GLENCORE

NEWS RELEASE
Baar, 8 August 2018

2018 Half-Year Report

Highlights

Glencore's Chief Executive Officer, Ivan Glasenberg, commented: "The strength of our diversified business model and commodity mix is once again demonstrated with a 13% increase in net income and a 23% increase in Adjusted EBITDA to $8.3 billion.

"Against a volatile but favourable trading and commodity price environment, Marketing performed towards the upper end of its guidance range with a 12% increase in Adjusted EBIT to $1.5 billion. Our Industrial business recorded Adjusted EBITDA of $6.7 billion, up 26%, reflecting the highly competitive cost positions of our asset base.

"Cash generation remains strong, with FFO up 8% to $5.6 billion and our balance sheet healthy, with Net debt of $9 billion. In addition to the $2.85 billion of shareholder distributions announced earlier this year, we recently announced a $1 billion buy-back programme.

"While broader market conditions are likely to remain volatile, confidence in our business prospects and current share trading levels point to near-term focus on deleveraging and shareholder returns / buybacks funded through cash generation. We remain focused on creating value for shareholders through the disciplined allocation of long-term capital."

US$ million	**H1 2018**	H1 2017	Change %	2017
Key statement of income and cash flows highlights[1]:				
Net income attributable to equity holders	2,776	2,450	13	5,777
Adjusted EBITDA◊	8,270	6,741	23	14,762
Adjusted EBIT◊	5,119	3,801	35	8,552
Earnings per share (Basic) (US$)	0.19	0.17	12	0.41
Funds from operations (FFO)[2]◊	5,625	5,201	8	11,556
Net cash generated by operating activities before working capital changes	6,805	5,599	22	11,866
Capital expenditure◊	2,165	1,679	29	4,234

US$ million	**30.06.2018**	31.12.2017	Change %
Key financial position highlights:			
Total assets	134,464	135,593	(1)
Net funding[2]◊	31,894	32,898	(3)
Net debt[2]◊	8,997	10,673	(16)
Ratios:			
FFO to Net debt[2,3]◊	133.2%	108.3%	
Net debt to Adjusted EBITDA[3]◊	0.55x	0.72x	

1 Refer to basis of preparation on page 5.
2 Refer to page 9.
3 H1 2018 and H1 2017 ratio based on last 12 months' FFO and Adjusted EBITDA, refer to APMs section for reconciliation.
◊ Adjusted measures referred to as Alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards; refer to APMs section on page 72 for definition and reconciliations and note 3 of the financial statements for reconciliation of Adjusted EBIT/EBITDA and capital expenditure.

Highlights
continued

Another strong financial performance

- Adjusted EBITDA of $8.3 billion, up 23%; Adjusted EBIT of $5.1 billion, up 35%
- Net income attributable to equity holders of $2.8 billion, up 13%; net income, pre-significant items up 40% to $3.3 billion
- Funds from operations of $5.6 billion, up 8%
- Continued balance sheet strength and flexibility: Net debt of $9.0 billion, down 16%
- EPS of $0.19 per share, up 12%
- 2nd instalment of the 2018 distribution of $1.4 billion ($0.10 per share) payable in September

Strong Marketing performance

- Marketing Adjusted EBIT of $1.5 billion, up 12%
- Strong performances from Metals and minerals and Energy products segments, up 17% and 23% respectively
- Lower crop yields in key geographies reflected in weaker Agricultural products performance; stronger H2 expected

Industrial assets performance underpinned by higher prices and continued cost/asset optimisation

- Industrial Adjusted EBITDA up 26% to $6.7 billion
- Solid first-half mine cost/margin performances across the business (Cu: 88c/lb, Zn: -11c/lb (20c/lb ex Au), Ni: 177c/lb, Coal: $35/t margin at $50/t unit cash cost)
- Copper and zinc mine costs higher than initial FY guidance primarily due to project ramp-up, lower by-product pricing, some modest energy cost inflation and H2 weighted production

