greater focus on processing inventories, in part driven by lower availability of third party feed material.

Australia

Australia zinc produced 608,400 tonnes of zinc and 213,600 tonnes of lead in 2013, up 3% and 10% respectively against 2012, mainly driven by the growth projects at McArthur River and Mount Isa.

The George Fisher project (Mount Isa) reached its planned annualised ore mined run rate capacity of 4.5 million tonnes in June 2013, while the McArthur River Phase 3 project (doubling ore capacity from 2.5 million tonnes to between 5.0 and 5.5 million tonnes per annum) is progressing as planned, with commissioning expected at the end of H1 2014.

North America

North America zinc produced 194,300 tonnes of zinc and 13,500 tonnes of lead in 2013, a reduction of 50% and 73% respectively against 2012. The reductions relate to the planned wind-downs of the Brunswick and Perseverance mines as they reached the end of their mine lives (last production in June 2013).

The new Bracemac-Mcleod mine (part of the Matagami complex with Perseverance) is ramping up and produced 32,900 tonnes in 2013. This mine will only offset approximately half the lost production from the larger Perseverance operation. The Group has exploration rights in the region and is assessing options for potential new mine sites.

The Kidd mine produced 67,800 tonnes of zinc and 36,900 tonnes of copper in 2013. 2013 production was impacted by reduced volumes of ore mined as it reaches lower levels, with greater operational complexities (currently mining at depths of between 2,100m and 2,900m), partly offset by higher grades.

Other Zinc

These assets produced 291,700 tonnes of own sourced zinc and 58,100 tonnes of own sourced lead, up 17% and 18% respectively against 2012, primarily relating to Rosh Pinah (acquired in 2012) and Perkoa (started production in 2013).

European custom metallurgical assets

The zinc custom metallurgical assets produced 745,000 tonnes of zinc metal and 174,100 tonnes of lead metal during 2013, an increase of 2% and 11% respectively compared to 2012. The key driver was higher production at Portovesme due to commissioning of the zinc SX plant and restart of the lead plant.

Metals and Minerals

Nickel assets

Nickel production was 98,400 tonnes in 2013, a 4% decline versus 2012. The reduction mainly relates to the former XNA and Falcondo operations placed on care and maintenance, in response to low nickel prices, offset by a record year of production from Murrin Murrin and Raglan. 2013 production includes 1,400 tonnes from Koniambo, which is in the early stages of ramping up production.

Integrated Nickel Operations ("INO")

The output from the Nikkelverk refinery was 91,000 tonnes, of which 47,100 tonnes is from own sources (Raglan, Nickel Rim South and Fraser via the Sudbury smelter), a 13% increase over 2012. The increase reflects a record year of production at Raglan (33,800 tonnes), driven by higher grades / mine sequencing, in part offset by a decline in grades at Sudbury mines and the maintenance shutdown of the Strathcona mill during Q1 2013. The higher level of concentrate production also resulted in a record year of production at the Sudbury smelter.

INO also produced 54,300 tonnes of own sourced copper production, representing a 6% reduction compared to 2012. The reduction in copper reflects a known steady decline in copper grades at the Nickel Rim South mine.

Australia

Australia nickel produced 40,000 tonnes of own sourced nickel during 2013, 11% below 2012, relating to XNA (Cosmos and Sinclair) being placed on care and maintenance during 2013. The lost XNA production was partially offset by continued strong production from Murrin Murrin, driven by debottlenecking and consistent plant availability.

Falcondo

Falcondo was placed on care and maintenance in October 2013. During 2013, Falcondo produced 9,400 tonnes of ferronickel, a 38% reduction against 2012.

Koniambo

Construction of Line 1 and Line 2 is now complete. Line 1 produced 1,400 tonnes of nickel in ferronickel during 2013. First ore to Line 2 will take place in Q1 2014. As reported earlier, the first export shipment took place in September 2013.

Ferroalloys assets

Ferrochrome

Attributable ferrochrome production was 1.2 million tonnes, a 32% increase over 2012. The increase was driven by higher utilisation at the smelters and better operating results from the furnaces, including the successful commissioning of the Tswelopele pelletizing plant which enables more efficient use of ore.

The 2012 and 2013 results were also impacted by Eskom's power buyback programmes, which restricted production by approximately 130,000 tonnes in 2013 and 100,000 tonnes in 2012.

Platinum Group Metals

PGM (4E) production was 156,000 oz, 11% higher than 2012. The 2013 production is made up of 112,000 oz from Glencore's 50% share of the Mototolo joint venture (stable year-on-year) and 44,000 oz from Eland.

The key driver of the production trend relates to Eland, which increased production 37% in 2013, based on the ramp-up of the Western decline area.

Vanadium

Vanadium pentoxide (V2O5) production was 21.6 million lbs, slightly up on 2012. V2O5 production is either sold directly to the aerospace industry or converted into ferrovanadium (FeV) and sold to the steel industry. The production split in 2013 was 6.1 million lbs V2O5 with the remaining 15.5 million lbs converted into FeV.

Manganese

Total Manganese (ferro and silicon) production was 191,000 tonnes in 2013, the first full year of production under Glencore ownership following acquisition in October 2012. 2013 production was impacted by the decision to curtail ferro manganese production by 30% in France and produce only silicon manganese in Norway based on market conditions.

Aluminium assets

Sherwin Alumina

Alumina production was 1.6 million tonnes during 2013, a 16% increase over 2012. This reflects a strong plant operational performance, marking a return to historical levels of production achieved.

Iron Ore assets

A number of Iron Ore projects are being assessed, including:

- Askaf, Mauritania (attributable interest 79%): a project with the potential to create a 7.5 million tonnes per annum open cut mine. Feasibility study and capital estimate are currently being finalised.
- El Aouj, Mauritania (attributable interest 44%): close to 4 billion tonne resource with a project with large scale production potential. Pre-feasibility study for a 15 million tonne per annum first stage development is nearing completion.
- Zanaga, Republic of Congo (attributable interest 50%): 7 billion tonne resource; feasibility study on initial 14 million tonnes per annum development started in Q4 2013.

Energy Products

Information in this section has been presented on the pro forma basis described in the Financial Review section

Highlights

Energy products total Adjusted EBITDA in 2013 was $4,044 million, 12% below 2012, as lower realised coal prices impacted the coal industrial business, somewhat offset by a 4% increase in coal production volumes, weaker producer currencies and the realisation of cost savings associated with restructuring the Australian business and some merger related synergies. At $1,873 million, compared to EBITDA, Adjusted EBIT was 31% lower than 2012, impacted by a 17% higher depreciation charge (non-cash) and the effect of the lower profit base.

Energy products industrial Adjusted EBIT was $1,244 million, 46% lower than 2012 (EBITDA was 17% lower), for the reasons discussed above. Marketing Adjusted EBIT was $629 million, 45% higher than 2012, relating primarily to an improved coal contribution, basis greater volumes and market opportunities.

Outlook

Coal market prospects for 2014 remain challenging, however, as restructuring of the US coal industry continues, export volumes should reduce. Coal demand across most markets is expected to remain solid on the back of high gas prices and positive spreads and as the recovery in the global economy gathers pace. Reduced coal subsidies in Europe should allow for some natural growth in seaborne imports, whereas coal is expected to remain the prime choice to fuel economic growth in Asia. In our coal production unit, we are clearly positively aligned to some gradual expected improvements in coal market fundamentals, while in marketing, we are well positioned to meet the increasing quality and blending arbitrage opportunities which could be expected in both the Atlantic and Pacific markets.

Oil industrial EBITDA in H2 2013 benefited from the start-up in production at the Alen and Chad fields (H2 2013 was 40% higher than H1 2013), which augurs well for 2014.

US$ million	Marketing activities	Industrial activities	2013	Marketing activities	Industrial activities	2012
Revenue	**129,979**	**12,269**	**142,248**	132,361	13,352	145,713
Adjusted EBITDA	**666**	**3,378**	**4,044**	494	4,083	4,577
Adjusted EBIT	**629**	**1,244**	**1,873**	435	2,289	2,724
Allocated average CE[1,2]	**2,861**	**35,989**	**38,850**	5,065	33,863	38,928
Adjusted EBIT return on average CE	**22%**	**3%**	**5%**	9%	7%	7%

1 The simple average of segment current and non-current capital employed (see note 2 of the financial statements and pro forma in respect of 2012), 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 Rosneft – see note 11 of the financial statements), which generate interest income and do not contribute to Adjusted EBIT. Capital employed has been adjusted to move logistics and storage related property, plant and equipment from industrial activities into marketing activities.

Market conditions

Selected average commodity prices

	2013	2012	Change %
S&P GSCI Energy Index	332	330	1
Coal API2 ($/t)	82	93	(12)
Coal API4 ($/t)	81	93	(13)
Australian coking coal average realised export price ($/t)	146	198	(26)
Australian semi-soft coal average realised export price ($/t)	111	159	(30)
Australian thermal coal average realised export price ($/t)	83	102	(19)
Australian thermal coal average realised domestic price ($/t)	40	41	(2)
South African thermal coal average realised export price ($/t)	76	96	(21)
South African thermal coal average realised domestic price ($/t)	26	29	(10)
Prodeco (Colombia) thermal coal average realised export price ($/t)	83	85	(2)
Cerrejón (Colombia) thermal coal average realised export price ($/t)	73	89	(18)
Oil price – Brent ($/bbl)	109	112	(3)

Energy Products

Marketing

Highlights

Adjusted EBIT was $629 million, an increase of 45% compared to 2012. The increase in profitability relates primarily to an improved coal contribution, owing to higher volumes, a healthier physical market compared to 2012, including significant market segmentation with respect to differing product values and qualities, and some level of Xstrata synergy contribution. Oil volumes reduced slightly in 2013 with a lower emphasis on the bunker market.

Financial information

US$ million	2013	2012	Change %
Revenue	**129,979**	132,361	(2)
Adjusted EBITDA	**666**	494	35
Adjusted EBIT	**629**	435	45

Selected marketing volumes sold

		2013	2012	Change %
Thermal coal[1]	mt	**84.4**	78.3	8
Metallurgical coal[1]	mt	**4.7**	4.1	15
Coke[1]	mt	**0.6**	0.2	200
Crude oil	mbbl	**385.9**	421.4	(8)
Oil products	mbbl	**727.6**	742.2	(2)

1 Includes agency volumes.

Coal

Atlantic

Demand remained strong across most European countries, supported by high gas prices and positive dark spreads as well as domestic supply issues in some markets. Whilst the Iberian Peninsula had ample hydro power, coal burn in UK and Germany remained strong. However, supply from all origins, especially the US, was at a high level and prices remained under pressure, although the fall was less than in 2012. API2 and API4 levels were down some 5% as at year end 2013 from year end 2012.

Pacific

Strong export growth in the traditional Australian and Indonesian markets, marked by a lack of any significant supply disruption, ensured that prices remained relatively low throughout the year. Overall demand remained healthy, especially in India and China, and whilst prices ended the year lower than at the start, the fall was significantly less than in 2012. The Newcastle Index as at year end 2013 was down some 8% compared to the end of 2012

During the year, the metallurgical market recovered to a limited extent on the back of better demand in traditional markets, however prices remained under pressure due to incremental supply.

Oil

Front month Brent traded above $100 per barrel for the entirety H2 2013, ending the year where it began, around $110 per barrel. Overall price volatility was generally lower in H2 than H1, particularly in the fourth quarter. By contrast WTI, and therefore the WTI/Brent spread, showed significant volatility during the period, with the discount to Brent for US light sweet crude starting the year at $19 per barrel, reducing to around $6 in June and returning to over $19 in Q4 2013, before reducing again to end the year at around $12 per barrel. Whilst the front end of Brent structure remained for the most part backwardated, WTI traded into contango during its period of particular weakness. However, long dated crude structures remain strikingly backwardated.

North American domestic production levels continued to show good growth, whilst interrupted supply from Libya and some other OPEC members was the norm. Generally US refining margins were healthy, but those in Europe were under considerable pressure. Tanker freight performed poorly in the second half of the year, however staged a reasonable recovery as the winter began.

Energy Products

Industrial activities

Highlights

Total industrial revenues for energy products were $12,269 million, down 8% from $13,352 million in 2012. Adjusted EBITDA and EBIT for 2013 were $3,378 million and $1,244 million, down 17% and 46%, respectively from $4,083 million and $2,289 million in 2012. The higher EBIT reduction relates to the depreciation and amortisation charge (non-cash) across the lower profit base.

Energy products' industrial activities performance was down in 2013, primarily driven by lower realised coal prices. The impact of lower prices was somewhat offset by a 4% increase in coal production volumes (Prodeco and various Australian thermal coal operations), the weaker Australian dollar and South African rand and the realisation of cost savings associated with restructuring the Australian business and some cost synergies resulting from the merger with Xstrata. Oil EBITDA was $49 million (or 10%) lower than 2012, due to slightly lower oil prices and the impact of the switch in production as the Alen and Chad fields started production and the Aseng field came off plateau, however H2 2013 was 40% higher than H1 2013, which augurs well for 2014.

Financial information

US$ million	2013	2012	Change %
Net revenue			
Coal operating revenue			
Coking Australia	**1,087**	1,402	(22)
Thermal Australia	**4,773**	5,444	(12)
Thermal South Africa	**2,253**	2,450	(8)
Prodeco	**1,505**	1,216	24
Cerrejón[1]	**816**	970	(16)
Coal operating revenue	**10,434**	11,482	(9)
Coal other revenue			
Coking Australia	**439**	273	61
Thermal Australia	**623**	544	15
Thermal South Africa	**99**	245	(60)
Prodeco	**2**	-	n.m.
Coal other revenue (buy-in coal)	**1,163**	1,062	10
Coal total revenue			
Coking Australia	**1,526**	1,675	(9)
Thermal Australia	**5,396**	5,988	(10)
Thermal South Africa	**2,352**	2,695	(13)
Prodeco	**1,507**	1,216	24
Cerrejón[1]	**816**	970	(16)
Coal total revenue	**11,597**	12,544	(8)
Oil	**672**	808	(17)
Energy products revenue – pro forma segmental measure	**12,269**	13,352	(8)
Impact of presenting joint ventures on an equity accounting basis	**(816)**	(970)	n.m.
Energy products revenue – reported measure	**11,453**	12,382	(8)

1 Represents the Group's share of revenue in this JV.

Energy Products

US$ million	2013	2012	Change %
Adjusted EBITDA			
Coking Australia	**336**	418	(20)
Thermal Australia	**1,268**	1,745	(27)
Thermal South Africa	**693**	854	(19)
Prodeco	**343**	159	116
Cerrejón[1]	**299**	419	(29)
Total coal	**2,939**	3,595	(18)
Adjusted EBITDA margin[2]	***28%***	*31%*	
Oil	**439**	488	(10)
Adjusted EBITDA margin	***65%***	*60%*	
Energy products Adjusted EBITDA – pro forma segmental measure	**3,378**	4,083	(17)
Adjusted EBITDA margin[2]	***30%***	*33%*	
Impact of presenting joint ventures on an equity accounting basis	**(253)**	(247)	
Energy products Adjusted EBITDA – reported measure	**3,125**	3,836	(19)
Adjusted EBIT			
Coking Australia	**181**	301	(40)
Thermal Australia	**229**	906	(75)
Thermal South Africa	**254**	409	(38)
Prodeco	**175**	4	n.m.
Cerrejón[1]	**109**	262	(58)
Total coal	**948**	1,882	(50)
Oil	**296**	407	(27)
Energy products Adjusted EBIT – pro forma segmental measure	**1,244**	2,289	(46)
Impact of presenting joint ventures on an equity accounting basis	**(64)**	(70)	
Energy products Adjusted EBIT – reported measure	**1,180**	2,219	(47)

1 Represents the Group's share of EBITDA/EBIT in this JV.
2 Coal EBITDA margin is calculated on the basis of Coal operating revenue, as set out in the preceding table.

Energy Products

US$ million	2013	2012
Sustaining capex		
Australia (thermal and coking)	**355**	949
Thermal South Africa	**182**	213
Prodeco	**48**	13
Cerrejón[1]	**109**	79
Total sustaining capex – pro forma segmental measure	**694**	1,254
Impact of presenting joint ventures on an equity accounting basis	**(109)**	(79)
Total sustaining capex – reported measure	**585**	1,175
Expansion capex		
Australia (thermal and coking)	**1,013**	1,722
Thermal South Africa	**499**	395
Prodeco	**41**	282
Cerrejón[1]	**106**	135
Total coal expansion capex	**1,659**	2,534
Oil	**1,045**	311
Total expansion capex – pro forma segmental measure	**2,704**	2,845
Impact of presenting joint ventures on an equity accounting basis	**(106)**	(135)
Total expansion capex – reported measure	**2,598**	2,710
Total capex		
Australia (thermal and coking)	**1,368**	2,671
Thermal South Africa	**681**	608
Prodeco	**89**	295
Cerrejón[1]	**215**	214
Total coal	**2,353**	3,788
Oil	**1,045**	311
Total capex – pro forma segmental measure	**3,398**	4,099
Impact of presenting joint ventures on an equity accounting basis	**(215)**	(214)
Total capex – reported measure	**3,183**	3,885

1 Represents the Group's share of capex in this JV.

Energy Products

Pro forma production data

Coal assets[1]

		2013	2012	Change %
Australian coking coal	mt	7.3	6.9	6
Australian semi-soft coal	mt	4.5	4.3	5
Australian thermal coal (export)	mt	48.1	43.7	10
Australian thermal coal (domestic)	mt	5.1	5.1	-
South African thermal coal (export)	mt	20.6	21.1	(2)
South African thermal coal (domestic)	mt	22.9	24.7	(7)
Prodeco	mt	18.6	14.8	26
Cerrejón[2]	mt	11.0	11.6	(5)
Total Coal department	mt	**138.1**	132.2	4

1 Controlled industrial assets and JVs only. Production is on a 100% basis except for JVs, where the Group's attributable share of production is included.
2 The Group's pro-rata share of Cerrejón production (33.3%).

Oil assets

		2013	2012	Change %
Gross basis				
Equatorial Guinea	kbbl	21,917	22,570	(3)
Chad	kbbl	619	-	n.a.
Total Oil department	kbbl	22,536	22,570	-
Glencore entitlement interest basis				
Equatorial Guinea	kbbl	4,799	4,770	1
Chad	kbbl	186	-	n.a.
Total Oil department	kbbl	4,985	4,770	5

Operating highlights

Coal

Total coal production was 138.1 million tonnes in 2013, a 4% increase over 2012. The increase mainly relates to the growth projects at Prodeco and Australia thermal coal (specifically at Ravensworth North, Rolleston and Ulan operations). Production in 2013 was affected by a number of decisions to cut back production at lower return operations/areas in response to the low coal price environment.

Australian coking

Australia coking coal was 7.3 million tonnes in 2013, a 6% increase over 2012. The increase over 2012 relates mainly to productivity improvements at Oaky Creek and the resolution of some operational issues that impacted 2012. Production growth was impacted by decisions to counter the low coal price environment, including moving from dual longwall to a single longwall operation at Oaky North and Collinsville being placed on care and maintenance, following an inability to agree an appropriate enterprise agreement with the union.

Australian thermal and semi-soft

Australia thermal production (including semi-soft coking) was 57.7 million tonnes in 2013, an increase of 9% over 2012. The growth relates mainly to the successful ramp-ups attributable to the Ravensworth North, Rolleston and Ulan expansion projects.

South African thermal

South Africa thermal coal production was 43.5 million tonnes in 2013, a reduction of 5% compared to 2012. This relates mainly to proactively reducing production, including a decision not to produce bypass coal at Tweefontein, resulting in reduced yields (but higher quality coal) and a decision not to reclaim dump material at Impunzi. Adverse ground conditions, heavy rain, industrial action and some equipment delays also impacted production, particularly in Q4 2013.

Prodeco

Prodeco produced 18.6 million tonnes of coal in 2013, a 26% increase over 2012. The increase reflects the continuation of the expansion project which is expected to increase production to c.21 million tonnes per annum, in line with the capacity specified in the Puerto Nuevo port concession.

Puerto Nuevo ($550 million project, which completed on time and in budget) commenced loading on 13 April 2013 and is operating at required capacity.

Energy Products

Cerrejón

Cerrejón produced 11.0 million tonnes of coal (Glencore's attributable share), 5% below 2012, predominantly due to the impact of the 32 day strike in Q1 2013.

Oil

Oil E&P produced 22.5 million barrels of gross oil production during 2013, broadly in line with 2012. The 2013 production includes the first year of production from Alen, Equatorial Guinea (from June 2013) and Badila, Chad (from September 2013), offset by an expected reduction at Aseng, Equatorial Guinea, as the field came off plateau. Q4 2013 was the strongest quarter of the year by some margin.

Agricultural Products

Information in this section has been presented on the pro forma basis described in the Financial Review section

Highlights

Adjusted EBITDA was $444 million, just 2% lower than 2012. This reflects a solid contribution from the acquired Viterra assets, but an otherwise challenging marketing environment, characterised by tight old crop carry outs, adequate new supplies, limited volatility and farmer retentions, sought to suppress earnings in Glencore's traditional marketing businesses. H2 2013 saw a substantial improvement on H1 2013, with the halves contributing $318 million and $126 million respectively to the overall 2013 EBITDA.

Adjusted EBIT was $198 million, 47% lower than 2012, accounting for the higher depreciation charge in relation to the Viterra assets.

Outlook

The record 2013 Canadian harvest is expected to positively benefit Viterra's Canadian grain handling business in 2014.