Growth through selective M&A

- Hunter Valley Operations large-scale premium thermal coal mine JV established in May (49% attributable to Glencore)
- Hail Creek primarily coking coal acquisition from Rio Tinto completed on 1 August
- Downstream oil investments in South Africa, Botswana and Brazil expected to complete in H2

Increasing returns to shareholders, funded by cash generation

- 2018E distributions / buybacks now total $4.2 billion, comprising $2.85 billion distribution of 2017 cash flows, $0.3 billion H1 share trust purchases and $1.0 billion H2 buy-back programme
- Confidence in own business prospects and current share trading levels point to near-term focus on deleveraging and shareholder returns/buybacks

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Notes for Editors

Glencore is one of the world's largest global diversified natural resource companies and a major producer and marketer of more than 90 commodities. The Group's operations comprise around 150 mining and metallurgical sites, oil production assets and agricultural facilities.

With a strong footprint in both established and emerging regions for natural resources, Glencore's industrial and marketing activities are supported by a global network of more than 90 offices located in over 50 countries.

Glencore's customers are industrial consumers, such as those in the automotive, steel, power generation, oil and food processing sectors. We also provide financing, logistics and other services to producers and consumers of commodities. Glencore's companies employ around 146,000 people, including contractors.

Glencore is proud to be a member of the Voluntary Principles on Security and Human Rights and the International Council on Mining and Metals. We are an active participant in the Extractive Industries Transparency Initiative.

Chief Executive Officer's Review

A record first-half financial performance

Net income attributable to equity holders increased 13% to $2.8 billion and adjusted EBITDA for the Group increased 23% to a record $8.3 billion for the first half, reflecting strong performances from our Industrial and Marketing businesses.

Industrial Adjusted EBITDA increased 26% period on period to $6.7 billion, reflecting better commodity prices, some high margin volume growth and our continued focus on cost and asset optimisation. The ramp-up of Katanga's Whole Ore Leach project remains on track with the second line due for commissioning in H2 2018.

Marketing Adjusted EBIT increased 12% period on period to $1.5 billion. As previously indicated, full-year performance is expected to be within the top half of the long term $2.2-3.2 billion EBIT guidance range. We enjoyed generally constructive market conditions across our metals and energy segments. The weaker performance from agricultural products reflected the geographic distribution of our assets, exposed in this period to weak crops in Argentina and Australia. Given some seasonality and the low base, we expect a significantly improved agricultural performance in H2 2018 compared to H1 2018.

A volatile backdrop

Since the end of the half year, a stronger US dollar, increased volatility and the heightened risk of more aggressive US trade policies, reflects financial market nervousness in respect of risk assets and emerging markets. Widespread concerns around the sustainability of Chinese growth have also begun to resurface. Industrial metals bore the brunt of financial selling, with the GSCI industrial metal index down some 13% in early August 2018, compared to the start of June 2018. Notwithstanding such volatility, we currently see underlying demand remaining healthy.

Creating value through disciplined capital allocation

In capital structure terms, we are in the best position since our IPO, with net debt of $9 billion as at 30 June 2018, supporting unquestionably strong cashflow / credit coverage ratios.

We continued to selectively redeploy capital during H1 2018 and completed the acquisition of Rio Tinto's 82% interest in the mainly coking coal Hail Creek mine on 1 August. In oil, we agreed in June to acquire a 78% stake in ALE Combustíveis (ALE), Brazil's fourth largest fuel distributor. Our investment in ALE is consistent with our strategy to increase exposure to downstream opportunities in the fuel distribution sector in high growth import markets.

Our distribution policy stipulates a fixed $1 billion annually from Marketing cash flows, plus a minimum pay out of 25% of Industrial asset free cash flows. We announced a $2.9 billion distribution at the 2017 Preliminary Results, significantly above the minimum calculated amount of $2.3 billion under the above formula. The first $1.45 billion was paid in May 2018, with an equal $0.10 distribution to be paid to shareholders in September, thereby completing our $0.20 per share distribution of 2017 cash flows.

In addition, an up to $1 billion share buy-back programme running until 31 December 2018 was announced on 5 July. It is our view that our current equity price materially undervalues the business. As of 3 August 2018, GBP350 million of shares had been purchased under this programme. Accounting fully for this buy-back programme, the trust shares acquired in H1 2018 of $0.3 billion and the $2.9 billion cash distribution, some $4.2 billion of distributions / buybacks is expected to be delivered by the end of 2018.

Chief Executive Officer's Review
continued

Corporate Governance and Sustainability

We recognise our ongoing responsibility to make a positive contribution to society and create lasting benefits for stakeholders in a manner that is sensible and transparent.

During H1 2018, we released our 2017 Sustainability Report, as well our third Report on Payments to Governments.

In the countries in which we operate, we make a significant contribution to national and local economies. In 2017, the economic value added by the Glencore Group was $14.7 billion, of which our total direct contribution to governments was over $4 billion.

This year, our Report on Payments to Governments contained increased disclosure with respect to the DRC. We have invested more than $6.5 billion in the DRC over the past ten years to expand and improve our mining and processing operations and from 2015 to 2017, made tax payments to the DRC government of close to $1.1 billion. Going forward, we anticipate that our economic contribution and payments to government in the DRC will be significantly higher, following the recent resumption of copper and cobalt production at Katanga. In addition, the DRC government enacted a New Mining Code with significant changes to the royalties and taxation requirements amongst other non-financial provisions. The implementation and applicability of these new regulations remain uncertain.

Our presence, particularly in emerging markets, provides long-term stable employment, supports local businesses and contributes to the development of appropriate social and economic infrastructure.

As living standards continue to improve, the task of meeting demand in our commodities will remain challenging. This will require our industry to invest in new and often challenging geographies with significant natural resource endowments.

In early July, a Glencore subsidiary received a subpoena from the United States Department of Justice (DOJ) to produce documents and other records with respect to compliance with the Foreign Corrupt Practices Act and United States money laundering statutes. The requested documents relate to the Glencore Group's business in Nigeria, the Democratic Republic of Congo and Venezuela from 2007 to present. Your Chairman, Tony Hayward, as well as the independent Non-Executive Directors Leonhard Fischer and Patrice Merrin will oversee the company's response to the subpoena. We take ethics and compliance seriously and will be cooperating with the DOJ.

Sadly, we recorded five fatalities at our operations over the year to date. Our Board and senior management team believe that our ambition of zero fatalities in the workplace is achievable. Our SafeWork programme is delivering sustainable change at our operations and we continue to work diligently at a select group of 'focus assets' to fully embed a culture of safety at these sites.

Outlook

While the financial market outlook is likely to remain volatile, we remain highly confident in the strength of our underlying business. At current spot prices our business remains highly cash generative with illustrative annualised Adjusted EBITDA of some $17.7 billion. In our commodities, demand growth appears healthy and supply discipline persists. We remain focussed on creating value for shareholders through the disciplined allocation of long-term capital.

Ivan Glasenberg

Chief Executive Officer

Financial and Operational Review

Basis of presentation

The financial information in the Financial and Operational Review is on a segmental measurement basis, including all references to revenue (see note 3) and has been prepared on the basis as outlined in note 2 of the financial statements, with the exception of the accounting treatment applied to relevant material associates and joint ventures for which Glencore's attributable share of revenues and expenses are presented. In addition, Volcan, while a subsidiary of the Group, is accounted for under the equity method for internal reporting and analysis due to the relatively low economic interest (23%) held by the Group.