US$ million	Marketing activities	Industrial activities	2013	Marketing activities	Industrial activities	2012
Revenue	**26,854**	**3,185**	**30,039**	17,751	3,074	20,825
Adjusted EBITDA	**383**	**61**	**444**	394	59	453
Adjusted EBIT	**198**	**(6)**	**192**	371	(10)	361
Allocated average CE[1,2]	**7,446**	**2,566**	**10,012**	6,046	2,188	8,234
Adjusted EBIT return on average CE	**3%**	**0%**	**2%**	6%	0%	4%

1 The simple average of segment current and non-current capital employed (see note 2 of the financial statements and pro forma in respect of 2012), 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 logistics and storage related property, plant and equipment (including Viterra) from industrial activities into marketing activities.

Market conditions

Selected average commodity prices

	2013	2012	Change %
S&P GSCI Agriculture Index	**402**	459	(12)
CBOT wheat price (US¢/bu)	**684**	751	(9)
CBOT corn no.2 price (US¢/bu)	**578**	695	(17)
CBOT soya beans (US¢/bu)	**1,407**	1,466	(4)
ICE cotton price (US¢/lb)	**83**	80	4
NYMEX sugar # 11 price (US¢/lb)	**17**	22	(23)

Marketing

Highlights

Overall, the agricultural products market was challenging with limited volatility and arbitrage opportunities. Within this environment, oilseed prices remained firm in H2 2013 buoyed by strong Chinese demand for soyabeans and a tight supply / demand picture, particularly in the US. By contrast grain prices declined in response to record North American and large EU crops. The prospect of a bumper Brazilian soyabean new crop may alleviate some of the oilseed tightness.

Our grain and oilseed volumes increased significantly, primarily as a result of the Viterra acquisition.

A record Canadian crop was positive for grain procurement and handling results, however a lack of railroad capacity constrained volume growth. The Australian grain handling business performed satisfactorily, against a backdrop of a good, but not as large as expected, South Australian crop.

All planned Viterra disposals completed during H2 2013, including the malt and pasta businesses.

The building of a joint venture export elevator in Newcastle, Australia continues as planned with completion expected in March 2014. In addition, the first stage of a new oilseed export facility at Itaqui, Brazil is expected to be complete by July 2014.

Agricultural Products

Financial information

US$ million	2013	2012	Change %
Revenue	**26,854**	17,751	51
Adjusted EBITDA	**383**	394	(3)
Adjusted EBIT	**198**	371	(47)

Selected marketing volumes sold

Million tonnes	2013	2012	Change %
Grain	**44.2**	30.9	43
Oil/Oilseeds	**23.5**	13.6	73
Cotton	**0.5**	0.5	-
Sugar	**0.5**	0.9	(44)

Industrial activities

Financial information

US$ million	2013	2012	Change %
Revenue	**3,185**	3,074	4
Adjusted EBITDA	**61**	59	3
Adjusted EBIT	**(6)**	(10)	(40)
Adjusted EBITDA margin	***2***	*2*	
Sustaining capex	**49**	92	
Expansionary capex	**97**	167	
Total capex	**146**	259	

Processing data

		2013	2012	Change %
Farming	kt	**883**	674	31
Crushing	kt	**3,642**	2,779	31
Long term toll agreement	kt	**541**	876	(38)
Biodiesel	kt	**624**	534	17
Rice milling	kt	**273**	248	10
Wheat milling	kt	**1,121**	1,061	6
Sugarcane processing	kt	**2,251**	1,256	79
Total agricultural products [1]	kt	**9,335**	7,428	26

1 Malt and Pasta (acquired by Glencore as part of the acquisition of Viterra) are excluded, as these businesses have now been sold and form no part of the business going forward.

Operating highlights

Agricultural products processed 9.3 million tonnes in 2013, 26% higher than 2012. The increase in volumes mainly relates to the key expansion projects at Rio Vermelho and Timbues. Rio Vermelho crushed 2.3 million tonnes of sugarcane in 2013, an increase of 79% over 2012, driven by the multi-year investment in processing capacity and sugarcane planting, while Timbues, a new large-scale soyabean crushing plant in Argentina (in which Glencore is a large minority investor) ramped up volumes during H2 2013, following receipt of export approvals in July 2013.

Consolidated Statement of (Loss)/Income

For the year ended 31 December 2013

US$ million	Notes	2013	2012 Restated[1]
Revenue		**232,694**	214,436
Cost of goods sold		**(227,145)**	(210,435)
Selling and administrative expenses		**(1,206)**	(997)
Share of income from associates and joint ventures	10	**846**	367
Loss on sale of investments – net	3	**(40)**	(128)
Other expense – net	4	**(10,844)**	(1,214)
Dividend income		**39**	17
Interest income		**393**	401
Interest expense		**(1,781)**	(1,371)
(Loss)/Income before income taxes		**(7,044)**	1,076
Income tax (expense)/credit	6	**(254)**	76
(Loss)/Income for the year		**(7,298)**	1,152
Attributable to/(from):			
Non-controlling interests		**104**	148
Equity holders		**(7,402)**	1,004
(Loss)/earnings per share:			
Basic (US$)	17	**(0.67)**	0.14
Diluted (US$)	17	**(0.67)**	0.14

1 Certain amounts shown here reflect the adoption of new and revised standards as detailed in note 1 and therefore do not correspond to the consolidated statement of income for the year ended 31 December 2012.

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

Consolidated Statement of Comprehensive (Loss)/Income

For the year 2013

US$ million	Notes	2013	2012 Restated[1]
(Loss)/Income for the year		**(7,298)**	1,152
Other comprehensive (loss)/income			
Items not to be reclassified to the statement of income in subsequent periods:			
Defined benefit plan actuarial gain/(loss), net of tax of $137 million (2012: $2 million)	23	**326**	(10)
Net items not to be reclassified to the statement of income in subsequent periods:		**326**	(10)
Items that are or may be reclassified to the statement of income in subsequent periods:			
Exchange loss on translation of foreign operations		**(1,168)**	(170)
Loss on cash flow hedges, net of tax of $48 million (2012: $nil)		**(287)**	(93)
Share of comprehensive income from associates and joint ventures	10	**26**	221
Loss on available for sale financial instruments transferred to the statement of income	5	**–**	1,181
Cash flow hedges transferred to the statement of income, net of tax of $nil (2012: $nil)		**1**	297
Effect of foreign currency exchange differences transferred to the statement of income		**–**	(23)
Net items that are or may be reclassified to the statement of income in subsequent periods:		**(1,428)**	1,413
Other comprehensive (loss)/income		**(1,102)**	1,403
Total comprehensive (loss)/income		**(8,400)**	2,555
Attributable to/(from):			
Non-controlling interests		**62**	94
Equity holders		**(8,462)**	2,461

1 Certain amounts shown here reflect the adoption of new and revised standards as detailed in note 1 and therefore do not correspond to the consolidated statement of comprehensive income for the year ended 31 December 2012.

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

Consolidated Statement of Financial Position

As at 31 December 2013

US$ million	Notes	2013	2012 Restated[1]
Assets			
Non-current assets			
Property, plant and equipment	7	**67,507**	23,623
Intangible assets	8	**9,053**	2,207
Investments in associates and joint ventures	10	**12,707**	18,764
Other investments	10	**923**	1,589
Advances and loans	11	**4,095**	3,758
Deferred tax assets	6	**2,105**	1,511
		96,390	51,452
Current assets			
Inventories	12	**22,753**	20,680
Accounts receivable	13	**24,536**	24,902
Other financial assets	27	**2,904**	2,650
Prepaid expenses and other assets		**578**	235
Marketable securities		**36**	38
Cash and cash equivalents	14	**2,849**	2,782
		53,656	51,287
Asset held for sale	15	**4,886**	2,825
		58,542	54,112
Total assets		**154,932**	105,564
Equity and liabilities			
Capital and reserves – attributable to equity holders			
Share capital	16	**133**	71
Reserves and retained earnings	16	**49,824**	31,068
		49,957	31,139
Non-controlling interests	33	**3,192**	3,034
Total equity		**53,149**	34,173
Non-current liabilities			
Borrowings	20	**38,724**	19,028
Deferred income	21	**1,277**	601
Deferred tax liabilities	6	**6,613**	2,906
Other financial liabilities	27	**1,044**	–
Provisions	22	**8,083**	1,713
		55,741	24,248
Current liabilities			
Borrowings	20	**16,461**	16,498
Viterra asset acquirer loans	15	**–**	2,580
Accounts payable	24	**26,041**	23,533
Deferred income	21	**145**	116
Provisions	22	**264**	69
Other financial liabilities	27	**2,366**	3,388
Income tax payable		**489**	257
		45,766	46,441
Liabilities held for sale	15	**276**	702
		46,042	47,143
Total equity and liabilities		**154,932**	105,564

1 Certain amounts shown here reflect the adoption of new and revised standards as detailed in note 1 and for revisions to the previously reported fair values associated with the acquisitions made in 2012, which relates mainly to Viterra (see note 25), and therefore do not correspond to the consolidated statement of financial position for the year ended 31 December 2012.

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

US$ million	Notes	2013	2012 Restated[1]
Operating activities			
(Loss)/Income before income taxes		**(7,044)**	1,076
Adjustments for:			
Depreciation and amortisation		**4,049**	1,473
Share of income from associates and joint ventures		**(846)**	(367)
Decrease in other long term liabilities		**(72)**	–
Loss on sale of investments – net	3	**40**	128
Impairments	5	**9,086**	1,650
Other non-cash items – net		**2,075**	(148)
Interest expense – net		**1,388**	970
Cash generated by operating activities before working capital changes		**8,676**	4,782
Working capital changes			
Decrease in accounts receivable[2]		**4,188**	720
Decrease/(increase) in inventories		**3,972**	(1,611)
(Decrease)/increase in accounts payable[3]		**(5,561)**	1,618
Total working capital changes		**2,599**	727
Income taxes paid		**(593)**	(344)
Interest received		**91**	206
Interest paid		**(1,589)**	(990)
Net cash generated by operating activities		**9,184**	4,381
Investing activities			
Decrease/(increase) in long term advances and loans		**274**	(203)
Net cash used in acquisition of subsidiaries	25	**1,209**	(6,463)
Net cash received from disposal of subsidiaries	25	**744**	281
Purchase of investments		**(198)**	(633)
Proceeds from sale of investments		**54**	23
Purchase of property, plant and equipment		**(8,390)**	(2,970)
Capital expenditures related to assets held for sale	15	**(1,169)**	–
Payments for exploration and evaluation		**(28)**	(147)
Proceeds from sale of property, plant and equipment		**258**	112
Dividend received from associates and joint ventures		**551**	461
Net cash used by investing activities		**(6,695)**	(9,539)

1 Certain amounts shown here reflect the adoption of new and revised standards as detailed in note 1 and therefore do not correspond to the consolidated statement of cash flow for the year ended 31 December 2012.

2 Includes movements in other financial assets, prepaid expenses, other assets and assets held for sale.

3 Includes movements in other financial liabilities, provisions, deferred income and liabilities held for sale.

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

US$ million	Notes	2013	2012 Restated[1]
Financing activities [2]			
Proceeds from issuance of capital market notes	20	**5,722**	2,951
Proceeds from other non-current borrowings	20	**–**	303
Repayment of other non-current borrowings	20	**(4,225)**	(594)
Margin receipts in respect of financing related hedging activities		**167**	176
Proceeds from Viterra asset acquirer loans	25	**–**	2,580
(Repayment of)/proceeds from current borrowings	20	**(939)**	3,463
Acquisition of additional interest in subsidiaries		**(489)**	(669)
Disposal of interest in subsidiary		**–**	45
Return of capital /dividends to non-controlling interests		**(184)**	–
Proceeds from own shares		**10**	–
Payment of profit participation certificates	20	**(422)**	(554)
Dividend paid to equity holders of the parent	18	**(2,062)**	(1,066)
Net cash (used)/generated by financing activities		**(2,422)**	6,635
Increase in cash and cash equivalents		**67**	1,477
Cash and cash equivalents, beginning of year		**2,782**	1,305
Cash and cash equivalents, end of year		**2,849**	2,782

1 Certain amounts shown here reflect the adoption of new and revised standards as detailed in note 1 and therefore do not correspond to the consolidated statement of cash flow for the year ended 31 December 2012.

2 Presented net of directly attributable issuance costs where applicable.

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

Consolidated Statement of Changes of Equity

For the year ended 31 December 2013

US$ million	(Deficit)/ retained earnings	Share premium	Other reserves (Note 16)	Own shares	Total reserves and (deficit)/ retained earnings	Share capital	Total equity attributable to equity holders	Non-controlling interests (Note 33)	Total equity
1 January 2012	4,039	26,797	(1,640)	–	29,196	69	29,265	3,070	32,335
Impact of adoption of IAS 19[2]	(117)	–	–	–	(117)	–	(117)	–	(117)
1 January 2012 (Restated[1])	**3,922**	**26,797**	**(1,640)**	**–**	**29,079**	**69**	**29,148**	**3,070**	**32,218**
Income for the year	1,004	–	–	–	1,004	–	1,004	148	1,152
Other comprehensive income	221	–	1,246	–	1,467	–	1,467	(54)	1,413
Impact of adoption of IAS 19[2]	**(10)**	–	–	–	(10)	–	(10)	–	(10)
Total comprehensive income	**1,215**	**–**	**1,246**	**–**	**2,461**	**–**	**2,461**	**94**	**2,555**
Issue of share capital	–	957	–	–	957	2	959	–	959
Equity settled share-based payments[3]	111	–	–	–	111	–	111	–	111
Change in ownership interest in subsidiaries	–	–	(474)	–	(474)	–	(474)	(971)	(1,445)
Put option relating to additional interest in subsidiary	–	–	–	–	–	–	–	(419)	(419)
Acquisition of subsidiaries	–	–	–	–	–	–	–	1,260	1,260
Dividend paid (note 18)	–	(1,066)	–	–	(1,066)	–	(1,066)	–	(1,066)
31 December 2012 (Restated[1])	**5,248**	**26,688**	**(868)**	**–**	**31,068**	**71**	**31,139**	**3,034**	**34,173**
1 January 2013	**5,248**	**26,688**	**(868)**	**–**	**31,068**	**71**	**31,139**	**3,034**	**34,173**
Loss for the year	(7,402)	–	–	–	(7,402)	–	(7,402)	104	(7,298)
Other comprehensive income/(loss)	352	–	(1,412)	–	(1,060)	–	(1,060)	(42)	(1,102)
Total comprehensive (loss)/income	**(7,050)**	**–**	**(1,412)**	**–**	**(8,462)**	**–**	**(8,462)**	**62**	**(8,400)**
Issue of share capital[4]	383	30,073	–	(1,041)	29,415	62	29,477	–	29,477
Issue of share capital related to employee incentive programs	(78)	78	–	–	–	–	–	–	–
Own share purchases	–	–	–	(13)	(13)	–	(13)	–	(13)
Own share disposal	(284)	–	–	287	3	–	3	–	3
Equity-settled share-based expenses[3]	13	–	–	–	13	–	13	–	13
Change in ownership interest in subsidiaries	–	–	(138)	–	(138)	–	(138)	(653)	(791)
Acquisition of subsidiaries[4]	–	–	–	–	–	–	–	933	933
Dividend paid (note 18)	–	(2,062)	–	–	(2,062)	–	(2,062)	(184)	(2,246)
At 31 December 2013	**(1,768)**	**54,777**	**(2,418)**	**(767)**	**49,824**	**133**	**49,957**	**3,192**	**53,149**

1 Certain amounts shown here reflect the adoption of new and revised standards as detailed in note 1 and do not correspond to the consolidated statement of changes in equity as at 31 December 2012.

2 See note 23.

3 See note 19.

4 See note 25.

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

Notes to Financial Statements

1. ACCOUNTING POLICIES

Corporate information

Glencore Xstrata plc, formerly Glencore International plc, (the “Company” or the “Parent”), is a publicly traded limited company incorporated in Jersey and domiciled in Switzerland. Its ordinary shares are traded on the London, Hong Kong and Johannesburg stock exchanges and it is the ultimate parent entity of the Glencore Xstrata Group (“Glencore”).

Glencore is a leading integrated producer and marketer of natural resources, with worldwide activities in the production, refinement, processing, storage, transport and marketing of metals and minerals, energy products and agricultural 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. In this regard, Glencore seeks to capture value throughout the commodity supply chain. Glencore’s long experience as a commodity producer and 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.

On 2 May 2013, Glencore completed its acquisition of the remaining 66% (which it did not previously own) of the issued and outstanding equity of Xstrata plc (“Xstrata”), a leading global diversified mining group, for consideration of $29.5 billion. See note 25.

This preliminary announcement was authorised for issue in accordance with a Directors’ resolution on 4 March 2014.

The unaudited financial information for the year ended 31 December 2013 and audited and restated financial information for the year ended 31 December 2012 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 2013 has been extracted from the financial statements of Glencore Xstrata plc which will be delivered to the Registrar in due course. The audit report for 31 December 2013 is yet to be signed by the auditors.

Statement of compliance

The accounting policies adopted in this preliminary announcement are based on the Company’s financial statements which are prepared in accordance with:

- International Financial Reporting Standards (“IFRS”) and interpretations as adopted by the European Union (“EU”) effective as of 31 December 2013; and
- IFRS and interpretations as issued by the International Accounting Standards Board (“IASB”) effective as of 31 December 2013.

Critical accounting judgements and key sources of estimation

The preparation of the consolidated financial statements requires management to make judgements, 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. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common, industry standard modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

Key judgements

In the process of applying Glencore’s accounting policies, management has made the following judgements based on the relevant facts and circumstances including macro-economic circumstances and, where applicable, interpretation of underlying agreements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Allocation of acquisition goodwill to cash generating units (“CGUs”) (Notes 9 and 25)

The allocation of goodwill created as a result of a business combination is a significant judgement which is, in part, impacted by the identification of synergies expected to be realised as a result of a business combination and allocating those synergies to the cash generating units which are expected to benefit from the synergies. The allocation of goodwill impacts the carrying value of CGUs and the associated assessment of impairment in connection with those CGUs. In 2013, the most significant judgements in respect of goodwill allocation related to the acquisition of Xstrata.

1. ACCOUNTING POLICIES (continued)

Determination of control of subsidiaries and joint arrangements

Judgement is required to determine when Glencore has control or joint control, which requires an assessment of the relevant activities (those relating to the operating and capital decisions of the arrangement, such as: the approval of the capital expenditure programme for each year, and appointing, remunerating and terminating the key management personnel or service providers of the operations) and when the decisions in relation to those activities are under the control of Glencore or require unanimous consent.

Judgement is also required in determining the classification of a joint arrangement between a joint venture or a joint operation through an evaluation of the rights and obligations arising from the arrangement.

Differing conclusions around these judgements, may materially impact how these businesses are presented in the consolidated financial statements – under the full consolidation method, equity method or proportionate consolidation method.

Exploration and evaluation expenditure (Notes 7 and 30)

The application of Glencore's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Performance and credit risk (Note 26)

The Group's global marketing operations expose it to performance and credit risks; these arise particularly in markets demonstrating significant price volatility with limited liquidity and terminal markets and when global and / or regional macroeconomic conditions are weak.

Continuously, but particularly during such times judgement is required to determine whether receivables, loans and advances are recoverable and if contracted product deliveries will be received. Judgements about recoverability and contractual performance may materially impact both non-current and current assets as recognised on the statement of financial position.

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 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 therefore, to the extent assumptions regarding future profitability change, there can be a material increase or decrease in the amounts recognised in the consolidated statement of 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.

Key estimates and assumptions

In the process of applying Glencore's accounting policies, management has made key estimates and assumptions concerning the future and other key sources of estimation uncertainty. The key assumptions and estimates at the reporting date that have a significant impact on the financial position and the results of operations, are described below. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Valuation of derivative instruments (Note 28)

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 13 *Fair Value Measurement*. 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). Level 3 inputs therefore include the highest level of estimation uncertainty.

1. ACCOUNTING POLICIES (continued)

Depreciation and amortisation of mineral and petroleum rights, project development costs, plant and equipment and intangible assets (Notes 7 and 8)

Mineral and petroleum rights, project development costs, certain plant and equipment and certain intangible assets are depreciated/amortised using the Units of Production basis ("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 and resources, notably changes in the geology of the reserves and resources and assumptions used in determining the economic feasibility of the reserves. Such changes in reserves and resources 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 underlying reserves and resources. Estimates of proven and probable reserves and resources 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, 9 and 10)

Investments in associates and joint ventures, other investments, advances and loans, 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 in the consolidated statement of income. Future cash flow estimates which are used to calculate the asset's fair value are discounted using asset specific discount rates and 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 22)

The amount recognised as a provision, including tax, legal, contractual and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Group assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements. These provisions may require settlement in future periods and as such may be materially impacted by the time value of money, the determination of the appropriate risk adjusted discount rate to reflect time value of money is a source of estimation uncertainty which could impact the carrying value of these provisions at the balance sheet date.

Restoration, rehabilitation and decommissioning costs (Note 22)

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, the timing, extent and costs of the required closure and rehabilitation activities and of the risk adjusted discount rates used to determine the present value of the future cash outflows. To the extent that the actual future costs differ from these estimates, adjustments will be recorded and the consolidated statement of income could be impacted. The provisions including the estimates and assumptions contained therein are reviewed regularly by management.

Fair value measurements (Notes 9, 25, 26, 27 and 28)

In addition to recognising derivative instruments at fair value, as discussed above, an assessment of the fair value of assets and liabilities is also required in accounting for other transactions, most notably, business combinations and marketing inventories and disclosures related to fair values of financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow 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.

1. ACCOUNTING POLICIES (continued)

Adoption of new and revised Standards

In the current year, Glencore has applied a number of new and revised IFRS standards and interpretations which were adopted as of 1 January 2013:

- IFRS 10 – Consolidated Financial Statements (“IFRS 10”)
- IFRS 11 – Joint Arrangements (“IFRS 11”)
- IFRS 12 – Disclosure of Interest in Other Entities (“IFRS 12”)
- IAS 27 – Separate Financial Statements (2011) (“IAS 27”)
- IAS 28 – Investment in Associates and Joint Ventures (“IAS 28”)
- IFRS 13 – Fair Value Measurement (“IFRS 13”)
- IAS 19 – Employee Benefits (“IAS 19”)
- Amendments to IAS 1 – Presentation of Items in Other Comprehensive Income (“Amendments to IAS 1”)
- Amendments to IFRS 7 – Disclosure – Offsetting Financial Assets and Financial Liabilities (“Amendments to IFRS 7”)
- Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets (“Amendments to IAS 36”)
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine (“IFRIC 20”)

The nature and impact of the following new and revised IFRS standards and interpretations is described below.

IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 (the “Consolidation Standards”)

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 contractually 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 requiring them to be accounted for under the equity method whilst joint operations are accounted for using the proportionate consolidation method. This is consistent with historical Glencore policy under which investments in jointly controlled entities were accounted for using the equity method. IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (see notes 10, 33).

There were no changes in the accounting previously applied to the Glencore subsidiaries, investments and joint arrangements as a result of the adoption of the Consolidation Standards. The adoption of the Consolidation Standards required retrospective application.

IFRS 13

IFRS 13 establishes a single source of guidance for fair value measurements and their disclosures. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for those items excluded from IFRS 13 as described in the Basis of preparation. IFRS 13 does not change when an entity is required to use fair value but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an ‘exit price’ regardless of whether that price is directly observable or estimated using another valuation technique. The application of IFRS 13 has not materially impacted the fair value measurements of Glencore. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. The fair value hierarchy is provided in note 28. IFRS13 required prospective application.

1. ACCOUNTING POLICIES (continued)

IAS 19 (2011)

IAS 19 requires all actuarial gains and losses to be recognised immediately in other comprehensive income (which differs from Glencore's previous policy which applied the corridor method) and requires the expected return on plan assets (recognised in the consolidated statement of income) to be calculated based on the rate used to discount the defined benefit obligations.

Glencore applied the standard retrospectively in accordance with the transitional provisions and as a result recognised $164 million of previously unrecognised actuarial losses as at 1 January 2012 ($176 million at 1 January 2013), increasing the post-retirement benefits provision with a corresponding adjustment to shareholders' equity and an associated deferred tax impact (see note 23). IAS 19 required retrospective application.

Amendments to IAS 1

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

Amendments to IFRS 7

The amendments to IFRS 7 require disclosure of information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting or similar agreement. Other than the additional disclosure, the application of amendments to IFRS 7 did not impact the amounts recognised in the consolidated financial statements (see note 27). The amendments to IFRS 7 required retrospective application.

Amendments to IAS 36

The amendments to IAS 36 clarify the circumstances in which the recoverable amount of assets or cash-generating units are required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. Other than the additional disclosure, the application of amendments to IAS 36 did not impact the amounts recognised in the consolidated financial statements (see note 5). The amendments to IAS 36 required retrospective application.

IFRIC 20

IFRIC 20 provides a model for accounting for waste removal (stripping) costs incurred during the production phase of a surface (open pit) mine. The model and related guidance requires the apportionment of the costs between those incurred to obtain a current versus a future benefit and the capitalisation of the latter with the depreciation method to apply to capitalised stripping costs.

The Group operates open pit mines at a number of its existing operations. Upon adoption of IFRIC 20, there were no significant changes in the balances previously recognised.

1. ACCOUNTING POLICIES (continued)

New and revised Standards not yet effective

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

- IFRS 9 – Financial Instruments: IFRS 9 modifies the classification and measurement of certain classes of financial assets and liabilities. The most significant change is to rationalise from four to two primary categories of financial assets.
- Amendments to IAS 32 – Offsetting Financial Assets and Liabilities: The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right to set-off" and "simultaneous realisation and settlement".
- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting: The amendments to IAS 39 clarify the criteria required to be met such that there would be no need to discontinue hedge accounting if a hedging derivative was novated.

The Directors are currently evaluating the impact these new standards may have on the financial statements of Glencore.

Basis of preparation

The financial statements are prepared under the historical cost convention except for the revaluation of certain financial assets, liabilities and marketing inventories that are measured at revalued amounts or fair values at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

The Directors have assessed that the financial statements be prepared on a going concern basis after their consideration of the Group's budgeted cash flows and related assumptions, including appropriate stress testing thereof, key risks and uncertainties, undrawn debt facilities, debt maturity review 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 objectives, policies and processes for managing its capital and financial risks are detailed in note 26.

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

1. ACCOUNTING POLICIES (continued)

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

Control is achieved when Glencore is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, Glencore controls an investee if, and only if, Glencore has all of the following:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When Glencore has less than a majority of the voting rights of an investee or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over the investee including:

- the size of Glencore’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by Glencore, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that Glencore has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when Glencore obtains control over the subsidiary and ceases when Glencore loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and other comprehensive income from the date Glencore gains control until the date when Glencore ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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.

When Glencore loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if Glencore had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

1. ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures

Associates and jointly ventures (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 or joint 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. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about relevant strategic and/or key operating decisions require unanimous consent of the parties sharing control.

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 consolidated statement of income.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

When Glencore undertakes its activities under joint operations, Glencore applies the proportionate consolidation method and recognises:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

Where Glencore transacts with a joint operation, unrealised profits and losses are eliminated to the extent of Glencore's interest in that joint operation.

Business combinations and goodwill

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting. The cost of the acquisition is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred, liabilities incurred to the former owners of the acquiree and the equity interests issued in exchange for control of the acquiree. The identifiable assets, liabilities and contingent liabilities ("identifiable net assets") are recognised at their fair value at the date of acquisition. Acquisition related costs are recognised in the consolidated 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 consolidated 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.

1. ACCOUNTING POLICIES (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the CGUs that are expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not able to be reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Glencore reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted for additional information obtained during the ‘measurement period’ (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

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 consolidated statement of income in the period of the purchase.

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 Glencore 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.

Royalty, 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. Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable effective interest rate.

1. ACCOUNTING POLICIES (continued)

Foreign currency translation

Glencore's reporting currency and the functional currency of the majority of its operations is the US dollar as this is assessed to be the principal currency of the economic environment in which it operates.

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 consolidated 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 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. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The cost of providing pensions is charged to the consolidated statement of income so as to recognise current and past service costs, interest cost on defined benefit obligations, and the effect of any curtailments or settlements, net of expected returns on plan assets. Actuarial gains and losses are recognised directly in other comprehensive income and will not be reclassified to the consolidated statement of income. The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in Glencore's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Glencore also provides post-retirement healthcare benefits to certain employees in Canada, South Africa and the United States. These are accounted for in a similar manner to the defined benefit pension plans, however are unfunded.

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 consolidated statement of income and credited to retained earnings on a straight-line basis over the period the estimated awards are expected to vest.

At each balance sheet date, the Company 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 the consolidated statement of income 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, it is remeasured to fair value with any changes in fair value recognised in the consolidated statement of income.

1. ACCOUNTING POLICIES (continued)

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 on 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 are expected to 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 but which subsequently fulfils the criteria for recognition, an asset is then 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.

Current and deferred tax are recognised as an expense or income in the consolidated statement of income, except when they relate to items that are recognised outside the consolidated statement of income (whether in other comprehensive income or directly in equity) or where they arise from the initial accounting for a business combination.

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 and the amount payable is based on taxable income – rather than physical quantities produced or as a percentage of revenues – after adjustment for temporary differences. For such arrangements, current and deferred tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements that do not satisfy these criteria are recognised as current provisions and included in cost of goods sold.

Exploration and evaluation expenditure

Exploration and evaluation expenditure relates to costs incurred in 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 another entity, is charged to the consolidated 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.

As the capitalised exploration and evaluation expenditure asset is not available for use, it is not depreciated. 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 CGU level. To the extent that capitalised expenditure is not expected to be recovered it is charged to the consolidated statement of income.

Administration costs that are not directly attributable to a specific exploration area are charged to the consolidated income statement. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

1. ACCOUNTING POLICIES (continued)

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. All subsequent development expenditure is capitalised and classified as construction in progress, provided commercial viability conditions continue to be satisfied. Proceeds from the sale of ore extracted during the development phase are netted against development expenditure. 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

Property, plant and equipment are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment 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 (“LOM”), field or lease.

Depreciation commences when the asset is available for use. The major categories of property, plant and equipment are depreciated / amortised on a UOP and/or straight-line basis as follows:

Buildings	10-45 years
Freehold land	not depreciated
Plant and equipment	3-30 years/UOP
Mineral rights and petroleum rights	UOP
Deferred mining costs	UOP

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 consolidated 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 UOP basis.

Production stripping costs related to accessing an identifiable component of the ore body to realise benefits in the form of improved access to ore to be mined in the future (stripping activity asset), are capitalised within mineral properties provided all the following conditions are met:

(a) it is probable that the future economic benefit associated with the stripping activity will be realised;

(b) the component of the ore body for which access has been improved can be identified; and

(c) the costs relating to the stripping activity associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the consolidated statement of income as they are incurred.

The stripping activity asset is subsequently depreciated on a UOP basis over the life of the identified component of the ore body that became more accessible as a result of the stripping activity and is then stated at cost less accumulated depreciation and any accumulated impairment losses.

1. ACCOUNTING POLICIES (continued)

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 basis 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 using a risk adjusted discount rate to their net present value, are provided for and capitalised at the time such an obligation arises. The costs are charged to the consolidated 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 consolidated statement of income as extraction progresses.

Changes in the estimated timing of the rehabilitation or changes to the estimated future costs are accounted for prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, provided the reduction in the provision is not greater than the depreciated capitalised cost of the related asset, in which case the capitalised cost is reduced to nil and the remaining adjustment recognised in the consolidated statement of income. In the case of closed sites, changes to estimated costs are recognised immediately in the consolidated statement of income.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

Internally generated intangibles are not capitalised. Instead, the related expenditure is recognised in the consolidated statement of income and other comprehensive income in the period in which the expenditure is incurred.

Identifiable intangible assets with a finite life are amortised on a straight-line basis over their expected useful life. The amortisation method and period are reviewed annually and impairment testing is undertaken when circumstances indicate the carrying amount may not be recoverable. Other than goodwill which is not depreciated, Glencore has no identifiable intangible assets with an indefinite life.

The major categories of intangibles are amortised on a straight-line basis as follows:

Port allocation rights	30-40 years
Future warehousing fees	5-10 years
Licences, trademarks and software	3-20 years
Royalty arrangements	30-40 years
Acquired offtake arrangements	5-10 years

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 consolidated 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 consolidated 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.

1. ACCOUNTING POLICIES (continued)

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 CGU level.

If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recorded in the consolidated statement of income to reflect the asset at the lower amount.

An impairment loss is reversed in the consolidated 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 cannot be subsequently reversed.

Provisions

Provisions are recognised when Glencore has a present obligation (legal or constructive), 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Onerous contracts

An onerous contract is considered to exist where Glencore has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Present obligations arising under onerous contracts are recognised and measured as provisions.

Unfavourable contracts

An unfavourable contract is considered to exist when Glencore, in a business combination, acquires a contract under which the terms of the contract require Glencore to sell products or purchase services on terms which are economically unfavourable compared to current market terms at the time of the business combination. Unfavourable contracts are recognised at the present value of the economic loss and amortised into income over the term of the contract.

Inventories

The vast 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.

1. ACCOUNTING POLICIES (continued)

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 consolidated statement of income and upon expiry of the conversion rights, any remaining equity portion will be transferred to retained earnings.

Own shares

The cost of purchases of own shares are deducted from equity. Where they are purchased, issued to employees or sold, no gain or loss is recognised in the consolidated statement of income. Such gains and losses are recognised directly in equity. Any proceeds received on disposal of the shares or transfers to employees are recognised in equity.

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 cash flows 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 consolidated 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 consolidated statement of income in the same periods during which the hedged transaction affects the consolidated statement of income. Hedge ineffectiveness is recorded in the consolidated 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 consolidated statement of income when the committed or forecast transaction is ultimately recognised in the consolidated 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 consolidated 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.

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: consolidated statement of income amounts represent Glencore's share of income related to Xstrata (prior to the date of acquisition), the technology services division and other unallocated Group related expenses (including variable pool bonus charges). 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 joint ventures, dividend income and the attributable share of underlying Adjusted EBIT/EBITDA of certain associates and joint ventures.

The accounting policies of the operating segments are the same as those described in note 1 with the exception of certain associates and joint ventures. Under IFRS 11, Glencore's investments in the Antamina copper/zinc mine (34% owned) and the Cerrejón coal mine (33% owned) are considered to be associates as they are not subject to joint control and the Collahuasi copper mine (44% owned) is considered to be a joint venture. Associates and joint ventures are required to be accounted for in Glencore's financial statements under the equity method. For internal reporting and analysis, Glencore evaluates the performance of these investments under the proportionate consolidation method reflecting Glencore's proportionate share of the revenues, expenses, assets and liabilities of the investments. The balances as presented for internal reporting purposes are reconciled to Glencore's statutory disclosures as outlined in the following tables.

2. SEGMENT INFORMATION (continued)

Glencore accounts for intra-segment sales and transfers where applicable as if the sales or transfers were to third parties, i.e. at arm's length commercial terms.

2013 US$ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Revenue from third parties	64,080	139,709	30,039	138	**233,966**
Marketing activities					
Adjusted EBIT	1,622	629	198	(93)	**2,356**
Depreciation and amortisation	21	37	185	–	**243**
Adjusted EBITDA	1,643	666	383	(93)	**2,599**
Industrial activities					
Adjusted EBIT	2,742	907	(6)	(29)	**3,614**
Depreciation and amortisation[1]	2,554	1,623	67	9	**4,253**
Adjusted EBITDA	5,296	2,530	61	(20)	**7,867**
Total adjusted EBITDA	6,939	3,196	444	(113)	**10,466**
Depreciation and amortisation	(2,575)	(1,660)	(252)	(9)	**(4,496)**
Total adjusted EBIT	4,364	1,536	192	(122)	**5,970**
Significant items[2]					
Other expense – net[3]					**(10,844)**
Share of associates' exceptional items[4]					**(51)**
Mark to market loss on certain aluminium positions[5]					**(95)**
Unrealised intergroup profit elimination adjustments[6]					**(261)**
Loss on sale of investments					**(40)**
Interest expense – net[7]					**(1,394)**
Income tax[8]					**(583)**
Loss for the year					**(7,298)**

1 Includes an adjustment of $447 million (2012: $Nil) to depreciation and amortisation expenses related to presenting certain associates and joint ventures on a proportionate consolidation basis. Metals and minerals segment: $271 million and Energy products segment $176 million, see table below.

2 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.

3 See note 4.

4 Share of associates' exceptional items comprise Glencore's share of exceptional charges booked directly by Xstrata relating mainly to various costs incurred by Xstrata in connection with its acquisition by Glencore.

5 Represents an accounting measurement mismatch between spot and forward prices in respect of certain aluminium commercial hedging activities where such amounts will reverse in future periods. Due to the hedging being done on a portfolio basis, hedge treatment for IFRS accounting purposes (where such amounts would not impact the consolidated statement of income) is not achievable.

6 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.

7 Includes an adjustment of $6 million (2012: $Nil) to interest expenses related to presenting certain associates and joint ventures on a proportionate consolidation basis. Metals and minerals segment: interest income of $1 million and Energy products segment interest expense of $7 million, see table below.

8 Includes an adjustment of $329 million (2012: $Nil) to income tax expenses related to presenting certain associates and joint ventures on a proportionate consolidation basis. Metals and minerals segment: $299 million and Energy products segment $30 million, see table below.

2. SEGMENT INFORMATION (continued)

The reconciliation of certain associates' and joint venture's Adjusted EBIT to 'Share of net income from associates and joint ventures' for the year ended 31 December 2013 is as follows:

US$ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Revenue from third parties	64,080	139,709	30,039	138	**233,966**
Impact of presenting certain associates and joint ventures on a proportionate consolidation basis	(732)	(540)	–	–	**(1,272)**
Revenue from third parties – reported measure	**63,348**	**139,169**	**30,039**	**138**	**232,694**
Associates' and joint ventures' Adjusted EBITDA	1,249	238	–	–	**1,487**
Depreciation and amortisation	(271)	(176)	–	–	**(447)**
Associates' and joint ventures' Adjusted EBIT	978	62	–	–	**1,040**
Net finance costs	1	(7)	–	–	**(6)**
Income tax expense	(299)	(30)	–	–	**(329)**
Share of income from material associates and joint ventures	680	25	–	–	**705**
Share of income from other associates	(37)	45	7	126	**141**
Share of income from associates and joint ventures	**643**	**70**	**7**	**126**	**846**
Capital expenditure	6,738	2,552	293	4	**9,587**

2013 US$ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Current assets	26,737	17,164	6,554	316	**50,771**
Current liabilities	(10,456)	(15,612)	(2,708)	(529)	**(29,305)**
Allocatable current capital employed	16,281	1,552	3,846	(213)	**21,466**
Property, plant and equipment	37,170	26,810	3,195	332	**67,507**
Intangible assets	3,755	4,269	883	146	**9,053**
Investments in associates and other investments	9,358	3,823	430	19	**13,630**
Non-current advances and loans	987	2,561	141	406	**4,095**
Allocatable non-current capital employed	51,270	37,463	4,649	903	**94,285**
Other assets[1]				9,876	**9,876**
Other liabilities[2]				(72,478)	**(72,478)**
Total net assets	67,551	39,015	8,495	(61,912)	**53,149**
Capital expenditure[3]	7,114	2,696	293	4	**10,107**

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, non-current financial liabilities and liabilities held for sale.

3 Includes an adjustment of $520 million (2012: $Nil) to capital expenditure related to presenting certain associates and joint ventures on a proportionate consolidation basis. Metals and minerals segment: $376 million and Energy products segment $144 million, see table below.

2. SEGMENT INFORMATION (continued)

2012 US$ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Revenue from third parties	56,674	136,937	20,825	–	**214,436**
Marketing activities					
Adjusted EBIT	1,363	435	371	(39)	**2,130**
Depreciation and amortisation	16	59	23	–	**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	–	**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)	–	**(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 acquisition by Glencore.

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.

2. SEGMENT INFORMATION (continued)

2012 US$ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total (Restated)[1]
Current assets	20,024	18,256	9,538	649	**48,467**
Current liabilities	(9,500)	(13,941)	(3,785)	(137)	**(27,363)**
Allocatable current capital employed	10,524	4,315	5,753	512	**21,104**
Property, plant and equipment	14,134	5,347	4,142	–	**23,623**
Intangible assets	180	1,098	929	–	**2,207**
Investments in associates and other investments	2,881	799	458	16,215	**20,353**
Non-current advances and loans	921	2,688	149	–	**3,758**
Allocatable non-current capital employed	18,116	9,932	5,678	16,215	**49,941**
Other assets[2]				7,156	**7,156**
Other liabilities[3]				(44,028)	**(44,028)**
Total net assets	28,640	14,247	11,431	(20,145)	**34,173**
Capital expenditure	5,761	3,311	4,262	–	**13,334**

1 Certain amounts shown here reflect the adoption of new and revised standards as detailed in note 1 and therefore do not correspond to the consolidated statement of financial position for the year ended 31 December 2012.
2 Other assets include deferred tax assets, marketable securities, cash and cash equivalents and assets held for sale.
3 Other liabilities include borrowings, non-current deferred income, deferred tax liabilities, non-current provisions, Viterra asset acquirer loans and liabilities held for sale.

Geographical information

US$ million	2013	2012 (Restated)[1]
Revenue from third parties[2]		
The Americas	**54,675**	42,295
Europe	**78,782**	108,904
Asia	**67,858**	44,274
Africa	**25,665**	16,910
Oceania	**5,714**	2,053
	232,694	214,436
Non-current assets[3]		
The Americas	**22,809**	6,843
Europe	**11,438**	17,707
Asia	**6,400**	5,652
Africa	**20,972**	11,255
Oceania	**27,648**	3,137
	89,267	44,594

1 Comprises adjustments to the fair value calculations in relation to the acquisition of Viterra (see note 25).
2 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.
3 Non-current assets are non-current assets excluding other investments, advances and loans and deferred tax assets.

3. LOSS ON SALE OF INVESTMENTS – NET

US$ million	2013	2012
Loss on sale in investment in associates	**(40)**	(133)
Other	**–**	5
Total	**(40)**	(128)

The net loss on sale of investments in associates in 2013 and 2012 comprised primarily an accounting dilution loss following Xstrata's share issuances in April 2013 and March 2012, which saw Glencore's ownership reduce.

4. OTHER EXPENSE – NET

US$ million	Notes	2013	2012
Changes in mark to market valuations on investments held for trading – net		**(308)**	2
Changes in mark to market valuation of certain coal forward contracts[1]		**87**	179
Revaluation of previously held interest in newly acquired businesses – net		**(1,160)**	497
Viterra acquisition related (expense)/income – net		**(36)**	11
Xstrata acquisition related expenses		**(294)**	(58)
Impairments	5	**(9,086)**	(1,650)
Phantom equity awards granted on listing	19	**–**	(109)
Foreign exchange (loss)		**(126)**	(4)
Other income/(expense) – net [2]		**79**	(82)
Total		**(10,844)**	(1,214)

1 This item, if classified by function of expense would be recognised in cost of goods sold. All other amounts in Other income/(expense) – net are classified by function.

2 Includes $15 million gain on disposal of property, plant and equipment (2012: loss of $7 million) and $37 million of income relating to the Agrium and Richardson assets which were acquired and subsequently sold as part of the Viterra acquisition. These were classified as held for sale as at 31 December 2012 and were disposed of during 2013 (see note 15).