The Group's results are presented on an "adjusted" basis, using alternative performance measures (APMs) which are not defined or specified under the requirements of IFRS, but are derived from the financial statements, prepared in accordance with IFRS, reflecting how Glencore's management assess the performance of the Group. The APMs are used to improve the comparability of information between reporting periods and segments and to aid in the understanding of the activities taking place across the Group by adjusting for Significant items by aggregating or disaggregating (notably in the case of relevant material Associates accounted for on an equity basis) certain IFRS measures. APMs are also used to approximate the underlying operating cash flow generation of the operations (Adjusted EBITDA). Significant items (see reconciliation below) are items of income and expense, which, due to their variable financial impact or the expected infrequency of the events giving rise to them, are separated for internal reporting, and analysis of Glencore's results.

Alternative performance measures are denoted by the symbol ◊ and are further defined and reconciled to the underlying IFRS measures in the APMs section on page 72.

Financial results

Net income attributable to equity holders increased from $2,450 million in H1 2017 to $2,776 million in H1 2018 and EPS increased from $0.17 per share to $0.19 per share, driven by the factors discussed below.

Adjusted EBITDA was $8,270 million and Adjusted EBIT was $5,119 million over the first half of 2018, increases of 23% and 35% respectively compared to H1 2017, driven by higher commodity prices (main variance driver), offset, so far, by relatively contained cost inflation. Commodity prices improved over H1 2018, supported by healthy demand and generally relatively tight supply conditions. Notable average period over period price increases were cobalt (65%), nickel (42%), coal (GC Newc. 28%), zinc (21%) and copper (20%). The increased copper and cobalt production, notably from Katanga, following its successful restart and ramp-up in December 2017, contributed meaningfully to the period over period improvement. During the period, there was modest cost pressure from the weaker U.S. dollar (on average) against most of our producer country currencies, however it strengthened significantly towards the end of the period, which should provide some cost relief going into H2 2018. Average period-over-period declines in the US dollar against the South African rand and Australian dollar were (7%) and (2%) respectively. Adjusted EBITDA mining margins were solid at 42% and 41% in our metals and energy operations respectively, similar to H1 2017 levels.

Marketing Adjusted EBITDA and EBIT increased by 10% and 12% to $1,612 million and $1,528 million respectively:

- Metals and minerals Adjusted Marketing EBIT was up 17% over H1 2017, with good contributions from all commodity departments, reflecting healthy underlying demand, supportive physical commodity market conditions and overall growth in volumes handled.
- Energy products Adjusted Marketing EBIT was up 23% compared to H1 2017, with both oil and coal delivering an improvement over the prior period, due to sufficiently constructive market conditions and robust demand for coal.
- Agricultural products Adjusted Marketing EBIT was down 56% compared to H1 2017, owing to continued industry margin pressures and the geographic distribution of our assets, exposed in this period to the weak crop results in Argentina and Australia. Given some seasonality and the low base, we expect a significantly improved performance in H2 2018 compared to H1 2018.

Industrial Adjusted EBITDA increased by 26% to $6,658 million (Adjusted EBIT was $3,591 million, compared to $2,433 million in H1 2017). As noted above, the increase was primarily driven by stronger average year-over-year commodity prices, increased copper production at Katanga, offset by moderate cost inflation and adverse foreign currency impacts, given the generally weaker U.S. dollar during the period against key local operating currencies.

Adjusted EBITDA/EBIT◊

Adjusted EBITDA by business segment is as follows:

	H1 2018			H1 2017			
US$ million	Marketing activities	Industrial activities	Adjusted EBITDA	Marketing activities	Industrial activities	Adjusted EBITDA	Change %
Metals and minerals	1,238	4,775	6,013	1,060	3,639	4,699	28
Energy products	369	2,217	2,586	311	1,869	2,180	19
Agricultural products	109	–	109	166	–	166	(34)
Corporate and other	(104)	(334)	(438)	(78)	(226)	(304)	44
Total	**1,612**	**6,658**	**8,270**	**1,459**	**5,282**	**6,741**	23

Adjusted EBIT by business segment is as follows:

	H1 2018			H1 2017			
US$ million	Marketing activities	Industrial activities	Adjusted EBIT	Marketing activities	Industrial activities	Adjusted EBIT	Change %
Metals and minerals	1,226	2,698	3,924	1,048	1,872	2,920	34
Energy products	359	1,235	1,594	291	809	1,100	45
Agricultural products	47	–	47	107	–	107	(56)
Corporate and other	(104)	(342)	(446)	(78)	(248)	(326)	37
Total	**1,528**	**3,591**	**5,119**	**1,368**	**2,433**	**3,801**	35

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	**H1 2018**	H1 2017
Adjusted EBIT◊	5,119	3,801
Net finance and income tax expense in relevant material associates and joint ventures[1]	(281)	(251)
Net finance costs	(746)	(759)
Income tax expense[2]	(932)	(660)
Non-controlling interests	133	216
Income attributable to equity holders of the Parent pre-significant items◊	**3,293**	**2,347**
Earnings per share (Basic) pre-significant items (US$)◊	0.23	0.16
Significant items◊		
Share of Associates' significant items[3]	–	(6)
Mark-to-market valuation on certain coal hedging contracts[4]	–	75
Unrealised intergroup profit elimination[4]	(43)	(99)
Gain on disposals and investments[5]	19	3
Other (expense)/income – net[6]	(350)	103
Income tax (expense)/benefit[2]	(212)	27
Non-controlling interests' share of significant items[7]	69	–
Total significant items	**(517)**	**103**
Income attributable to equity holders of the Parent	**2,776**	**2,450**
Earnings per share (Basic) (US$)	0.19	0.17

1 Refer to note 3 of the interim financial statements and to APMs section for reconciliations.
2 Refer to other reconciliations section for the allocation of the total income tax expense between pre-significant and significant items.
3 Recognised within share of income from associates and joint ventures, see note 3 of the interim financial statements.
4 Recognised within cost of goods sold, see note 3 of the interim financial statements.
5 Refer to notes 3 and 4 of the interim financial statements and to APMs section for reconciliations.
6 Recognised within other (expense)/income – net, see note 5 of the interim financial statements and to APMs section for reconciliations.
7 Recognised within non-controlling interests, refer to APMs section.

Significant items

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

In 2018, Glencore recognised a net expense of $517 million (2017: a net income of $103 million) in significant items comprised primarily of:

- Income of $Nil (2017: $75 million) relating to subsequent 2017 settlement of certain coal derivative positions that were open at 31 December 2016.
- Expenses of $Nil (2017: $6 million) relating to Glencore's share of significant expenses recognised directly by our associates.
- Gain on disposals and investments of $19 million (2017: $3 million) see note 4. In 2018, the gain primarily relates to the disposal of the Tahmoor coal mine in Australia.
- Income tax expense of $212 million (2017: benefit of $27 million) – see income taxes below.
- Other (expenses)/income – net expenses of $350 million (2017: net income of $103 million) see note 5. Balance primarily comprises:
  - $248 million (2017: $Nil) relating to the costs incurred in settling Katanga's capital deficiency and various historical commercial disputes with Gécamines. The recapitalisation of KCC concluded with the conversion of $5.6 billion of intercompany debt into equity, with $1.4 billion of that share capital gifted to Gécamines to maintain its 25% interest in KCC. Also see note 25.
  - Impairments of $80 million (2017: $Nil). The 2018 charge related mainly to various assets where it was determined that their utilisation is no longer required or projects will not be progressed due to changes in production and development plans.
  - $56 million (2017: $Nil) of acquisition related expenses incurred in connection with the acquisition of HVO (see note 19). The expenses are primarily stamp duty / property transfer related taxes.
  - $54 million (2017: $165 million) of mark-to-market gains on equity investments / derivative positions accounted for as held for trading.
  - $19 million gain (2017: $20 million loss) of net foreign exchange movements.