Together with foreign exchange movements and mark to market movements on investments held for trading, other expenses – 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 expenses – net includes, but is not limited to, impairment charges, revaluation of previously held interests in business combinations and acquisitions, restructuring and closure costs.

Changes in mark to market valuations on investments held for trading – net

Primarily relates to movements on interests in other investments classified as held for trading and carried at fair value, with Glencore's interest in Volcan Compania Minera S.A.A. and Nyrstar N.V. accounting for the majority of the movement in 2013 and 2012.

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 cash flow hedges, which would have deferred the income statement effect until performance of the underlying future sale transactions. As at year end, all tonnes of such coal have been physically delivered (2012: 4.6 million tonnes remained).

Revaluation of previously held interest in newly acquired businesses - net

In May 2013, Glencore completed the acquisition of the additional 66% interest in Xstrata it did not previously own (see note 25). At the date of acquisition, the previously owned interest was revalued to its fair value based on the share price at 2 May 2013 (the "Acquisition Date") as prescribed by IFRS 13 and as a result, a $1,160 million loss was recognised.

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"). At the date of the acquisitions, the previously owned interests were revalued to their fair value and as a result, a $20 million loss and $517 million gain, respectively, were recognised.

Viterra acquisition related (expense)/income – net

2013 expense of $36 million comprises a $47 million gain relating to final sales adjustments of a previous Viterra acquisition less $83 million of professional/advisors' fees and restructuring expenses.

2012 income includes the realised gain of $65 million on the settlement of CAD2.7 billion forward foreign currency purchase contracts entered into to partially hedge foreign currency price risk associated with the Viterra transaction (see note 25) less $54 million of professional advisors and other expenses.

Xstrata acquisition related expenses

Expenses incurred in connection with the acquisition of Xstrata (see note 25), comprises $59 million of costs incurred with the required cancellation of the Nyrstar offtake agreement, $98 million of professional/advisors' fees related to the acquisition and $137 million of stamp duty and restructuring costs.

5. IMPAIRMENTS

US$ million	Notes	2013	2012
Xstrata acquisition goodwill impairment		**(7,480)**	–
Available for sale instruments	10	**(446)**	(1,181)
Non-current advances and loans	11	**(300)**	(213)
Property, plant and equipment	7	**(779)**	(210)
Non-current inventory and other[1]		**(81)**	(46)
Total impairments[2]		**(9,086)**	(1,650)

1 These items, if classified by function of expense would be recognised in cost of goods sold.

2 Impairments recognised during the year are allocated to Glencore's operating segments as follows: Metals and minerals $8,922 million (2012: $1,337 million), Energy products $164 million (2012: $248 million) and Agricultural products $Nil (2012: $65 million).

Xstrata acquisition goodwill impairment

In accordance with IFRS 3, following a comprehensive process to identify and determine the fair value of all acquired assets and liabilities in connection with the Xstrata acquisition (see note 25), Glencore has provisionally recognised goodwill of $12.5 billion of which $5.0 billion was allocated to the metals and coal marketing cash generating units ("CGUs") and $7,480 million was provisionally allocated to the Xstrata mining operations' CGUs.

The goodwill allocated to the metals and minerals and coal marketing businesses was based on the value of expected margin synergies to be realised by the Group's existing marketing operations as a result of increased product flows from Xstrata, while the residual balance of $7,480 million was allocated to the Xstrata mining operations.

IAS 36 "Impairment of assets" requires that CGUs containing goodwill be tested for impairment whenever there are indications that goodwill may be impaired. As the assets and liabilities of the Xstrata mining operations were then recorded at fair value (including reserves and resources and expected operational synergies) following the extensive valuation process as at the Acquisition Date, there was an indicator that the goodwill allocated to these operations was impaired.

Accordingly, Glencore completed an impairment test of the Xstrata mining operations based on the results of the provisional purchase price allocation process (see note 25) and determined that the allocated goodwill was impaired and therefore recorded an impairment charge at acquisition of $7,480 million.

The key circumstances that led to the impairment are:

- The IFRS 3 requirement to measure the consideration paid by reference to Glencore's share price at the Acquisition Date and the significant time lag between pricing the acquisition in September 2012 and the Acquisition Date; and
- The negative broader macro-economic environment facing the extractive industry, particularly around the actual and perceived heightened risks associated with greenfield and large scale expansion projects during the first half of 2013.

The recoverable amount of the Xstrata mining operations was measured based on fair value less costs to sell determined in accordance with IFRS 13 and was primarily based on discounted cash flow techniques using, where possible, market-based forecasts and assumptions and discounted using operation specific discount rates ranging from 8 – 13%.

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"). As a result of the continuing challenging macro-economic environment impacting the global aluminium market, in December 2012, it was determined that previously recognised negative fair value adjustments were of a prolonged nature and therefore reclassified from OCI to the consolidated statement of income. As at 31 December 2013, UC Rusal's share price was below the 31 December 2012 price and as required under IAS 39 such fair value movements were accounted for in the consolidated statement of income rather than OCI (see note 10).

5. IMPAIRMENTS (continued)

Property, plant and equipment

During the regular assessment of whether there is an indication of asset impairment or whether a previously recorded impairment may no longer be required (as part of our regular portfolio review), the continuing low nickel price forecasts and suspension of a mine shaft expansion project resulted in impairment charges of $454 million and $137 million being recognized at our Murrin Murrin and Cobar copper operations (metals and minerals segment) respectively. The balance of the impairment charges resulted primarily from an evaluation of below expectation exploration programs (none of which were individually material) of $124 million and $64 million recognized in our Metals and minerals and Energy products segments respectively. The recoverable amounts of the property, plant and equipment were measured based on fair value less costs to sell, determined by discounted cash flow techniques using, where possible, market forecasts and assumptions discounted using operation specific discount rates ranging from 7.5 – 12%.

In 2012, 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 programmes, resulted in impairment charges (none of which were individually material) of $110 million, $35 million and $65 million recognised in our Metals and minerals, Energy products and Agricultural products segments respectively. The recoverable amounts of the property, plant and equipment were measured based on fair value less costs to sell, determined by discounted cash flow techniques using, where possible, market forecasts and assumptions discounted using operation specific discount rates ranging from 7.5 – 12%.

6. INCOME TAXES

Income taxes consist of the following:

US$ million	2013	2012
Current income tax expense	(737)	(295)
Deferred income tax credit	483	371
Total tax (expense)/credit	**(254)**	76

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

US$ million	2013	2012
(Loss)/Income before income taxes and attribution	**(7,044)**	1,076
Less: Share of income from associates and joint ventures	(846)	(367)
Parent Company's and subsidiaries' (loss)/income before income tax and attribution	**(7,890)**	709
Income tax credit/(expense) calculated at the Swiss income tax rate	1,184	(106)
Tax effects of:		
Different tax rates from the standard Swiss income tax rate	(605)	(233)
Non-deductible Xstrata related revaluation and goodwill impairment charges	(1,122)	–
Tax exempt income, net of non-deductible expenses and other permanent differences	413	(50)
Tax implications of restructuring, including deductions/losses triggered[1]	–	544
Available tax losses not recognised, and other changes in the valuation of deferred tax assets	(122)	(76)
Other	(2)	(3)
Income tax (expense)/credit	**(254)**	76

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.

6. INCOME TAXES (continued)

Deferred taxes as at 31 December 2013 and 2012 are attributable to the items detailed in the table below:

US$ million	Notes	2013	2012 (Restated)[1]
Deferred tax assets[2]			
Tax losses carried forward		**1,861**	1,345
Mark to market valuations		**76**	27
Other		**168**	90
Total		**2,105**	1,462
Effect of amendments to IAS 19	23	**–**	49
Total (Restated)		**2,105**	1,511
Deferred tax liabilities[2]			
Depreciation and amortisation		**(5,699)**	(2,606)
Mark to market valuations		**(11)**	(29)
Other		**(903)**	(320)
Total		**(6,613)**	(2,955)
Restatement[1]	25	**–**	49
Total (Restated)		**(6,613)**	(2,906)
Deferred tax recognised in other comprehensive loss			
Deferred tax on cash flow hedges		**(48)**	–
Deferred tax on other reserves		**88**	–
Total		**40**	–
Effect of amendments to IAS 19	23	**–**	(49)
Total (Restated)		**40**	(49)
Total Deferred tax – net		**(4,468)**	(1,444)
Reconciliation of deferred tax – net			
1 January		**(1,444)**	(360)
Recognised in income for the year		**483**	371
Recognised in other comprehensive loss		**89**	–
Disposal of business	25	**40**	7
Business combination	25	**(4,049)**	(1,522)
Effect of foreign currency exchange movements		**310**	–
Other		**103**	60
31 December		**(4,468)**	(1,444)

1 Comprises effects of amendments to IAS 19 (see note 23) as well as adjustments to the fair value calculations in relation to the acquisition of Viterra (see note 25).

2 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 2013, $2,520 million (2012: $1,816 million) of deferred tax assets related to available loss carry forwards have been brought to account, of which $1,861 million (2012: $1,345 million) are disclosed as deferred tax assets with the remaining balance being offset against deferred tax liabilities arising in the same respective entity. $725 million (2012: $1,373 million) of net deferred tax assets arise in entities that have been loss making for tax purposes in 2013 and/or 2012. 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.

6. INCOME TAXES (continued)

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	2013	2012
1 year	**200**	114
2 years	**215**	165
3 years	**70**	253
Thereafter	**1,449**	1,786
Unlimited	**1,778**	590
Total	**3,712**	2,908

As at 31 December 2013, unremitted earnings of $43,407 million (2012: $19,952 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	Freehold land and buildings	Plant and equipment	Mineral and petroleum rights	Deferred mining costs	Total
Gross carrying amount:						
1 January 2013		2,609	17,349	8,674	743	**29,375**
Business combination	25	1,579	25,462	13,655	865	**41,561**
Disposal of subsidiaries	25	(131)	(555)	–	–	**(686)**
Additions		308	8,099	629	452	**9,488**
Disposals		(49)	(756)	(65)	(3)	**(873)**
Effect of foreign currency exchange movements		(110)	(1,267)	(588)	–	**(1,965)**
Other movements		1,089	(100)	(259)	(641)	**89**
31 December 2013		**5,295**	**48,232**	**22,046**	**1,416**	**76,989**
Accumulated depreciation and impairment:						
1 January 2013		397	4,030	1,177	148	**5,752**
Depreciation		200	2,698	863	165	**3,926**
Disposal of subsidiaries	25	(2)	(9)	–	–	**(11)**
Disposals		(25)	(534)	(21)	(26)	**(606)**
Impairments	5	5	635	49	90	**779**
Effect of foreign currency exchange movements		(33)	15	(72)	(268)	**(358)**
31 December 2013		**542**	**6,835**	**1,996**	**109**	**9,482**
Net book value 31 December 2013		**4,753**	**41,397**	**20,050**	**1,307**	**67,507**

7. PROPERTY, PLANT AND EQUIPMENT (continued)

US$ million	Notes	Freehold 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	25	953	3,429	3,284	48	**7,714**
Disposal of subsidiaries	25	–	(301)	(7)	–	**(308)**
Additions		92	2,054	866	89	**3,101**
Disposals		(21)	(200)	–	–	**(221)**
Effect of foreign currency exchange movements		(5)	(65)	(92)	–	**(162)**
Other movements		69	2	6	(69)	**8**
31 December 2012		**2,609**	**16,964**	**8,674**	**743**	**28,990**
Restatement[1]	25	–	385	–	–	**385**
31 December 2012 (Restated)		**2,609**	**17,349**	**8,674**	**743**	**29,375**
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	25	–	(29)	–	–	**(29)**
Disposals		(10)	(74)	1	(19)	**(102)**
Impairments	5	–	151	59	–	**210**
Effect of foreign currency exchange movements		(3)	(102)	114	7	**16**
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**
Restatement[1]	25	–	385	–	–	**385**
Net book value 31 December 2012 (Restated)		**2,212**	**13,319**	**7,497**	**595**	**23,623**

1 Comprises adjustments to the fair value calculations in relation to the acquisition of Viterra (see note 25).

Plant and equipment includes expenditure for construction in progress of $12,236 million (2012: $2,294 million) and a net book value of $412 million (2012: $281 million) of obligations recognised under finance lease agreements. Mineral and petroleum rights include expenditures for exploration and evaluation of $798 million (2012: $277 million) and biological assets of $94 million (2012: $66 million). Depreciation expenses included in cost of goods sold are $4,028 million (2012: $1,421 million) and in selling and administrative expenses $21 million (2012: $17 million).

During 2013, $310 million (2012: $37 million) of interest was capitalised, $231 million within property, plant and equipment and $79 million within assets held for sale. With the exception of project specific borrowings, the rate used to determine the amount of borrowing costs eligible for capitalisation was 3.5% (2012: 4.0%).

8. INTANGIBLE ASSETS

US$ million	Goodwill	Port allocation rights	Future warehousing fees	Licences, trademarks and software	Royalty and acquired offtake arrangements	Total
Cost:						
1 January 2013	962	1,101	32	151	–	**2,246**
Business combination[1]	12,510	1,893	–	271	156	**14,830**
Disposals of business[1]	–	–	–	(43)	–	**(43)**
Additions	–	–	–	59	85	**144**
Effect of foreign currency exchange movements	6	(473)	–	(3)	–	**(470)**
Other movements	–	(22)	–	(109)	165	**34**
31 December 2013	**13,478**	**2,499**	**32**	**326**	**406**	**16,741**
Accumulated amortisation and impairment:						
1 January 2013	–	16	11	12	–	**39**
Amortisation expense[2]	–	25	8	44	46	**123**
Impairment[3]	7,480	–	–	–	–	**7,480**
Effect of foreign currency exchange movements	–	16	–	13	17	**46**
31 December 2013	**7,480**	**57**	**19**	**69**	**63**	**7,688**
Net carrying amount 31 December 2013	**5,998**	**2,442**	**13**	**257**	**343**	**9,053**

1 See note 25.

2 Recognised in cost of goods sold.

3 See note 5.

8. INTANGIBLE ASSETS (continued)

US$ million	Goodwill	Port allocation rights	Future warehousing fees	Licences, trademarks and software	Royalty and acquired offtake arrangements	Total
Cost:						
1 January 2012	133	–	32	49	–	**214**
Business combination[1]	1,251	1,182	–	104	–	**2,537**
Additions	–	21	–	33	–	**54**
Effect of foreign currency exchange movements	–	(102)	–	–	–	**(102)**
31 December 2012	**1,384**	**1,101**	**32**	**186**	**–**	**2,703**
Restatement[2]	(422)	–	–	(35)	–	**(457)**
31 December 2012 (Restated)	**962**	**1,101**	**32**	**151**	**–**	**2,246**
Accumulated amortisation and impairment:						
1 January 2012	–	–	3	1	–	**4**
Amortisation expense[3]	–	16	8	11	–	**35**
31 December 2012	**–**	**16**	**11**	**12**	**–**	**39**
Net carrying amount 31 December 2012	**1,384**	**1,085**	**21**	**174**	**–**	**2,664**
Restatement[2]	(422)	–	–	(35)	–	**(457)**
Net carrying amount 31 December 2012 (Restated)	**962**	**1,085**	**21**	**139**	**–**	**2,207**

1 See note 25.

2 Comprises adjustments to the fair value calculations in relation to the acquisition of Viterra (see note 25).

3 Recognised in cost of goods sold.

8. INTANGIBLE ASSETS (continued)

Goodwill

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

US$ million	2013	2012 (Restated)[1]
Grain marketing business	**829**	829
Metals and minerals marketing businesses	**3,326**	–
Coal marketing business	**1,674**	–
Metals warehousing business	**169**	133
Total	**5,998**	962

1 Comprises adjustments to the fair value calculations in relation to the acquisition of Viterra (see note 25).

Grain marketing business

Goodwill of $829 million has been recognised as part of the acquisition of Viterra, see note 25. 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.

Metals and minerals and coal marketing businesses

Goodwill of $12,480 million was provisionally recognised in connection with the acquisition of Xstrata (see note 25) and allocated to the metals and minerals marketing CGU and coal marketing CGU and the Xstrata mining operations' CGUs on a basis consistent with the expected benefits arising from the business combination. The metals and minerals marketing and the coal marketing synergies were fair valued at $5.0 billion based on the annual synergies expected to accrue to the respective marketing departments as a result of increased volumes, blending opportunities and freight and logistics arbitrage opportunities. The residual balance of the goodwill ($7.5 billion) was allocated to the acquired mining operations of Xstrata and subsequently impaired (see note 5).

Metals warehousing business

Goodwill of $169 million (2012: $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.

During the year, Pacorini acquired a logistics operation and goodwill in respect of this acquisition was recognised which is also attributable to synergies which arise in conjunction with the metals marketing division's expected increased activities.

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, Umcebo and Xstrata. The rights are being amortised on a straight line basis over the estimated economic life of the port of 40 years (see note 25).

Licences, trademarks and software

As part of the Xstrata business acquisition, intangibles related to internally developed technology and patents were recognised and are being amortised over the estimated economic life of the technology which ranges between 10 – 15 years.

Royalty and acquired offtake arrangements

As part of the Xstrata business acquisition, the fair value of a royalty income stream related to output from the Antamina copper mine was recognised. This amount is being amortised on the unit of production basis up to 2027, the expected mine life.

Acquired offtake arrangements represent contractual entitlements acquired from third parties to provide marketing services and receive certain products being produced from a mining or processing operation over a finite period of time. These rights are being amortised on a straight line basis over the contractual term which currently ranges between 10 – 15 years.

9. GOODWILL IMPAIRMENT TESTING

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 as follows:

US$ million	2013	2012 (Restated)[1]
Grain marketing business	829	829
Metals and minerals marketing businesses	3,326	–
Coal marketing business	1,674	–
Metals warehousing business	169	133
Total	**5,998**	962

1 Comprises adjustments to the fair value calculations in relation to the acquisition of Viterra (see note 25).

In assessing whether an impairment is required, the carrying value of the CGU is compared with its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell ("FVLCS") and its value in use ("VIU"). If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Given the nature of each CGU's activities, information on its fair value is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently,

- the recoverable amount for each of the marketing CGUs is determined by reference to the FVLCS which utilizes a price to earnings multiple approach based on the 2014 approved financial budget which includes factors such as marketing volumes handled and operating, interest and income tax charges, generally based on past experience. The price to earnings multiple of 10 times is derived from observable market data for broadly comparable businesses;
- the recoverable amount of the metals warehousing business is determined by reference to its VIU which utilises pre-tax cash flow projections based on the approved financial budgets for 5 years which includes key assumptions, 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; and
- Glencore believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amount to fall below the carrying value of the CGU. The determination of FVLCS for each of the marketing CGUs uses Level 3 valuation techniques in both years.

10. INVESTMENTS IN ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS

Investments in associates and joint ventures

US$ million	Notes	2013	2012 (Restated)[1]
1 January		**18,764**	18,858
(Loss)/gain on revaluation of previously held interest on acquisition	4	**(1,160)**	497
Transfer of previous equity accounted investments to subsidiary - Xstrata	25	**(15,142)**	–
Transfer of previous equity accounted investments to subsidiary – Other[2]		**(212)**	(1,274)
Assumed in business combination[3]	25	**10,240**	74
Additions		**76**	455
Disposals		**(40)**	(11)
Share of income from associates and joint ventures		**846**	367
Share of other comprehensive income from associates and joint ventures		**26**	221
Dividends received		**(551)**	(461)
Other movements		**(140)**	38
31 December		**12,707**	18,764
Of which:			
Investments in associates		**9,226**	18,764
Investments in joint ventures		**3,481**	–

1 Comprises adjustments to the fair value calculations in relation to the acquisition of Viterra (see note 25).

2 In July 2013, Glencore completed the planned merger of Mutanda and Kansuki, previously an associate of the Group. The transaction did not meet the definition of a business combination under IFRS 3 and therefore has been accounted for as an acquisition of assets.

3 Comprises primarily investments in Cerrejón Coal mine, Antamina Copper/Zinc mine, Collahuasi Copper mine and Lonmin plc.

As at 31 December 2013, the fair value of listed associates and joint ventures, which have a carrying value of $1,487 million (2012: $17,103 million), using published price quotations was $1,212 million (2012: $17,876 million). This predominantly comprises Century Aluminum ("Century") and Lonmin plc ("Lonmin") (2012: Xstrata). The change in 2013 is primarily due to the acquisition of Xstrata (see note 25). The 2013 carrying value of the Group's investment in Century and Lonmin is $734 million and $604 million respectively. The 2012 carrying value of the Group's investment in Xstrata was $16,215 million.

Following the recognition of Glencore's share of impairments booked by its associates and joint ventures, 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.

10. INVESTMENTS IN ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS (continued)

Details of material associates and joint ventures

Summarised financial information in respect of Glencore's associates and joint ventures, reflecting 100% of the underlying associate's and joint venture's relevant figures, is set out below.

US$ million **31 December 2013**	Cerrejón	Antamina	**Total material associates**	Collahuasi	**Total material joint ventures**	**Total material associates and joint ventures**
Non-current assets	2,787	9,303	**12,090**	14,159	**14,159**	**26,249**
Current assets	793	1,419	**2,212**	1,334	**1,334**	**3,546**
Non-current liabilities	(1,489)	(1,926)	**(3,415)**	(2,627)	**(2,627)**	**(6,042)**
Current liabilities	(273)	(565)	**(838)**	(640)	**(640)**	**(1,478)**
The above amounts of assets and liabilities include the following:						
Cash and cash equivalents	198	224	**422**	92	**92**	**514**
Current financial liabilities[1]	–	(196)	**(196)**	(4)	**(4)**	**(200)**
Non-current financial liabilities[1]	–	(100)	**(100)**	(19)	**(19)**	**(119)**
Net assets	**1,818**	**8,231**	**10,049**	**12,226**	**12,226**	**22,275**
Glencore's ownership interest	33.33%	33.75%		44.0%		
Acquisition fair value and other adjustments	2,176	609	**2,785**	(1,898)	**(1,898)**	**887**
Carrying value	2,782	3,387	**6,169**	3,481	**3,481**	**9,650**

1 Financial liabilities exclude trade, other payables and provisions.

Summarised profit and loss in respect of Glencore's associates and joint ventures, reflecting 100% of the underlying associate's and joint venture's relevant figures for the period post the acquisition of Xstrata until 31 December 2013, is set out below.

US$ million **2013**	Cerrejón	Antamina	**Total of material associates**	Collahuasi	**Total of material joint ventures**	**Total of material associates and joint ventures**
Revenue	1,798	2,631	**4,429**	2,466	**2,466**	**6,895**
Income for the year	76	936	**1,012**	827	**827**	**1,839**
Other comprehensive income	–	–	**–**	–	**–**	**–**
Total comprehensive income	76	936	**1,012**	827	**827**	**1,839**
Dividends paid	253	670	**923**	470	**470**	**1,393**
The above profit for the year includes the following:						
Depreciation and amortisation	529	359	**888**	341	**341**	**1,229**
Interest income	–	1	**1**	–	**–**	**1**
Interest expense	(12)	(7)	**(19)**	(6)	**(6)**	**(25)**
Income tax expense	(90)	(555)	**(645)**	(254)	**(254)**	**(899)**

10. INVESTMENTS IN ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS (continued)

US$ million **31 December 2012**	Xstrata plc	**Total of material associates[1]**
Non-current assets	70,683	**70,683**
Current assets	12,431	**12,431**
Non-current liabilities	(29,131)	**(29,131)**
Current liabilities	(7,192)	**(7,192)**
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	1,983	**1,983**
Current financial liabilities[1]	(1,206)	**(1,206)**
Non-current financial liabilities[1]	(24,388)	**(24,388)**
Net assets	46,791	**46,791**
Glencore's ownership interest	34.2%	**34.2%**
Acquisition fair value and other adjustments	212	**212**
Carrying value	16,215	**16,215**

1 Financial liabilities exclude trade, other payables and provisions.

US$ million **2012**	Xstrata plc	**Total of material associates[1]**
Revenue	31,618	**31,618**
Income for the year	1,372	**1,372**
Other comprehensive income	29	**29**
Total comprehensive income	1,401	**1,401**
Dividends paid	1,218	**1,218**

1 In 2012 the Group did not have any material joint ventures.

Aggregate information of associates that are not individually material:

US$ million	**2013**	2012
The Group's share of income	**141**	58
The Group's share of other comprehensive income/(loss)	**26**	(32)
The Group's share of total comprehensive income	**167**	26
Aggregate carrying value of the Group's interests	**3,057**	2,549

Glencore's share of total comprehensive income did not include joint ventures other than the material joint venture discussed above.

The amount of corporate guarantees in favour of joint ventures as at 31 December 2013 was $463 million (2012: $22 million). Glencore's share of joint ventures' capital commitments amounts to $648 million (2012: $34 million).

Other investments

US$ million	**2013**	2012
Available for sale		
United Company Rusal plc	**394**	840
	394	840
Fair value through profit and loss		
Volcan Compania Minera S.A.A.	**204**	410
Nyrstar N.V. [1]	**–**	78
Century Aluminum Company cash-settled equity swaps	**95**	80
Jurong Aromatics Corporation Pte Ltd	**55**	55
Other	**175**	126
	529	749
Total	**923**	1,589

1 Disposed of in 2013.

11. ADVANCES AND LOANS

US$ million	2013	2012
Loans to associates[1]	909	347
Rehabilitation trust fund	317	248
Other non-current receivables and loans	2,869	3,163
Total	**4,095**	3,758

1 Loans to associates generally bear interest at applicable floating market rates plus a premium.

Other non-current receivables and loans comprise the following:

US$ million	2013	2012
Counterparty		
Russneft loan	984	2,080
Rosneft trade advance	500	–
Secured marketing related financing arrangements[1]	995	749
Societe Nationale d'Electricite (SNEL) power advances	138	50
Other	252	284
Total	**2,869**	3,163

1 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 advances and loans is 10% and on average are to be repaid over a three-year period. In December 2013, an impairment charge of $300 million was recognized following non-performance of contractual terms and rescheduling of the timing of product supply and a recoverable value provision was recorded in respect of other advances and loans (see note 5).

Russneft loans

2013

In December 2013, OAO Russneft ("Russneft") refinanced part of its debt and repaid Glencore $1.0 billion. The repayment followed earlier repayments of $88 million and $135 million respectively, amounting to a total of $1,223 million received in 2013. Following the December repayment, Glencore and Russneft agreed to amend the terms of the outstanding loan balance, requiring Glencore to convert a minimum of $900 million of the outstanding debt into an equity stake in Russneft during 2014, subject to finalization of due diligence and valuation. Until conversion, interest and repayment terms remain materially unchanged.

2012

In November 2012, as part of a comprehensive agreement between 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 lowered the interest rate to 7.75% interest per annum and extended the expected maturity of the loan from 2020 to 2024. In exchange for this amendment, Glencore would receive additional annual payments of $50 million until substantial repayments of the loan would commence, once Russneft's debt reduces to certain thresholds and/or existing debt is refinanced (which occurred in 2013 as discussed above). The loan is accounted for at amortised cost using the effective rate method with an effective interest rate of 8.4%.

The revision of the terms in November 2012 required that the 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 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).

Rosneft trade advance

In March 2013, Glencore signed a long term crude and oil products supply contract with Russian oil producer OJSC Neftyanaya Companiya Rosneft ("Rosneft") while simultaneously participating with $500 million in a large financing facility to Rosneft. The pre-payment is to be repaid through future deliveries of oil over 3 years starting March 2015.

SNEL power advances

In early 2012, a joint agreement with Société Nationale d'Électricité ("SNEL"), the Democratic Republic of the Congo's ("DRC") national electricity utility, was signed whereby Glencore's operations will contribute $284 million to a major electricity infrastructure refurbishment programme, including transmission and distribution systems. This is expected to facilitate a progressive increase in power availability to 450 megawatts by the end of 2015. Funding commenced in the second quarter of 2012 and will continue until the end of 2015. The loans will be repaid via discounts on future electricity purchases by Katanga and Mutanda upon completion of the refurbishment program.

12. INVENTORIES

US$ million	2013	2012 (Restated)[1]
Production inventories	**6,108**	3,153
Marketing inventories	**16,645**	17,527
Total	**22,753**	20,680

1 Comprises adjustments to the fair value calculations in relation to the acquisition of Viterra (see note 25).

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 $12,997 million (2012: $16,027 million) are carried at fair value less costs to sell.

Fair value of inventories is a Level 2 fair value measurement (see note 28) valued using observable market prices obtained from exchanges, traded reference indices or market survey services adjusted for relevant location and quality differentials. There are no significant unobservable inputs in the fair value measurement of marketing inventories.

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 20). As at 31 December 2013, the total amount of inventory secured under such facilities was $2,246 million (2012: $2,946 million). The proceeds received and recognised as current borrowings were $1,829 million (2012: $2,248 million).

13. ACCOUNTS RECEIVABLE

US$ million	2013	2012 (Restated)[1]
Trade receivables[2]	**18,029**	18,406
Trade advances and deposits[2]	**3,516**	3,270
Associated companies[2]	**452**	1,031
Other receivables	**2,539**	2,195
Total	**24,536**	24,902

1 Comprises adjustments to the fair value calculations in relation to the acquisition of Viterra (see note 25).

2 Collectively referred to as receivables presented net of allowance for doubtful debts.

The average credit period on sales of goods is 29 days (2012: 29 days).

As at 31 December 2013, 8% (2012: 8%) of receivables were between 1 to 60 days overdue, and 5% (2012: 5%) 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	2013	2012
1 January	**212**	129
Released during the year	**(46)**	(7)
Charged during the year	**125**	112
Utilised during the year	**(39)**	(22)
31 December	**252**	212

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 20). As at 31 December 2013, the total amount of trade receivables secured was $4,034 million (2012: $4,398 million) and proceeds received and classified as current borrowings amounted to $3,200 million (2012: $3,146 million).

14. CASH AND CASH EQUIVALENTS

US$ million	2013	2012
Bank and cash on hand	2,341	2,496
Deposits and treasury bills	508	286
Total	2,849	2,782

As at 31 December 2013, $18 million (2012: $ 4 million) was restricted. As at 31 December 2012, $47 million was placed in escrow for the acquisition of Rosh Pinah (see note 25).

15. ASSETS AND LIABILITIES HELD FOR SALE

2013

In accordance with the Merger Remedy Commitments made to the Ministry of Commerce of the Peoples' Republic of China ("MOFCOM") for the Xstrata acquisition, Glencore has commenced a process to sell its entire interest in the Las Bambas copper mine project in Peru.

As a result, assets of $3,616 million and liabilities of $314 million acquired in the Xstrata acquisition (see note 25) have been classified as held for sale within the metals and minerals segment. Subsequent to the acquisition date further capital expenditure has been incurred and liabilities settled as they fell due, such that the assets held for sale increased to $4,886 million and liabilities held for sale decreased to $276 million.

2012

As part of Glencore's acquisition of Viterra, Glencore entered into agreements with Agrium Inc ("Agrium") and Richardson International Limited ("Richardson") which provided for the "back-to-back" sale of certain operations of Viterra. Upon acquisition of Viterra, in December 2012, Agrium and Richardson advanced the agreed consideration for these operations amounting to CAD1,775 million ($1,781 million) and CAD796 million ($799 million) respectively ("the Asset Acquirer Loans").

Following these agreed disposals, assets of $2,712 million and liabilities of $416 million (see note 25) as at 31 December 2012 have been classified as held for sale within the agricultural products segment.

The sales of these businesses to Agrium and Richardson were completed during 2013.

16. SHARE CAPITAL AND RESERVES

	Number of shares (thousand)	Share capital (US$ million)	Share premium (US$ million)
Authorised:			
31 December 2013 and 2012 Ordinary shares with a par value of $ 0.01 each	50,000,000	–	–
Issued and fully paid up:			
1 January 2012 – Ordinary shares	6,922,714	69	26,797
11 October 2012 – Ordinary shares issued on acquisition of an 18.91% interest in Kazzinc	176,742	2	957
Dividends paid (see note 18)	–	–	(1,066)
31 December 2012 – Ordinary shares	**7,099,456**	**71**	**26,688**
2 May 2013 – Ordinary shares issued on acquisition of Xstrata	6,163,949	62	30,073
27 December 2013 – Ordinary shares issued to satisfy employee share awards (see note 19)	15,000	–	78
Dividends paid	–	–	(2,062)
31 December 2013 – Ordinary shares	**13,278,405**	**133**	**54,777**

Ordinary shares issued on acquisition of Xstrata

On 2 May 2013, Glencore completed its acquisition of the remaining 66% of the issued and outstanding equity of Xstrata (see note 25) that the Group did not previously own, through the issuance of 6,163,949,435 new ordinary shares of the Company, of which 212,743,594 shares were issued to the Orbis Trust to satisfy the potential future settlement of certain stock and option awards held by Xstrata employees.

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.

	Number of shares (thousand)	Share premium (US$ million)
Own shares:		
1 January 2013	–	–
Own shares assumed on acquisition of Xstrata	212,744	(1,041)
Own shares purchased during the year	3,087	(13)
Own shares disposed during the year	(59,041)	287
31 December 2013	**156,790**	**(767)**

Own shares

Own shares comprise shares of Glencore Xstrata plc held by Orbis Trust (the Trust) to satisfy the potential future settlement of the Group's employee stock plans, primarily assumed as part of the Xstrata acquisition (see note 19). The Trust also coordinates the funding and manages the delivery of ordinary shares and free share awards under certain of Glencore's share plans. The shares are acquired by either stock market purchases or share issues from the Company. The Trustee is permitted to sell the shares and may hold up to 5% of the issued share capital of the Company at any one time. As at 31 December 2013, 156,789,593 shares, equivalent to 1.2% of the issued share capital were held at a cost of $767 million and market value of $813 million. The Trust has waived the right to receive dividends from the shares that it holds. Costs relating to the administration of the Trust are expensed in the period in which they are incurred.

16. SHARE CAPITAL AND RESERVES (continued)

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**
1 January 2012	(52)	89	(274)	(1,181)	(232)	10	**(1,640)**
Exchange loss on translation of foreign operations	(116)	–	–	–	–	–	**(116)**
Loss on cash flow hedges, net of tax	–	–	(93)	–	–	–	**(93)**
Cash flow hedges transferred to the statement of income, net of tax	–	–	297	–	–	–	**297**
Change in ownership interest in subsidiaries	–	–	–	–	(474)	–	**(474)**
Loss on available for sale financial instruments transferred to the statement of income, net of tax	–	–	–	1,181	–	–	**1,181**
Effect of foreign currency differences transferred to the statement of income	(23)	–	–	–	–	–	**(23)**
31 December 2012	(191)	89	(70)	–	(706)	10	**(868)**
1 January 2013	(191)	89	(70)	–	(706)	10	**(868)**
Exchange loss on translation of foreign operations	(1,126)	–	–	–	–	–	**(1,126)**
Loss on cash flow hedges, net of tax	–	–	(287)	–	–	–	**(287)**
Cash flow hedges transferred to the statement of income, net of tax	–	–	1	–	–	–	**1**
Change in ownership interest in subsidiaries	–	–	–	–	(138)	–	**(138)**
31 December 2013	(1,317)	89	(356)	–	(844)	10	**(2,418)**

17. EARNINGS PER SHARE

US$ million	Notes	2013	2012
(Loss)/profit attributable to equity holders for basic earnings per share		**(7,402)**	1,004
Interest in respect of Convertible bonds[1]		**–**	–
(Loss)/profit attributable to equity holders for diluted earnings per share		**(7,402)**	1,004
Weighted average number of shares for the purposes of basic earnings per share (thousand)		**11,093,184**	6,961,936
Effect of dilution:			
Equity-settled share-based payments (thousand)	19	**–**	26,847
Convertible bonds[1] (thousand)	20	**–**	–
Weighted average number of shares for the purposes of diluted earnings per share (thousand)		**11,093,184**	6,988,783
Basic (loss)/earnings per share (US$)		**(0.67)**	0.14
Diluted (loss)/earnings per share (US$)		**(0.67)**	0.14

1 In 2012 and 2013, the convertible bonds have been anti-dilutive and therefore have been excluded from the diluted earnings per share calculation.

Headline earnings is a Johannesburg Stock Exchange ("JSE") defined performance measure. The calculation of basic and diluted earnings per share, based on headline earnings as determined by the requirements of the Circular 2/2013 as issued by the South African Institute of Chartered Accountants ("SAICA"), is reconciled using the following data:

Headline earnings:

US$ million	Notes	2013	2012
(Loss)/profit attributable to equity holders for basic earnings per share		**(7,402)**	1,004
Loss/(profit) on acquisitions (no tax and non-controlling interest impact)	10	**1,160**	(497)
Net loss on disposals (no non-controlling interest impact)		**25**	135
Net loss on disposals – tax		**(6)**	(34)
Impairments	5	**9,086**	1,650
Impairments – non-controlling interest		**(17)**	(43)
Impairments – tax		**(245)**	(85)
Headline earnings for the year		**2,601**	2,130
Headline earnings per share (US$)		**0.23**	0.30
Diluted headline earnings per share (US$)		**0.23**	0.30

18. DIVIDENDS

US$ million	2013	2012
Paid during the year:		
Final dividend for 2012 – $0.1035 per ordinary share (2011: $0.10 per ordinary share)	**1,355**	692
Interim dividend for 2013 – $0.054 per ordinary share (2012: $0.054 per ordinary share)	**707**	374
Total	**2,062**	1,066

The proposed final dividend of $11.1 cents per ordinary share amounting to $1,457 million, excluding any distribution on own shares, 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 2013 will be paid on 30 May 2014. The 2013 interim dividend was paid on 12 September 2013.

19. SHARE-BASED PAYMENTS

	Number of awards granted (thousand)	Fair value at grant date (US$ million)	**Number of awards outstanding 2013 (thousand)**	Number of awards outstanding 2012 (thousand)	**Expense recognised 2013 (US$ million)**	Expense recognised 2012 (US$ million)
Phantom Equity Awards						
2011 Series	24,025	206	**–**	20,142	**–**	109
Deferred Bonus Plan						
2012 Series	3,442	20	**1,680**	3,442	**–**	20
2013 Series	4,958	24	**4,958**	–	**24**	–
Performance Share Plan						
2012 Series	3,262	18	**2,235**	3,262	**10**	2
2013 Series	5,295	29	**5,295**	–	**3**	–
Total			**14,168**	26,846	**37**	131

Phantom Equity Awards

In April and May 2011 in connection with its initial public offering, Glencore issued phantom equity awards 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 vested 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). As at 31 December 2013, awards have vested and been settled.

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 conditions however they are subject to forfeiture for malus events. 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. The associated expense is recorded in the statement of income as part of the regular expense for performance bonuses.

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. The awards vest in three equal tranches on 30 June of the years following the year of grant. The fair value of the awards is determined by reference to the market price of Glencore's ordinary shares at grant date. 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.

19. SHARE-BASED PAYMENTS (continued)

Share based awards assumed upon acquisition of Xstrata

	Total options outstanding (thousands)	Weighted average exercise price (GBP)
1 January 2013	–	–
Assumed in business combination	212,744	2.83
Forfeited	(3,807)	3.76
Exercised[1]	(53,776)	0.13
31 December 2013	**155,161**	

1 The weighted average share price at date of exercise of the share based awards was GBP3.34.

The completion of the acquisition of Xstrata by Glencore triggered the change in control vesting criteria for all options and free shares of the former Xstrata award plans, comprising a total of 212,743,594 underlying shares, which, in accordance with the acquisition agreement, were replaced with equivalent Glencore instruments. These instruments had a fair value of $383 million and were included in the consideration paid for the acquisition (see note 25).

The options were valued at a weighted average of $1.53 per option determined using a Black-Scholes option pricing model using the following assumptions on a weighted average basis: share price of $4.89, exercise price of $5.72, option life of 6.9 years, dividend yield of 4%, risk free interest rate of 1.65% and an expected volatility of 32% based on the historical volatility of Glencore and Xstrata shares prior to the acquisition. Free share units were valued at $4.89 per unit based on Glencore's share price at the date of acquisition.

As at December 31, 2013, a total of 155,161,370 options were outstanding and exercisable, having a range of exercise prices from zero to GBP3.914 and a weighted average exercise price of GBP3.7412. These outstanding awards have expiry dates ranging from March 2014 to March 2022 and a weighted average contractual life of 6.2 years. The awards may be satisfied at Glencore's option, 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. Glencore currently intends to settle these awards by the transfer of ordinary shares held in treasury.

20. BORROWINGS

US$ million	Notes	2013	2012
Non-current borrowings			
Convertible bonds		–	2 172
Capital market notes		30,900	9,418
Ordinary profit participation certificates		110	332
Committed syndicated revolving credit facilities		5,702	5,881
Finance lease obligations	30	344	233
Other bank loans		1,668	992
Total non-current borrowings		**38,724**	19,028
Current borrowings			
Committed secured inventory/receivables facilities	12/13	1,353	3,702
Uncommitted secured inventory/receivables facilities	12/13	3,676	1,692
Other committed secured facilities		590	–
Convertible bonds		2,236	–
U.S. commercial paper		1,645	726
Xstrata secured bank loans		–	2,696
Capital market notes		1,750	1,061
Viterra acquisition financing facility		–	1,503
Ordinary profit participation certificates		223	418
Finance lease obligations	30	49	48
Other bank loans[1]		4,939	4,652
Total current borrowings		**16,461**	16,498

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

Xstrata secured bank loans

In April 2013, the Xstrata secured bank loans were repaid.

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 June 2013 Glencore signed new committed revolving credit facilities totalling $17,340 million, which extended and increased previous revolving credit facilities. The facilities comprise a $5,920 million 12 month revolving credit facility with a borrower's 12 month term-out option and a 12 month extension option, a $7,070 million three year facility with two 12 month extension options and a $4,350 million five year facility. Funds drawn under the facilities bear interest at U.S. $ LIBOR plus a margin ranging from 80 to 90 basis points per annum.

U.S. commercial paper

Glencore has in place a standalone U.S. commercial paper program for $4,000 million rated A2 and P2 respectively by S&P's and Moody's rating agencies. The notes issued under this programme carry interest at floating market rates and mature not more than 397 days from the date of issue. Funds drawn under the facilities bear interest at U.S. $ LIBOR plus a margin ranging from 35 to 70 basis points per annum.

Convertible bonds

$2,300 million 5% coupon convertible bonds due December 2014. The bonds are convertible at the option of the investors into 430,924,474 ordinary shares of Glencore Xstrata 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.