Net finance costs

Net finance costs were $746 million during H1 2018, a 2% decrease compared to $759 million in the comparable reporting period. Interest expense for 2018 was $849 million, consistent with the prior year (higher interest rates, being offset by lower debt levels). Interest income over the first half of 2018 was $103 million, an increase of 17% from $88 million in 2017, owing mainly to higher interest rates during the period.

Income taxes

An income tax expense of $1,144 million was recognised during H1 2018, compared to an income tax expense of $633 million during H1 2017. Adjusting for a $212 million (2017: benefit of $27 million) income tax expense related to significant items (primarily tax losses not recognised), the 2018 pre-significant items income tax expense was $932 million (2017: $660 million). The 2018 effective tax rate, pre-significant items, was 28.5%, compared to 29.4% over the comparable period.

Assets, leverage and working capital

Total assets were $134,464 million as at 30 June 2018, compared to $135,593 million as at 31 December 2017. Current assets of $49,816 million were consistent with the prior period, while non-current assets decreased from $85,867 million to $84,648 million, primarily due to negative mark-to-market adjustments (recognised in other comprehensive income) with respect to our investment in Rusal.

Cash flow and net funding/debt

Net funding

US$ million	30.06.2018	31.12.2017
Total borrowings as per financial statements	33,021	33,934
Proportionate adjustment – net funding[1]	1,053	1,088
Cash and cash equivalents	(2,180)	(2,124)
Net funding◊	**31,894**	**32,898**

Cash and non-cash movements in net funding

US$ million	H1 2018	H1 2017	H2 2017
Cash generated by operating activities before working capital changes	6,805	5,599	6,267
Coal related hedging included above (via statement of income)	–	(75)	(150)
Proportionate adjustment – Adjusted EBITDA[1]	1,036	1,042	1,398
Share in earnings from other associates included within EBITDA	2	(13)	(26)
Net interest paid[1]	(710)	(757)	(442)
Tax paid[1]	(1,577)	(609)	(763)
Dividends received from associates[1]	69	14	71
Funds from operations◊	**5,625**	**5,201**	**6,355**
Net working capital changes[1]	280	520	(5,593)
Acquisition and disposal of subsidiaries – net[1]	(1,098)	(56)	64
Purchase and sale of investments – net[1]	10	28	(378)
Purchase and sale of property, plant and equipment – net[1]	(2,102)	(1,612)	(2,286)
Net margin (calls)/receipts in respect of financing related hedging activities	(211)	895	360
Acquisition of additional interests in subsidiaries	(59)	(562)	1
Distributions paid and transactions of own shares – net	(1,961)	(620)	(555)
Coal related hedging (refer above)	–	75	150
Cash movement in net funding	**484**	**3,869**	**(1,882)**
Foreign currency revaluation of borrowings and other non-cash items	520	(1,440)	(826)
Total movement in net funding	**1,004**	**2,429**	**(2,708)**
Net funding◊, beginning of period	(32,898)	(32,619)	(30,190)
Net funding◊, end of period	**(31,894)**	**(30,190)**	**(32,898)**
Less: Readily marketable inventories[1]	22,897	16,317	22,225
Net debt◊, end of period	**(8,997)**	**(13,873)**	**(10,673)**

1 Refer to APMs section for definition and reconciliations.

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

Net funding as at 30 June 2018 decreased by $1,004 million to $31,894 million, whereas net debt (net funding less readily marketable inventories) decreased by $1,676 million over the period to $8,997 million. The latter balance and movement reflecting a 3% increase in readily marketable inventories, owing to a net overall positive mix of higher commodity prices and volumes held, noting that in some commodities prices and inventory carrying levels were lower. Funds from operations, despite the more than two fold increase in tax paid (expected to moderate in H2 2018 due to timing of payments), significantly exceeded the $2,102 million of net capital expenditure, $1,088 million of net acquisitions of subsidiaries and investments and $1,961 million in distributions to shareholders and non-controlling interests and own shares purchased.