20. BORROWINGS (continued)

Capital Market Notes

US$ million	Maturity	2013	2012
Euro 750 million 7.125% coupon bonds	Apr 2015	**1,029**	982
Euro 600 million 6.250% coupon bonds[1]	May 2015	**855**	–
Euro 1,250 million 1.750% coupon bonds[1]	May 2016	**1,708**	–
Euro 1,250 million 5.250% coupon bonds	Mar 2017	**1,722**	1,648
Euro 500 million 5.250%, coupon bonds[1]	Jun 2017	**780**	–
Euro 1,250 million 4.625% coupon bonds	April 2018	**1,713**	1,626
Euro 1,000 million 2.625% coupon bonds[1]	Nov 2018	**1,396**	–
Euro 750 million 3.375% coupon bonds	Sep 2020	**1,026**	–
Euro 400 million 3.700% coupon bonds	Oct 2023	**548**	–
Eurobonds		**10,777**	4,256
GBP 650 million 6.500% coupon bonds	Feb 2019	**1,067**	1,045
GBP 500 million 7.375% coupon bonds[1]	May 2020	**913**	–
GBP 500 million 6.000% coupon bonds	April 2022	**842**	837
Sterling bonds		**2,822**	1,882
CHF 825 million 3.625% coupon bonds	April 2016	**927**	903
CHF 450 million 2.625% coupon bonds	Dec 2018	**505**	489
CHF 175 million 2.125% coupon bonds	Dec 2019	**196**	–
Swiss Franc bonds		**1,628**	1,392
CAD 200 million 6.406% coupon bonds	Feb 2021	**188**	192
US$ 950 million 6.000% coupon bonds	Apr 2014	**–**	948
US$ 250 million 5.375% coupon bonds[1]	Jun 2015	**264**	–
US$ 1,250 million 2.050% coupon bonds[1]	Oct 2015	**1,261**	–
US$ 341 million 6.000% coupon bonds[1]	Oct 2015	**367**	–
US$ 500 million LIBOR plus 1.16% coupon bonds	May 2016	**499**	–
US$ 1,000 million 1.700% coupon bonds	May 2016	**998**	–
US$ 1,000 million 5.800% coupon bonds[1]	Nov 2016	**1,117**	–
US$ 700 million 3.600% coupon bonds[1]	Jan 2017	**735**	–
US$ 250 million 5.500% coupon bonds[1]	Jun 2017	**278**	–
US$ 1,750 million 2.700% coupon bonds[1]	Oct 2017	**1,778**	–
US$ 500 million LIBOR plus 1.36% coupon bonds	Jan 2019	**498**	–
US$ 1,500 million 2.500% coupon bonds	Jan 2019	**1,489**	–
US$ 400 million 5.950% coupon bonds	Aug 2020	**400**	400
US$ 1,000 million 4.950% coupon bonds[1]	Nov 2021	**1,085**	–
US$ 1,000 million 4.250% coupon bonds[1]	Oct 2022	**1,025**	–
US$ 1,500 million 4.125% coupon bonds	May 2023	**1,446**	–
US$ 250 million 6.200% coupon bonds[1]	Jun 2035	**275**	–
US$ 500 million 6.900% coupon bonds[1]	Nov 2037	**604**	–
US$ 500 million 6.000% coupon bonds[1]	Nov 2041	**546**	–
US$ 500 million 5.550% coupon bonds[1]	Oct 2042	**471**	–
US$ 350 million 7.500% coupon bonds	Perpetual	**349**	348
US$ bonds		**15,485**	1,696
Total non-current bonds		**30,900**	9,418
Euro 850 million 5.250% coupon bonds	Oct 2013	**–**	1,061
US$ 950 million 6.000% coupon bonds	Apr 2014	**950**	–
US$ 800 million 2.850% coupon bonds[1]	Nov 2014	**800**	–
Total current bonds		**1,750**	1,061

1 Bonds assumed as part of the acquisition of Xstrata.

20. BORROWINGS (continued)

Bond issuance in 2013

US$ bonds

In May 2013, Glencore issued in five tranches US$5 billion of interest bearing notes as follows:

- 3 year $1,000 million 1.7% fixed coupon bonds;
- 5 year $1,500 million 2.5% fixed coupon bonds;
- 10 year $1,500 million 4.125% fixed coupon bonds;
- 3 year $500 million LIBOR plus 1.16% coupon notes; and
- 5 year $500 million LIBOR plus 1.36% coupon notes.

Euro bonds

In September 2013, Glencore issued EUR750 million 3.375% interest bearing bonds due September 2020.

In October 2013, Glencore issued EUR400 million 3.7% interest bearing bonds due October 2023.

Swiss Franc bonds

In October 2013, Glencore issued CHF175 million 2.125% interest bearing bonds due December 2019.

Committed secured facilities

US$ million	Maturity	Borrowing base	Interest	**2013**	2012
Syndicated metals inventory/receivables facility	Oct 2013	2,220	US$ LIBOR + 120 bps	**–**	2,220
Syndicated agricultural products inventory/receivables facility	Nov 2013	300	US$ LIBOR + 130 bps	**–**	232
Oil receivables facility	May/Aug 2014	1,250	US$ LIBOR + 120 bps	**1,250**	1,250
Secured facilities on various equity stakes	July 2015	750	US$ LIBOR + 80 bps	**540**	–
Equipment financing	April 2016	150	US$ LIBOR + 2.25% margin	**50**	–
Metals receivables facilities	Jan 2014	197	US$/JPY LIBOR + 80/200 bps	**103**	–
Total		4,867		**1,943**	3,702

21. DEFERRED INCOME

US$ million	Notes	Unfavourable contracts	Prepayment	Total
1 January 2012		–	182	**182**
Assumed in business combination	25	688	–	**688**
Utilised in the year		(72)	(19)	**(91)**
Effect of foreign currency exchange difference		(62)	–	**(62)**
31 December 2012[1]		**554**	**163**	**717**
1 January 2013		554	163	**717**
Assumed in business combination	25	1,039	7	**1,046**
Utilised in the year		(156)	(8)	**(164)**
Effect of foreign currency exchange difference		(177)	–	**(177)**
31 December 2013[1]		**1,260**	**162**	**1,422**

1 Includes the current portion of $121 million (2012: $92 million) in respect of the unfavourable contracts and $24 million (2012: $24 million) in respect of the prepayments.

Unfavourable contracts

Upon acquisition of Xstrata (see note 25), Glencore recognised a liability of $1,039 million related to various assumed contractual agreements to deliver tonnes of coal and zinc concentrates over periods ending between 2017 and 2045 at fixed prices lower than the prevailing market prices.

Upon acquisition of Optimum in March 2012 (see note 25), Glencore recognised a liability of $688 million related to an assumed 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.

These amounts are released to revenue as the underlying commodities are delivered to the buyers over the life of the contracts at rates consistent with the implied forward price curves of coal and zinc concentrate at the time of the acquisitions.

Prepayment

During 2006, Glencore entered into an agreement to deliver, dependant 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 an 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 2013, 19.3 million ounces (2012: 17.9 million ounces) have been delivered.

22. PROVISIONS

US$ million	Notes	Post retirement benefits² (Note 23)	Employee entitlements	Rehabilitation costs	Onerous contracts	Other[1]	Total
1 January 2012		61	116	574	4	296	**1,051**
Effect of amendments to IAS 19	23	164	–	–	–	–	**164**
1 January 2012 (Restated)		**225**	**116**	**574**	**4**	**296**	**1,215**
Provision utilised in the year		(1)	(2)	(41)	(4)	(140)	**(188)**
Accretion in the year		–	–	33	–	–	**33**
Assumed in business combination	25	19	19	325	–	49	**412**
Additional provision in the year		14	14	83	–	170	**281**
Effect of foreign currency exchange difference		–	–	(23)	–	–	**(23)**
Effect of amendments to IAS 19	23	12	–	–	–	–	**12**
Restatement²	25	15	–	–	–	25	**40**
31 December 2012 (Restated)		**284**	**147**	**951**	**–**	**400**	**1,782**
Current		–	–	–	–	69	69
Non-current		284	147	951	–	331	1,713
1 January 2013		**284**	**147**	**951**	**–**	**400**	**1,782**
Provision utilised in the year		(528)	(108)	(116)	(94)	(286)	**(1,132)**
Accretion in the year		–	2	37	14	–	**53**
Assumed in business combination	25	1,271	266	3,062	1,937	1,005	**7,541**
Additional provision in the year		–	60	156	3	57	**276**
Effect of foreign currency exchange difference		(47)	(4)	(130)	–	8	**(173)**
31 December 2013		**980**	**363**	**3,960**	**1,860**	**1,184**	**8,347**
Current		–	–	–	66	198	264
Non-current		980	363	3,960	1,794	986	8,083

1 Other comprises provisions for possible demurrage, mine concession, tax and construction related claims.

2 Comprises adjustments to the fair value calculations in relation to the acquisition of Viterra (see note 25).

22. PROVISIONS (continued)

Employee entitlements

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 production activities. These amounts will be settled when rehabilitation is undertaken, generally at the end of a project's life, which ranges from two to in excess of 50 years with the majority of the costs expected to be incurred in the final years of the underlying mining operations.

Onerous contracts

Upon acquisition of Xstrata (see note 25), Glencore recognised a liability of $1,937 million related to assumed contractual take or pay commitments for securing coal logistics capacity at fixed prices and quantities higher than the acquisition date forecasted usage and prevailing market price. The provision will be released to costs of goods sold as the underlying commitments are incurred.

23. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Total personnel costs, which include salaries, wages, social security, other personnel costs and share-based payments, incurred for the years ended 31 December 2013 and 2012, were $5,012 million and $2,013 million, respectively. Personnel costs related to consolidated industrial subsidiaries of $4,157 million (2012: $1,368 million) are included in cost of goods sold. Other personnel costs, including the deferred bonus and performance share plans, are included in selling and administrative expenses and the 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.

Defined contribution plans

Glencore's contributions under these plans amounted to $145 million in 2013 (2012: $28 million).

Defined benefit plans

The Company operates defined benefit plans in various countries, the main locations being Canada, Switzerland, UK and the US. Approximately 80% of the present value of obligations accrued to date relates to the defined benefit plans in Canada, which are pension plans that provide benefits to members in the form of a guaranteed level of pension payable for life. Glencore also operates post-employment medical benefit plans, principally in Canada, which provide coverage for prescription drugs, medical, dental, hospital and life insurance to eligible retirees.

The majority of benefit payments are from trustee-administered funds; however, there are also a number of unfunded plans where Glencore meets the benefit payments as they come due. Plan assets held in trusts are governed by local regulations and practices in each country. Responsibility for governance of the plans – overseeing all aspects of the plans including investment decisions and contribution schedules – lies with Glencore. Glencore has set up committees to assist in the management of the plans and has also appointed experienced, independent professional experts such as investment managers, actuaries, custodians, and trustees.

On 1 January 2013, Glencore applied the amendments to IAS 19, retrospectively from 1 January 2012. The amendments require all actuarial gains and losses to be recognised immediately in other comprehensive income and the expected return on plan assets (recognised in the consolidated statement of income) to be calculated based on the rate used to discount the defined benefit obligations. As a result, Glencore recognised $164 million of unrecognised actuarial losses as at 1 January 2012, increasing the post-retirement benefits provision with a corresponding adjustment to shareholders' equity and an associated deferred tax impact. In 2012, the impact of these restatements is an additional income of $20 million before tax ($14 million after tax), offset by a corresponding adjustment of the actuarial losses recognised in comprehensive income. The adoption had no impact on cash flows and an immaterial impact on basic and diluted earnings per share.

23. PERSONNEL COSTS AND EMPLOYEE BENEFITS (continued)

Impact on consolidated statement of financial position due to change of IAS 19:

US$ million	Post-retirement benefits[1]	Deferred tax liability	Retained earnings
Balance as reported at 1 January 2012	61	1,399	4,039
Effect of amendments to IAS 19	164	(47)	(117)
Restated balance at 1 January 2012	**225**	1,352	3,922
Balance as reported at 31 December 2012	93	2,955	5,375
Effect of amendments to IAS 19	176	(49)	(127)
Restatement[2]	15	–	–
Restated balance at 31 December 2012	**284**	2,906	5,248

1 See note 22.

2 Comprises adjustments to the fair value calculations in relation to the acquisition of Viterra (see note 25).

The movement in the defined benefit obligation and fair value of plan assets of pension plans over the year is as follows:

US$ million	Note	Present value of defined benefit obligation	Fair value of plan assets	Post retirement benefits
1 January 2013 (Restated)		**631**	**(347)**	**284**
Current service cost		75	–	75
Past service cost – plan amendments		(1)	–	(1)
Past service cost – curtailment		(4)	–	(4)
Interest expense/(income)		142	(101)	41
Total expense/(income) recognised in consolidated statement of income		**212**	**(101)**	**111**
(Gain) on plan assets, excluding amounts included in interest expense – net		–	(100)	(100)
Loss from change in demographic assumptions		20	–	20
(Gain) from change in financial assumptions		(441)	–	(441)
Loss from actuarial experience		10	–	10
Change in asset ceiling, excluding amounts included in interest expenses		48	–	48
Actuarial (gains) recognised in consolidated statement of comprehensive income		**(363)**	**(100)**	**(463)**
Employer contributions		–	(176)	(176)
Employee contributions		2	(2)	–
Benefits paid directly by the company		(26)	26	–
Benefits paid from plan assets		(176)	176	–
Net cash (outflow)/inflow		**(200)**	**24**	**(176)**
Assumed in business combinations	22	4,562	(3,291)	1,271
Exchange differences		(199)	152	(47)
Other		**4,363**	**(3,139)**	**1,224**
31 December 2013		**4,643**	**(3,663)**	**980**

23. PERSONNEL COSTS AND EMPLOYEE BENEFITS (continued)

US$ million	Note	Present value of defined benefit obligation	Fair value of plan assets	Post retirement benefits
1 January 2012 (Restated)		**509**	**(284)**	**225**
Current service cost		24	–	24
Past service cost – plan amendments		(1)	–	(1)
Settlement		(7)	7	-
Interest expense/(income)		21	(12)	9
Total expense/(income) recognised in consolidated statement of income		**37**	**(5)**	**32**
(Gain) on plan assets, excluding amounts included in interest expense		–	(20)	(20)
Loss from change in demographic assumptions		31	–	31
Loss from actuarial experience		11	–	11
Change in asset ceiling, excluding amounts included in interest expenses		3	–	3
Actuarial losses/(gains) recognised in consolidated statement of comprehensive income		**45**	**(20)**	**25**
Employer contributions		–	(38)	(38)
Employee contributions		1	(1)	–
Benefits paid from plan assets		(13)	13	–
Net cash (outflow)		**(12)**	**(26)**	**(38)**
Assumed in business combinations[1]	22	34	–	34
Exchange differences		18	(12)	6
Other		**52**	**(12)**	**40**
31 December 2012 (Restated)		**631**	**(347)**	**284**

1 Comprises adjustments to the fair value calculations in relation to the acquisition of Viterra (see note 25).

The Group expects to make a contribution of $228 million (2012: $38 million) to the defined benefit plans during the next financial year.

The present value of defined benefit obligations accrued to date in Canada represents the majority for the Company. The breakdown below provides details of the Canadian plans for both the balance sheet and the weighted average duration of the defined benefit obligation as at 31 December 2013. The defined benefit obligation of any other of the Group's defined benefit plans as at 31 December 2013 does not exceed $189 million.

US$ million	Canada	Other	Total
Present value of defined benefit obligation	3,749	894	**4,643**
of which: amounts owing to active members	1,028	500	**1,528**
of which: amounts owing to not active members	100	186	**286**
of which: amounts owing to pensioners	2,621	208	**2,829**
Fair value of plan assets	(3,034)	(629)	**(3,663)**
Net defined benefit liability at 31 December 2013	**715**	**265**	**980**
Weighted average duration of defined benefit obligation - years	12	18	13

The actual return on plan assets amounted to a gain of $50 million (2012: gain of $40 million).

23. PERSONNEL COSTS AND EMPLOYEE BENEFITS (continued)

The plan assets consist of the following:

US$ million	2013	2012
Securities quoted in an active market		
Cash and short-term investments	91	4
Fixed income	1,900	161
Equities	1,496	132
Other[1]	176	50
Total	3,663	347

1 Includes securities in non-active markets in the amount of $50 million (2012: $21 million).

The fair value of plan assets includes no amounts relating to any of Glencore's own financial instruments or any of the property occupied by or other assets used by Glencore. For many of the plans, representing a large portion of the global plan assets, asset-liability matching strategies are in place. Here the fixed-income assets are being invested broadly in alignment with the duration of the plan liabilities, and the proportion allocated to fixed-income assets is raised when the plan funding level increases.

Through its defined benefit plans, Glencore is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The funded plans hold a significant proportion of equities, which are expected to outperform bonds in the long-term while contributing volatility and risk in the short-term. Glencore believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of Glencore's long-term strategy to manage the plans efficiently.

Change in bond yields: A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk: Some of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities, although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation.

Life expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liability.

Salary increases: Some of the plans' benefit obligations related to active members are linked to their salaries. Higher salary increases will therefore tend to lead to higher plan liabilities.

The principal weighted-average actuarial assumptions used were as follows:

	2013	2012
Discount rate	4.6%	3.6%
Future salary increases	3.1%	3.0%
Future pension increases	0.4%	1.0%

Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned. As at 31 December 2013, these tables imply expected future lifetimes, in years, for employees aged 65, 16 to 24 years for males (2012: 18 to 24) and 20 to 26 years for females (2012: 20 to 25). The assumptions for each country are reviewed each year and are adjusted where necessary to reflect changes in fund experience and actuarial recommendations.

23. PERSONNEL COSTS AND EMPLOYEE BENEFITS (continued)

The sensitivity of the defined benefit obligation to changes in principal assumptions as at 31 December 2013 is set out below. The effects on each plan of a change in an assumption are weighted proportionately to the total plan obligations to determine the total impact for each assumption presented.

US$ million	Increase/(decrease) in pension obligation Canada	Increase/(decrease) in pension obligation Other	**Increase/ (decrease) in pension obligation Total**
Discount rate			
Increase by 100 basis points	(396)	(138)	**(534)**
Decrease by 100 basis points	457	179	**636**
Rate of future salary increase			
Increase by 100 basis points	20	43	**63**
Decrease by 100 basis points	(19)	(38)	**(57)**
Rate of future pension benefit increase			
Increase by 100 basis points	7	51	**58**
Decrease by 100 basis points	(6)	(39)	**(45)**
Life expectancy			
Increase in longevity by 1 year	98	14	**112**

24. ACCOUNTS PAYABLE

US$ million	**2013**	2012 (Restated)[1]
Trade payables	**21,815**	19,922
Trade advances from buyers	**640**	546
Associated companies	**648**	1,552
Other payables and accrued liabilities	**2,938**	1,513
Total	**26,041**	23,533

1 Comprises adjustments to the fair value calculations in relation to the acquisition of Viterra (see note 25).

25. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

2013 Acquisitions

In 2013 Glencore acquired controlling interests in Xstrata and other immaterial entities. 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	Xstrata provisional fair values as reported at 30 June 2013	Fair value adjustments to the provisional allocation	**Total Xstrata fair values**	Other fair values	**Total fair values**
Non-current assets					
Property, plant and equipment	44,030	(2,649)	**41,381**	194	**41,575**
Intangible assets	2,214	100	**2,314**	6	**2,320**
Investments in associates and joint ventures	10,108	132	**10,240**	–	**10,240**
Advances and loans[1]	1,987	(824)	**1,163**	–	**1,163**
Deferred tax asset	864	(611)	**253**	–	**253**
	59,203	(3,852)	**55,351**	200	**55,551**
Current assets					
Inventories	6,047	21	**6,068**	47	**6,115**
Accounts receivable[1]	3,632	61	**3,693**	38	**3,731**
Other financial assets	483	35	**518**	–	**518**
Cash and cash equivalents	1,690	(6)	**1,684**	1	**1,685**
Assets held for sale	–	3,616	**3,616**	–	**3,616**
	11,852	3,727	**15,579**	86	**15,665**
Non-controlling interest[2]	(1,118)	194	**(924)**	(9)	**(933)**
Non-current liabilities					
Borrowings	(17,260)	(327)	**(17,587)**	(4)	**(17,591)**
Deferred income	(898)	(75)	**(973)**	–	**(973)**
Deferred tax liabilities	(4,373)	103	**(4,270)**	(32)	**(4,302)**
Other financial liabilities	(610)	285	**(325)**	(9)	**(334)**
Provisions	(7,480)	168	**(7,312)**	(14)	**(7,326)**
	(30,621)	154	**(30,467)**	(59)	**(30,526)**
Current liabilities					
Borrowings	(1,884)	158	**(1,726)**	(17)	**(1,743)**
Accounts payable	(5,157)	176	**(4,981)**	(30)	**(5,011)**
Deferred income	(52)	(21)	**(73)**	–	**(73)**
Provisions	(169)	(46)	**(215)**	–	**(215)**
Other financial liabilities	(93)	2	**(91)**	–	**(91)**
Liabilities held for sale	-	(314)	**(314)**	–	**(314)**
	(7,355)	(45)	**(7,400)**	(47)	**(7,447)**
Total fair value of net assets acquired	31,961	178	**32,139**	171	**32,310**
Goodwill arising on acquisition[3]	12,658	(178)	**12,480**	30	**12,510**
Less: amounts previously recognised through investments and loans	(15,142)	–	**(15,142)**	–	**(15,142)**
Less: Fair value of ordinary shares issued	(29,094)	–	**(29,094)**	–	**(29,094)**
Less: Fair value of share based awards	(383)	–	**(383)**	–	**(383)**
Less: cash and cash equivalents acquired	(1,690)	6	**(1,684)**	(1)	**(1,685)**
Acquisition related costs	38	237	**275**	–	**275**
Net cash (received from)/used in acquisition of subsidiaries	(1,652)	243	**(1,409)**	200	**(1,209)**

1 There is no material difference between the gross contractual amounts for loans and advances and accounts receivable and their fair value.

2 Non-controlling interest measured at its percentage of net assets acquired.

3 The goodwill arising on acquisition is not deductible for tax purposes.

25. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

Xstrata

On 2 May 2013, Glencore completed its acquisition of the remaining 66% (which it did not previously own) of the issued and outstanding equity of Xstrata, a leading global diversified mining group, for consideration of $29.5 billion. The acquisition was completed through an all share exchange which gave Xstrata shareholders 3.05 Glencore shares for every Xstrata share, valuing Xstrata's equity at approximately $44.6 billion.

The acquisition of Xstrata creates a unique global natural resources group, well positioned to seize opportunities in a world where trends continue to evolve towards a new global map, reflecting the degree to which changes are unfolding relating to where natural resources are consumed and supplied, especially as a result of demand from and emerging supply growth in developing economies.

The fair value adjustments to the previously reported provisional values primarily related to valuation of fixed assets, deferred tax assets, rehabilitation and other provisions and the classification of Las Bambas as an operation held for sale at acquisition (see note 15).

The fair values are provisional due to the complexity of the valuation process. The finalisation of the fair value of the acquired assets and liabilities will be completed in the first half of 2014. It is expected that further adjustments may be made to the allocation of value between fixed asset classes, deferred taxes, rehabilitation and other provisions and goodwill.

If the acquisition had been effective 1 January 2013, the operations would have contributed additional revenue of $9,443 million and an increase in attributable income of $259 million. From the date of acquisition, the operations contributed $16,769 million and $1,485 million of revenue and attributable income, respectively.

Other

Other acquisitions primarily consist of the acquisition on 26 February 2013 of an 89.5% controlling interest in Orion Minerals LLC, an entity holding two operations in northern Kazakhstan, for cash consideration of $175 million. If the other acquisitions had taken place effective 1 January 2013, the operations would have contributed additional revenue of $4 million and additional attributable income of $1 million. From the date of acquisition, the other acquisitions contributed $51 million and $7 million to Glencore's revenue and attributable income, respectively.

2013 Disposals

In 2013 Glencore disposed of controlling interests in various businesses that were acquired as part of the Viterra business combination in December 2012. The carrying value of the assets and liabilities over which control was lost and net cash received from these disposals are detailed below:

US$ million	Dakota Growers Pasta Company	Joe White Maltings	**Total**
Property, plant and equipment	320	355	**675**
Intangible assets	42	1	**43**
Inventories	35	23	**58**
Accounts receivable	24	38	**62**
Cash and cash equivalents	3	–	**3**
Deferred tax liabilities	(40)	–	**(40)**
Accounts payable	(21)	(33)	**(54)**
Financial liabilities	–	(3)	**(3)**
Total carrying value of net assets disposed	363	381	**744**
Cash and cash equivalents received	366	381	**747**
Less: cash and cash equivalent disposed	(3)	–	**(3)**
Total consideration received	363	381	**744**
Gain/(loss) on disposal	–	–	**–**

25. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

2012 Acquisitions

US$ million	Viterra[1]	Mutanda[2]	Optimum[2]	Rosh Pinah[2]	European Manganese[1]	Other	Total
Non-current assets							
Property, plant and equipment	2,890	3,496	1,311	231	58	259	8,245
Intangible assets	67	–	1,096	–	–	–	1,163
Investments in associates	73	–	–	1	–	–	74
Advances and loans	6	11	175	–	–	–	192
Deferred tax asset	1	–	–	–	5	–	6
	3,037	3,507	2,582	232	63	259	9,680
Current assets							
Inventories	1,570	223	50	13	127	44	2,027
Accounts receivable[3]	1,083	99	57	8	85	11	1,343
Cash and cash equivalents	1,097	38	25	8	16	11	1,195
Assets held for sale	2,712	–	–	–	–	–	2,712
	6,462	360	132	29	228	66	7,277
Non-controlling interest[4]	–	(807)	(460)	(28)	–	(28)	(1,323)
Non-current liabilities							
Borrowings	(592)	(5)	(99)	(1)	–	(1)	(698)
Deferred income	–	–	(591)	–	–	–	(591)
Deferred tax liabilities	(230)	(882)	(335)	(56)	–	(25)	(1,528)
Other liabilities	–	(6)	(9)	–	–	–	(15)
Provisions	(147)	(7)	(235)	(10)	–	(40)	(439)
	(969)	(900)	(1,269)	(67)	–	(66)	(3,271)
Current liabilities							
Borrowings	(1,222)	–	(6)	–	(2)	–	(1,230)
Accounts payable	(1,528)	(152)	(100)	(16)	(113)	(43)	(1,952)
Deferred income	–	–	(97)	–	–	–	(97)
Provisions	(13)	–	–	–	–	–	(13)
Liabilities held for sale	(416)	–	–	–	–	–	(416)
	(3,179)	(152)	(203)	(16)	(115)	(43)	(3,708)
Total fair value of net assets acquired	5,351	2,008	782	150	176	188	8,655
Goodwill arising on acquisition[5]	829	–	–	–	–	–	829
Less: amounts previously recognised through investments and loans	–	1,528	381	–	–	51	1,960
Less: cash and cash equivalents acquired	1,097	38	25	8	16	11	1,195
Acquisition related costs[6]							120
Net cash used in acquisition of subsidiaries	5,083	442	376	142	160	126	6,449
Less: asset acquirer loans	(2,580)	–	–	–	–	–	(2,580)
Net cash outflow	2,503	442	376	142	160	126	3,869

1 During the year 2013 the fair values of the assets acquired and liabilities assumed as reported in 31 December 2012 have been revised as outlined in the respective tables below.

2 During the year 2013 the acquisition accounting has been finalised with no material adjustments made to the provisional acquisition accounting as reported at 31 December 2012.

3 There is no material difference between the gross contractual amounts for loans and advances and accounts receivable and their fair value.

4 Non-controlling interest measured at its percentage of net assets acquired.

5 The goodwill arising on acquisition is not deductible for tax purposes.

6 Includes $58 million related to the Viterra acquisition.

25. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

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 $6.2 billion ($3.6 billion net of assets acquirer loans).

As part of the acquisition, Glencore entered into agreements with Agrium and Richardson which provided for the on-sale of certain assets of Viterra which were completed in 2013.

Agrium acquired assets which comprised the majority of Viterra's retail agri-products business including its 34% interest in Canadian Fertilizer Limited ("CFL") for $1,505 million in cash, which includes negative $242 million of operating adjustments. Richardson acquired 23% of Viterra's Canadian grain handling assets, certain agri-centres and certain processing assets in North America for $926 million in cash, which includes $126 million of operating adjustments. Agrium and Richardson advanced the agreed consideration to Glencore upon closing of the Viterra acquisition (classified as Asset acquirer loans). The businesses acquired have been presented in single line items as assets and liabilities held for sale (see note 15). Upon closing of the divestitures in 2013, the relevant net assets were 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 for the year ended 31 December 2012.

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).

25. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

The below fair value adjustments to the previously reported provisional values relate to adjustments to the fair value calculations for the assets held for sale and selected storage units in the New Zealand business.

US$ million	Provisional fair values as reported at 31 December 2012	Fair value adjustments to the provisional allocation	Total
Property, plant and equipment	2,505	385	**2,890**
Intangible assets	102	(35)	**67**
Investments in Associates	76	(3)	**73**
Loans and advances	6	–	**6**
Deferred tax asset	1	–	**1**
Non-current assets	2,690	347	**3,037**
Inventories	1,572	(2)	**1,570**
Accounts receivable	1,063	20	**1,083**
Cash and cash equivalents	1,097	–	**1,097**
Assets held for sale	2,677	35	**2,712**
Current assets	6,409	53	**6,462**
Borrowings	(592)	–	**(592)**
Deferred tax liabilities	(279)	49	**(230)**
Provisions	(114)	(33)	**(147)**
Non-current liabilities	(985)	16	**(969)**
Borrowings	(1,222)	–	**(1,222)**
Accounts payable	(1,496)	(32)	**(1,528)**
Provisions	(6)	(7)	**(13)**
Liabilities held for sale	(461)	45	**(416)**
Current liabilities	(3,185)	6	**(3,179)**
Total fair value of net assets acquired	4,929	422	**5,351**
Goodwill arising on acquisition	1,251	(422)	**829**
Less: Cash and cash equivalents acquired	1,097	–	**1,097**
Less: Asset acquirer loans	2,580	–	**2,580**
Net cash outflow	2,503	–	**2,503**

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 for the year ended 31 December 2012.

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 had 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 present value of the put option ($419 million) at the time was accounted in other financial liability with the corresponding amount recognised against non-controlling interest. Glencore exercised this option in December 2013.

25. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

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 for the year ended 31 December 2012.

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 for the year ended 31 December 2012.

European Manganese

In November 2012, Glencore completed the acquisition of a 100% interest in Vale's European manganese ferroalloys 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 for the year ended 31 December 2012.

The fair value adjustments recorded during 2013 relate to final purchase price adjustments agreed with Vale.

US$ million	Provisional fair values as reported at 31 December 2012	Fair value adjustments to the provisional allocation	Total
Property, plant and equipment	72	(14)	**58**
Deferred tax asset	5	–	**5**
Inventories	127	–	**127**
Accounts receivable[1]	85	–	**85**
Cash and cash equivalents	16	–	**16**
Current borrowings	(2)	–	**(2)**
Accounts payable	(113)	–	**(113)**
Total fair value of net assets acquired	190	(14)	**176**
Less: cash and cash equivalents acquired	16	–	**16**
Net cash used in acquisition of subsidiaries	174	(14)	**160**

1 There is no material difference between the gross contractual amounts for accounts receivable and their fair value.

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 for the year ended 31 December 2012.

25. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

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 carrying value of net assets disposed	**267**
Cash and cash equivalents received	287
Less: cash and cash equivalents disposed of	(2)
Total consideration received	**285**
Gain on disposal	**20**

26. 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 and 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 its 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 maintaining an investment grade credit rating status. Following the Xstrata and Viterra acquisitions, 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, while shareholders on the JSE will receive their dividends in South African Rand.

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.

Value at risk

One of the tools used by Glencore to monitor and limit its primary market risk exposure, principally 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 and based on a specific price history. 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 markets and commodities and risk measures can be aggregated to derive a single risk value. Glencore's Board has set a consolidated VaR limit (one day 95% confidence level) of $100 million representing less than 0.5% of total equity, which it reviews annually.

Glencore uses a VaR approach based on Monte Carlo simulations and is computed at a 95% confidence level with a weighted data history for both a one day and a 5 day time horizon.

Position sheets are regularly distributed and monitored and daily Monte Carlo (and historical) simulations are applied to the various business groups' net marketing positions to determine potential future losses. As at 31 December 2013, Glencore's 95%, one day market risk VaR was $35 million (2012: $49 million). Average market risk VaR (one day 95% confidence level) during 2013 was $32 million (2012: $40 million).

26. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

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 its VaR analysis by analysing forward looking stress scenarios and back testing calculated VaR against estimated movements arising in the next business day and week.

Glencore's VaR computation currently covers its business in the key base metals (including aluminium, nickel, zinc, copper, lead), 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, molybdenum, cobalt, freight and some risk associated with concentrates as it does not consider the nature of these markets, to be suited to this type of analysis. Alternative measures 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 cash flows 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, other methods include the use of interest rate swaps and similar derivative instruments. 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 US$ 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 2013 would decrease/increase by $105 million (2012: $109 million).

Currency risk

The US 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 ordinarily 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 20). 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 – 2013	–	16,658	167	–	2018
Cross currency swap agreements – 2012	–	9,039	–	82	2017

1 Refer to note 20 for details.

26. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

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 2.5% (2012: 3%) of its trade receivables (on a gross basis taking into account credit enhancements) or accounting for more than 3.0% of its revenues over the year ended 2013 (2012: 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 31).

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 and availability of adequate committed funding facilities. Glencore has set itself an internal minimum liquidity target to maintain at all times, including via available committed undrawn credit facilities of $3 billion (2012: $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.

26. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

As at 31 December 2013, Glencore had available committed undrawn credit facilities, cash and marketable securities amounting to $12,878 million (2012: $9,018 million). The maturity profile of Glencore's financial liabilities based on the contractual terms is as follows:

2013 US$ million	After 5 years	Due 3–5 years	Due 2–3 years	Due 1–2 years	Due 0–1 year	**Total**
Borrowings	13,124	9,111	11,832	4,657	16,461	**55,185**
Expected future interest payments	7,907	1,557	1,175	1,326	1,722	**13,687**
Accounts payable	–	–	–	–	26,041	**26,041**
Other financial liabilities	–	–	–	–	3,410	**3,410**
Total	21,031	10,668	13,007	5,983	47,634	**98,323**
Current assets					58,542	**58,542**

2012 US$ million	After 5 years	Due 3–5 years	Due 2–3 years	Due 1–2 years	Due 0–1 year	**Total (Restated)[1]**
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	–	–	–	–	2,580	**2,580**
Accounts payable	–	–	–	–	23,533	**23,533**
Other financial liabilities	–	–	–	–	3,388	**3,388**
Total	5,097	3,441	2,974	10,206	47,066	**68,784**
Current assets					54,112	**54,112**

1 Comprises adjustments to the fair value calculations in relation to the acquisition of Viterra (see note 25).

27. FINANCIAL INSTRUMENTS

Fair value of financial instruments

The following tables present the carrying values and fair values of Glencore's financial instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (most advantageous) market at the measurement date under current market conditions. 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 market 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 with the exception of $55,185 million (2012: $35,526 million) of borrowings, the fair value of which at 31 December 2013 was $56,735 million (2012: $36,371 million) based on observable market prices applied to the borrowing portfolio (a Level 2 fair value measurement).

27. FINANCIAL INSTRUMENTS (continued)

2013 US$ million	Carrying value[1]	Available for sale	FVtPL[2]	**Total**
Assets				
Other investments[3]	–	394	529	**923**
Advances and loans	4,095	–	–	**4,095**
Accounts receivable	24,536	–	–	**24,536**
Other financial assets (see note 28)	–	–	2,904	**2,904**
Cash and cash equivalents and marketable securities[4]	–	–	2,885	**2,885**
Total financial assets	28,631	394	6,318	**35,343**
Liabilities				
Borrowings	55,185	–	–	**55,185**
Non-current other financial liabilities (see note 28)	–	–	1,044	**1,044**
Accounts payable	26,041	–	–	**26,041**
Other financial liabilities (see note 28)	–	–	2,366	**2,366**
Total financial liabilities	81,226	–	3,410	**84,636**

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 $772 million are classified as Level 1 measured using quoted market prices with the remaining balance of $151 million being investments in private companies whose fair value cannot be reliably measured which are carried cost.

4 Classified as Level 1, measured using quoted exchange rates and/or market prices.

2012 US$ million	Carrying value[1]	Available for sale	FVtPL[2]	**Total (Restated)[3]**
Assets				
Other investments[4]	–	840	749	**1,589**
Advances and loans	3,758	–	–	**3,758**
Accounts receivable	24,902	–	–	**24,902**
Other financial assets (see note 28)	–	–	2,650	**2,650**
Cash and cash equivalents and marketable securities[5]	–	–	2,820	**2,820**
Total financial assets	28,660	840	6,219	**35,719**
Liabilities				
Borrowings	35,526	–	–	**35,526**
Viterra asset acquirer loans	2,580	–	–	**2,580**
Accounts payable	23,533	–	–	**23,533**
Other financial liabilities (see note 28)	–	–	3,388	**3,388**
Total financial liabilities	61,639	–	3,388	**65,027**

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 Comprises adjustments to the fair value calculations in relation to the acquisition of Viterra (see note 25).

4 Other investments of $1,414 million are classified as Level 1 measured using quoted market prices with the remaining balance of $175 million being investments in private companies whose fair value cannot be reliably measured which are carried cost.

5 Classified as Level 1, measured using quoted exchange rates and/or market prices.

27. FINANCIAL INSTRUMENTS (continued)

Offsetting of financial assets and liabilities

In accordance with IAS 32 the Group reports financial assets and liabilities on a net basis in the consolidated statement of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements as at 31 December 2013 were as follows:

2013 US$ million	Amounts eligible for set off under netting agreements			Related amounts not set off under netting agreements			Amounts not subject to netting agreements	Total as presented in the consolidated statement of financial position
	Gross amount	Amounts offset	Net amount	Financial instruments	Financial collateral	Net amount		
Derivative assets[1]	4,001	(2,905)	**1,096**	(237)	(262)	597	**1,808**	**2,904**
Derivative liabilities[1]	(3,624)	2,905	**(719)**	237	285	(197)	**(1,647)**	**(2,366)**

1 Presented within current other financial assets and current other financial liabilities.

For the financial assets and liabilities subject to enforceable master netting or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities may be settled on a gross basis, however, each party to the master netting or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due, failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party or bankruptcy.

28. FAIR VALUE MEASUREMENTS

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 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Glencore can assess at the measurement date; or

Level 2 Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or

Level 3 Unobservable inputs for the assets or liabilities, 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, whereas 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 and financial liabilities linked to the fair value of certain mining operations. 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, insolvency or bankruptcy by the counterparty.

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 and non-current other financial liabilities as at 31 December 2013 and 2012. Other assets and liabilities which are measured at fair value on a recurring basis are marketing inventories, other investments, cash and cash equivalents and marketable securities. Refer to notes 12 and 27 for disclosures in connection with these fair value measurements. There are no non-recurring fair value measurements.

28. FAIR VALUE MEASUREMENTS (continued)

Other financial assets

2013 US$ million	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	444	261	–	**705**
Options	26	2	–	**28**
Swaps	65	94	–	**159**
Physical forwards	–	701	481	**1,182**
Financial contracts				
Cross currency swaps	–	519	–	**519**
Foreign currency and interest rate contracts	297	14	–	**311**
Total	832	1,591	481	**2,904**

2012 US$ million	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	564	141	–	**705**
Options	27	–	4	**31**
Swaps	75	304	–	**379**
Physical forwards	12	778	485	**1,275**
Financial contracts				
Cross currency swaps	–	152	–	**152**
Foreign currency and interest rate contracts	63	45	–	**108**
Total	741	1,420	489	**2,650**

Other financial liabilities

2013 US$ million	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	542	84	–	**626**
Options	15	4	31	**50**
Swaps	27	72	–	**99**
Physical forwards	9	572	266	**847**
Financial contracts				
Cross currency swaps	–	512	–	**512**
Foreign currency and interest rate contracts	191	41	–	**232**
Current other financial liabilities	**784**	**1,285**	**297**	**2,366**
Non-current other financial liabilities				
Non-discretionary dividend obligation[1]	–	–	359	**359**
Put option over non-controlling interest[2]	–	–	685	**685**
Non-current other financial liabilities	**–**	**–**	**1,044**	**1,044**
Total	**784**	**1,285**	**1,341**	**3,410**

1 A ZAR denominated derivative liability of $325 million payable to ARM Coal, one of the Group's principal coal joint operations based in South Africa, was assumed through the acquisition of Xstrata (see note 25). It was subsequently revalued to its fair value of $359 million as at 31 December 2013. The liability arises from ARM Coal's rights as an investor to a share of agreed free cash flows from certain coal operations in South Africa and is valued based on those cash flows using a risk adjusted discount rate. The derivative liability is settled over the life of those operations and has no fixed repayment date and is not cancellable within 12 months.

2 A put option over the remaining 31% of Mutanda is exercisable in two equal tranches in July 2016 and July 2018. The exercise price of the put option is subject to the fair value of Mutanda at the date of exercise, see note 33.

28. FAIR VALUE MEASUREMENTS (continued)

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

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	Loans and other	Total Level 3
1 January 2012		42	(25)	–	17
Total gain/(loss) recognised in cost of goods sold		10	(33)	–	(23)
Put option over non-controlling interest	25	–	(419)	–	(419)
Realised		44	21	–	65
31 December 2012		96	(456)	–	(360)
1 January 2013		**96**	**(456)**	**–**	**(360)**
Business combination	25	(13)	–	(359)	(372)
Total gain/(loss) recognised in cost of goods sold		220	(30)	–	190
Put option over non-controlling interest		–	(266)	–	(266)
Realised		(88)	36	–	(52)
31 December 2013		**215**	**(716)**	**(359)**	**(860)**

During the year no amounts were transferred between Level 1 and Level 2 of the fair value hierarchy and no amounts were transferred into or out of Level 3 of the fair value hierarchy for either other financial assets or other financial liabilities.

28. FAIR VALUE MEASUREMENTS (continued)

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides information about how the fair values of these financial assets and financial liabilities are determined, in particular, the valuation techniques and inputs used.

Fair value of financial assets/financial liabilities US$ million			2013	2012
Futures – Level 1		Assets	444	564
		Liabilities	(542)	(712)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Futures – Level 2		Assets	261	141
		Liabilities	(84)	(283)
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			
Options – Level 1		Assets	26	27
		Liabilities	(15)	(96)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Options – Level 2		Assets	2	–
		Liabilities	(4)	(1)
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			
Options – Level 3		Assets	–	4
		Liabilities	(31)	(37)
Valuation techniques and key inputs:	Standard option pricing model			
Significant unobservable inputs:	Prices are adjusted by differentials, as required, including: - Volatility; and - Credit risk. These significant unobservable inputs generally represent 2% - 20% of the overall value of the instruments. These differentials move in symmetry with each other, e.g a decrease in volatility leads to a decrease in credit risk, resulting in no material change in the underlying value.			
Swaps – Level 1		Assets	65	75
		Liabilities	(27)	(25)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Swaps – Level 2		Assets	94	304
		Liabilities	(72)	(267)
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			

28. FAIR VALUE MEASUREMENTS (continued)

Fair value of financial assets/financial liabilities US$ million			2013	2012
Physical Forwards – Level 1		Assets	–	12
		Liabilities	(9)	(14)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Physical Forwards – Level 2		Assets	701	778
		Liabilities	(572)	(439)
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			
Physical Forwards – Level 3		Assets	481	485
		Liabilities	(266)	(393)
Valuation techniques and key inputs:	Discounted cash flow model			
Significant unobservable inputs:	Prices are adjusted by differentials, as required, including: - Quality; - Geographic location; - Local supply & demand; - Customer requirements; and - Counterparty credit considerations. These significant unobservable inputs generally represent 2% - 50% of the overall value of the instruments. These differentials are generally symmetrical with an increase/decrease in one input resulting in an opposite movement in another input, resulting in no material change in the underlying value.			
Cross currency swaps – Level 2		Assets	519	152
		Liabilities	(512)	(633)
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			
Foreign currency and interest rate contracts – Level 1		Assets	297	63
		Liabilities	(191)	(48)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Foreign currency and interest rate contracts – Level 2		Assets	14	45
		Liabilities	(41)	(21)
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			

28. FAIR VALUE MEASUREMENTS (continued)

Fair value of financial assets/financial liabilities US$ million			2013	2012
Non-discretionary dividend obligation – Level 3		Assets	–	–
		Liabilities	(359)	–

Valuation techniques: Discounted cash flow model

Significant observable inputs:
- Forecast commodity prices; and
- Discount rates using weighted average cost of capital methodology.

Significant unobservable inputs
- Production models;
- Operating costs; and
- Capital expenditures.

The resultant liability is essentially a discounted cash flow valuation of the underlying mining operation. Increases/decreases in forecast commodity prices will result in an increase/decrease to the value of the liability though this will be partially offset by associated increases/decreases in the assumed production levels, operating costs and capital expenditures which are inherently linked to forecast commodity prices. There are no reasonable changes in assumptions which would result in a material change to the fair value of the underlying liability.

			2013	2012
Put option over non-controlling interest – Level 3		Assets	–	–
		Liabilities	(685)	(419)

Valuation techniques: Discounted cash flow model

Significant observable inputs:
- Forecast commodity prices
- Discount rates using weighted average cost of capital methodology

Significant unobservable inputs
- Production models;
- Operating costs; and
- Capital expenditures.

The resultant liability is essentially a discounted cash flow valuation of the underlying mining operation. Increases/decreases in forecast commodity prices will result in an increase/decrease to the value of the liability though this will be partially offset by associated increases/decreases in the assumed production levels, operating costs and capital expenditures which are inherently linked to forecast commodity prices. There are no reasonable changes in assumptions which would result in a material change to the fair value of the underlying liability.

29. AUDITORS' REMUNERATION

US$ million	2013	2012
Remuneration in respect of the audit of Glencore's consolidated financial statements	7	4
Other audit fees, primarily in respect of audits of accounts of subsidiaries	24	13
Audit-related assurance services[1]	5	2
Total audit and related assurance fees	**36**	19
Corporate finance services	1	6
Taxation compliance services	2	3
Other taxation advisory services	6	2
Other assurance services	1	–
Other services	3	2
Total non-audit-fees	**13**	13
Total professional fees	**49**	32

1 Audit-related assurance services primarily related to interim reviews of the Group's half year accounts and quarterly accounts of the Group's publicly listed subsidiaries.

30. FUTURE COMMITMENTS

Capital expenditure for the acquisition of property, plant and equipment, with the exception of major expansion or development programs, is generally funded through the cash flow generated by the respective industrial entities. As at 31 December 2013, $2,817 million (2012: $756 million), of which 74% (2012: 63%) 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 2013, $623 million (2012: $343 million) of such development expenditures are to be incurred, of which 55% (2012: 41%) 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 $1,035 million (2012: $1,419 million) of which $578 million (2012: $596 million) are with associated companies. 56% (2012: 55%) of the total charters are for services to be received over the next two years.

As part of Glencore's ordinary sourcing and procurement of physical commodities and other ordinary marketing obligations, the selling party may request that a financial institution act as either a) the paying party upon the delivery of product and qualifying documents through the issuance of a letter of credit or b) the guarantor by way of issuing a bank guarantee accepting responsibility for Glencore's contractual obligations. As at 31 December 2013, $13,886 million (2012: $10,509 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 $203 million and $99 million for the years ended 31 December 2013 and 2012. Future net minimum lease payments under non-cancellable operating leases are as follows:

US$ million	2013	2012
Within 1 year	105	110
Between 2 and 5 years	216	213
After 5 years	114	160
Total	**435**	483

30. FUTURE COMMITMENTS (continued)

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:

	Undiscounted minimum lease payments		Present value of minimum lease payments	
US$ million	**2013**	2012	**2013**	2012
Within 1 year	**70**	62	**49**	48
Between 1 and 5 years	**276**	188	**188**	146
After 5 years	**201**	109	**156**	87
Total minimum lease payments	**547**	359	**393**	281
Less: amounts representing finance lease charges	**154**	78	**–**	–
Present value of minimum lease payments	**393**	281	**393**	281

31. CONTINGENT LIABILITIES

The amount of corporate guarantees in favour of third parties as at 31 December 2013 was $Nil (2012: $46 million). Also see note 10.

The Group is subject to various claims which arise in the ordinary course of business as detailed below. These contingent liabilities are reviewed on a regular basis and where practical an estimate is made of the potential financial impact on the Group. As at 31 December 2013 it was not practical to make such an assessment.

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 defences 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 cash flows.

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.

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.

32. RELATED PARTY TRANSACTIONS

In the normal course of business, Glencore enters into various arm's length transactions with related parties (including Xstrata pre-acquisition 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 11, 13, and 24). 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	2013	2012
Sales[1]	**1,863**	1,661
Purchases[2]	**(4,365)**	(10,244)
Interest income[3]	**24**	24
Interest expense	**–**	(1)
Agency income[4]	**33**	95

1 Includes pre-acquisition sales to Xstrata which comprise 28% of the balance (2012: 52%).

2 Includes pre-acquisition purchases from Xstrata which comprise 84% of the balance (2012: 89%).

3 Includes pre-acquisition interest income from Xstrata which comprise 7% of the balance (2012: 19%).

4 Includes pre-acquisition agency income from Xstrata which comprise 91% of the balance (2012: 93%).

33. PRINCIPAL SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Non-controlling interest is comprised of the following:

US$ million	2013	2012
Kazzinc	**1,436**	1,388
Mutanda	**(105)**	406
Optimum	**313**	432
Alumbrera	**279**	–
Other[1]	**1,269**	808
Total	**3,192**	3,034

1 Other comprises various subsidiaries in which no individual balance attributable to non-controlling interests is material.

Summarised financial information in respect of Glencore's subsidiaries that have material non-controlling interest, reflecting 100% of the underlying subsidiary's relevant figures, is set out below.

US$ million	Kazzinc	Mutanda	Optimum	Alumbrera
31 December 2013				
Non-current assets	4,841	4,694	1,927	475
Current assets	1,106	586	87	641
Total assets	**5,947**	**5,280**	**2,014**	**1,116**
Non-current liabilities	814	3,790	827	295
Current liabilities	408	977	180	263
Total liabilities	**1,222**	**4,767**	**1,007**	**558**
Net assets	**4,725**	**513**	**1,007**	**558**
Equity attributable to owners of the Company	3,289	618	681	279
Non-controlling interests	1,436	(105)	326	279
Non-controlling interests in %	30.4%	31.0%	32.4%	50.0%
2013				
Revenue	2,587	1,204	751	718
Expenses	(2,437)	(1,011)	(706)	(705)
Profit for the year	**150**	**193**	**45**	**13**
Profit attributable to owners of the Company	103	142	30	7
Profit attributable to non-controlling interests	47	51	15	6
Other comprehensive income attributable to owners of the Company	–	–	–	–
Other comprehensive income attributable to non-controlling interests	–	–	–	–
Total comprehensive income for the year	**150**	**193**	**45**	**13**
Dividends paid to non-controlling interests	–	–	–	(142)
Net cash inflow from operating activities	451	68	74	93
Net cash (outflow) from investing activities	(425)	(185)	(122)	(46)
Net cash (outflow)/inflow from financing activities	(43)	96	46	(441)
Total net cash (outflow)	**(17)**	**(21)**	**(2)**	**(394)**

Mutanda

In July 2013, Glencore completed the merger between Mutanda and Kansuki which was accounted for as an asset acquisition as the acquired assets and liabilities of Kansuki did not meet the definition of a business. In addition, Glencore concurrently entered into a put and call option arrangement, whereby Glencore has a right to acquire and the seller has the ability to force Glencore to acquire the remaining 31% interest in Mutanda at fair market value in two 15.5% tranches in July 2016 and July 2018. The present value of the put option, $685 million at acquisition date, has been accounted for as within other financial liabilities (see note 28) with the corresponding amount recognised against non-controlling interest.

33. PRINCIPAL SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

US$ million	Kazzinc	Mutanda	Optimum
31 December 2012			
Non-current assets	4,862	3,560	2,347
Current assets	962	512	112
Total assets	**5,824**	**4,072**	**2,459**
Non-current liabilities	1,011	1,681	1,093
Current liabilities	246	371	173
Total liabilities	**1,257**	**2,052**	**1,266**
Net assets	**4,567**	**2,020**	**1,193**
Equity attributable to owners of the Company	3,179	1,614	761
Non-controlling interests	1,388	389	432
Non-controlling interests in %	30.4%	40.0%	33.0%
2012			
Revenue	2,839	533	541
Expenses	(2,508)	(509)	(477)
Profit for the year	**331**	**23**	**64**
Profit attributable to owners of the Company	180	17	40
Profit attributable to non-controlling interests	151	6	24
Other comprehensive income attributable to owners of the Company	–	–	–
Other comprehensive income attributable to non-controlling interests	–	–	–
Total comprehensive income for the year	**331**	**23**	**64**
Dividends paid to non-controlling interests	–	–	–
Net cash inflow from operating activities	303	302	227
Net cash (outflow) from investing activities	(342)	(263)	(230)
Net cash inflow from financing activities	1	–	10
Total net cash (outflow)/inflow	**(38)**	**39**	**7**

Appendix

Reconciliation of selected pro forma financial information

Year ended 31 December 2013

US$ million	Adjusted EBITDA	Adjusted EBIT	Net income before significant items	Net income after significant items
Reported – before adjustments for certain associates and joint ventures	**9,684**	**5,635**	**3,666**	**(7,402)**
Impact of presenting certain associates and joint ventures on a proportionate consolidation basis	782	335	–	–
Reported in the financial review section – after adjustments for certain associates and joint ventures	**10,466**	**5,970**	**3,666**	**(7,402)**
Less: Glencore's pre-acquisition share of Xstrata's earnings	(176)	(176)	(176)	(125)
Add: Xstrata's pre-acquisition earnings on a consolidated basis	2,130	902	536	498
Add: effect of fair value adjustments[1]	651	738	561	528
Less: Deferred tax impact	–	–	(4)	–
Add back: Xstrata acquisition goodwill impairment[2]	–	–	–	7,480
Add back: revaluation of previously held interests in newly-acquired businesses and losses on sale of investment in associates[2]	–	–	–	1,200
Add back: transaction costs directly associated with the acqisition[2]	–	–	–	294
Reported pro forma financial information	**13,071**	**7,434**	**4,583**	**2,473**

Year ended 31 December 2012[3]

US$ million	Adjusted EBITDA	Adjusted EBIT	Net income before significant items	Net income after significant items
Reported in the financial review section	**5,943**	**4,470**	**3,064**	**1,004**
Less: Glencore's pre-acquisition share of Xstrata's earnings	(1,174)	(1,174)	(1,174)	(299)
Add: Xstrata's pre-acquisition earnings on a consolidated basis	8,109	4,817	3,652	1,180
Add: effect of fair value adjustments	208	478	428	428
Add back: transaction costs directly associated with the acquisition[2]	–	–	–	379
Reported pro forma financial information	**13,086**	**8,591**	**5,970**	**2,692**

1 The fair value adjustments are determined in accordance with the basis of preparation on page 4. The fair value adjustments for the year ended 31 December 2013 include the pro forma impact for the four month period prior to acquisition (year ended 31 December 2012: annual period). These incorporate adjustments for depreciation, amortisation and onerous contracts, although the largest impact is the reversal of the non-cash inventory uplift adjustment of $445 million. Inventories held by Xstrata at the date of acquisition were required to be recognised at fair value under IFRS. This results in negligible margins upon the subsequent sale of these inventories. The income impact of fair value uplift on inventory has been excluded from the pro forma financial information to accurately present the underlying operating margins and provide more useful information about the performance of the Group. The inventory uplift did not impact the pro forma results for the year ended 31 December 2012.

2 Considered for the purposes of the pro forma to have occurred immediately prior to the commencement of the accounting period.

3 Pro forma 2012 has been adjusted to reflect the updated year-end fair value acquisition accounting for the acquisitions of Xstrata and Viterra.

Reconciliation of tax charge – pro forma basis

US$ million	Marketing activities	Industrial activities	Total
Adjusted EBIT, pre-significant items	2,356	5,078	**7,434**
Interest expense allocation	(283)	(1,600)	**(1,883)**
Interest income allocation	–	437	**437**
Allocated profit before tax	2,073	3,915	**5,988**
Adjustments for:			
Russneft interest income	–	(172)	**(172)**
Share of income in associates and dividend income	(100)	13	**(87)**
Allocated profit before tax for the basis of tax calculation	1,973	3,756	**5,729**
Applicable tax rate	10.0%	25.0%	**19.8%**
Pre-significant tax charge – on a proportionate consolidation basis	197	939	**1,136**

	Pre-significant tax charge	Significant item	Total tax charge
Tax charge (credit) on a proportionate consolidation basis	1,136	(183)	**953**
Adjustment in respect of certain associates and joint ventures tax	(424)	–	**(424)**
Tax charge (credit) on the basis of the pro forma income statement	712	(183)	**529**

Movement in pro forma net debt

US$ million	31.12.2013
Funds from operations[1]	**10,375**
Working capital changes, excluding readily marketable inventory movements and other	**(1,807)**
Payments of non-current advances and loans	**285**
Acquisition and disposal of subsidiaries, net of asset acquirer loans	**479**
Purchase and sale of investments	**(144)**
Purchase and sale of property, plant and equipment (excl. Las Bambas)	**(11,131)**
Purchase and sale of property, plant and equipment – Las Bambas	**(1,734)**
Margin payments in respect of financing related hedging activities	**167**
Acquisition and disposal of additional interests in subsidiaries	**(489)**
Dividends paid and purchase of own shares	**(2,236)**
Cash movement in net debt	**(6,235)**
Foreign currency revaluation of non-current borrowings and other non-cash items	**(115)**
Non-cash movement in net debt	**(115)**
Total movement in net debt	**(6,350)**
Net debt, beginning of period[2]	**(29,460)**
Net debt, end of period	**(35,810)**

1 Pro forma FFO is reconciled to the Adjusted reported FFO in the table below.

2 Pro forma 2012 has been adjusted to reflect the updated year-end fair value acquisition accounting for the acquisitions of Xstrata and Viterra.

FFO reconciliation

US$ million	Cash generated by operating activities before working capital changes	Net interest paid	Tax paid	Dividends received from associates	FFO
Adjusted reported measure	**10,163**	**(1,488)**	**(679)**	**34**	**8,030**
Add: Xstrata's pre-acquisition cash flows on a consolidated basis	2,818	(158)	(315)	–	2,345
Total	**12,981**	**(1,646)**	**(994)**	**34**	**10,375**

Debt funding allocation between marketing and industrial activities

US$ million	Group	Allocated to			Illustrative marketing		
	As at 31 December 2013	Marketing	Industrial	Allocated to marketing	% debt funded	Debt funded	Equity funded
Cash, cash equivalents and marketable securities	2,885		X	–			
Production inventories	6,108		X	–			
Readily marketable inventories	16,418	X		16,418	85%	13,955	2,463
Other inventories	227	X		227	20%	45	182
Net receivable / (payables) excluding cash margining	(2,276)	X		(2,276)	80%	(1,821)	(455)
Net brokers (cash margin only)	1,014	X		1,014	90%	912	101
Net fair value of trade related financial instruments	538	X		538	85%	458	81
Other net assets / (liabilities)	(563)	X	X	(151)	20%	(30)	(121)
Allocated current capital employed	**24,351**			**15,770**		**13,519**	**2,251**
Property, plant and equipment	67,507	X	X	3,060	50%	**1,530**	**1,530**
Investments	13,630		X	–			
Long term advances and loans	4,095	X	X	1,824	20%	**365**	**1,459**
Total capital employed including cash – for debt allocation purposes	**109,583**			**20,654**		**15,414**	**5,240**
Intangible assets	9,053						
Total allocated capital employed including cash	**118,636**						
Not allocated[1]	(10,302)						
Total capital employed	108,334						
Representing:							
Gross debt	**55,185**						
Equity	**53,149**						

1 Not allocated represents deferred tax assets and liabilities, assets and liabilities held for sale, non-current deferred income, non-current provisions and non-current financial liabilities.

Glossary of key financial terms and reconciliation of key financial line items

Available committed liquidity

US$ million	2013	2012
Cash and cash equivalents and marketable securities	**2,885**	2,820
Headline committed syndicated revolving credit facilities	**17,340**	12,805
Amount drawn under syndicated revolving credit facilities	**(5,702)**	(5,881)
Amounts drawn under U.S. commercial paper program	**(1,645)**	(726)
Total	**12,878**	9,018

Adjusted current ratio

Current assets before asset held for sale over current liabilities before liabilities held for sale, both adjusted to exclude current other financial liabilities.

Adjusted EBIT/EBITDA

Adjusted EBIT is revenue less cost of goods sold and selling and administrative expenses plus share of income from associates and joint ventures, dividend income and the attributable share of underlying adjusted EBIT of certain associates and joint ventures. Adjusted EBITDA consists of Adjusted EBIT plus depreciation and amortisation.

US$ million	2013	2012
Revenue	**232,694**	214,436
Cost of goods sold	**(227,145)**	(210,435)
Selling and administrative expenses	**(1,206)**	(997)
Share of associates and joint ventures	**846**	367
Share of associates exceptional items	**51**	875
Dividend income	**39**	17
Mark to market valuation on certain contracts	**95**	123
Unrealised intergroup profit elimination	**261**	84
Adjusted EBIT - reported	**5,635**	4,470
Impact of presenting certain associates and joint ventures on a proportionate consolidation basis	**335**	–
Adjusted EBIT – segmental reporting	**5,970**	4,470
Depreciation and amortisation	**4,049**	1,473
Impact of presenting certain associates and joint ventures on a proportionate consolidation basis	**447**	–
Adjusted EBITDA – segmental reporting	**10,466**	5,943

Current capital employed

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

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 is covered either by a physical sale transaction or hedge transaction.

Appendix

Reconciliation of selected reported financial information to those applying the proportionate consolidation method to certain associates and joint ventures

For internal reporting and analysis, management evaluates the performance of Antamina copper/zinc mine (34% owned), Cerrejon coal mine (33% owned) and the Collahuasi copper mine (44% owned) under the proportionate consolidation method reflecting Glencore's proportionate share of the revenues, expenses, assets and liabilities of these investments. Below are reconciliations of selected reported financial information to those of applying the proportionate consolidation method to these investments.

Cash flow related adjustments

US$ million	Reported measure	Adjustment for proportionate consolidation	**Adjusted reported measure**
Cash generated by operating activities before working capital changes	8,676	–	**8,676**
Addback EBITDA of certain associates and joint ventures	–	1,487	**1,487**
Cash generated by operating activities before working capital changes	8,676	1,487	**10,163**
Income taxes paid	(593)	(86)	**(679)**
Interest received	91	–	**91**
Interest paid	(1,589)	10	**(1,579)**
Dividend received from associates and joint ventures	551	(517)	**34**
Funds from operations ("FFO")	7,136	894	**8,030**
Working capital changes, excluding readily marketable inventory inflows and other	(420)	(341)	**(761)**
Receipts from/(payments of) non-current advances and loans	274	11	**285**
Net cash used in acquisition of subsidiaries	1,209	172	**1,381**
Net cash received from disposal of subsidiaries	744	–	**744**
Purchase of investments	(198)	–	**(198)**
Proceeds from sale of investments	54	–	**54**
Purchase of property, plant and equipment	(8,390)	(520)	**(8,910)**
Capital expenditures related to assets held for sale	(1,169)	–	**(1,169)**
Payments for exploration and evaluation	(28)	–	**(28)**
Proceeds from sale of property, plant and equipment	258	–	**258**
Margin receipts in respect of financing related hedging activities	167	–	**167**
Acquisition of additional interests in subsidiaries	(489)	–	**(489)**
Return of capital/dividends to non-controlling interests	(184)	–	**(184)**
Proceeds from own shares	10	–	**10**
Dividends paid to equity holders of the parent	(2,062)	–	**(2,062)**
Cash movement in net debt	(3,088)	(216)	**(2,872)**

Net debt

US$ million	Reported measure	Adjustment for proportionate consolidation	**Adjusted reported measure**
Non-current borrowings	38,724	42	**38,766**
Current borrowings	16,461	68	**16,529**
Total borrowings	55,185	110	**55,295**
Less: cash and cash equivalents and marketable securities	(2,885)	(182)	**(3,067)**
Less: readily marketable securities	(16,418)	–	**(16,418)**
Net debt	35,882	(72)	**35,810**

Reconciliation of tax charge

US$ million	Marketing activities	Industrial activities	**Total**
Adjusted EBIT, pre-significant items	2,356	3,614	**5,970**
Interest expense allocation	(283)	(1,475)	**(1,758)**
Interest income allocation	–	393	**393**
Allocated profit before tax	2,073	2,532	**4,605**
Adjustments for:			
Russneft interest income	–	(172)	**(172)**
Share of income in associates and dividend income	(100)	(130)	**(230)**
Allocated profit before tax for the basis of tax calculation	1,973	2,230	**4,203**
Applicable tax rate	10.0%	25.0%	**18.0%**
Pre-significant tax charge	197	558	**755**

	Pre-significant tax charge	Significant item	**Total tax charge**
Tax charge/(credit) on a proportionate consolidation basis	755	(172)	**583**
Adjustment in respect of certain associates and joint ventures tax	(329)	–	**(329)**
Tax charge/(credit) on the basis of the income statement	426	(172)	**254**

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