Business and investment acquisitions and disposals

Net outflows from business acquisitions were $1,147 million (2017: $590 million) over the period, primarily due to the acquisition of a 49% interest in the HVO coal mine, an operation neighbouring many of our existing New South Wales operations.

Liquidity and funding activities

In 2018, the following significant financing activities took place:

- In March 2018, Glencore signed new one-year revolving credit facilities for a total amount of $9,085 million, refinancing the $7,335 million one-year revolving credit facilities signed in May 2017. Funds drawn under the facilities bear interest at U.S.$ LIBOR plus a margin of 40 basis points. Glencore also voluntarily reduced the medium term facility size from $5,425 million to $5,115 million. As at 30 June 2018, the facilities comprise:
  - a $9,085 million one year revolving credit facility with a 12 month term-out borrower's option (to May 2020) and a 12-month extension option; and
  - a $5,115 million medium-term revolving credit facility (to May 2022).
- In March 2018, Glencore issued a $500 million non-dilutive cash settled guaranteed convertible bond due 2025. Concurrent with the placing of the bond, Glencore purchased cash-settled call options on an equivalent number of Glencore shares to economically hedge the exposure to the potential exercise of the conversion rights embedded in the bond.

Going concern

As at 30 June 2018, Glencore had available committed undrawn credit facilities and cash amounting to $13.3 billion. Based on these available capital resources and the Group's financial forecasts and projections, which take into account expected purchases and sales of assets, reasonable possible changes in performance and consideration of the principal risks and uncertainties noted below, the directors believe the Group can continue as a going concern for the foreseeable future, a period not less than 12 months from the date of this report.

Credit ratings

In light of the Group's extensive funding activities, maintaining investment grade credit rating status is a financial priority. The Group's credit ratings are currently Baa2 (positive) from Moody's and BBB+ (stable outlook) from Standard & Poor's. Glencore's publicly stated objective, as part of its overall financial policy package, is to seek and maintain strong Baa/BBB credit ratings from Moody's and Standard & Poor's respectively. In support thereof, Glencore targets a maximum 2x Net debt/Adjusted EBITDA ratio through the cycle, augmented by an upper Net debt cap of c.$16 billion.

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, which was not exceeded during the period. 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 the first half of 2018 was $33 million, representing less than 0.1% of equity. Average equivalent VaR during the first half of 2017 was $19 million.

Distributions

Earlier in 2018 and approved at the Company's AGM, the directors recommended a cash distribution, in respect of the 2017 financial year, of $0.20 per share amounting to $2.9 billion, excluding any distribution on own shares and ignoring any attribution of shares that may take place prior to the record dates. The first tranche of the 2017 distribution of $0.10 per ordinary share amounting to $1,427 million was paid on 23 May 2018. The second tranche of $0.10 per ordinary share is due in September 2018, in accordance with the Company's announcement of the 2018 Distribution timetable made on 21 February 2018.

The distribution is to be effected as a reduction of the capital contribution reserves of the Company. As such, this distribution would be exempt from Swiss withholding tax. As at 30 June 2018, Glencore plc had CHF 34 billion of such capital contribution reserves in its statutory accounts.

The distribution is 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 below. 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.glencore.com) or from the Company's Registrars.

Second tranche of 2017 distribution	2018
Applicable exchange rate reference date (Johannesburg Stock Exchange (JSE))	Close of business (UK) 27 August
Applicable exchange rate announced on the JSE	28 August
Last day to effect removal of shares cum distribution between Jersey and JSE registers at commencement of trade	28 August
Last time to trade on JSE to be recorded in the register for distribution	Close of business (SA) 4 September
Ex-distribution date (JSE)	5 September
Ex-distribution date (Jersey)	6 September
Distribution record date for JSE	Close of business (SA) 7 September
Distribution record date in Jersey	Close of business (UK) 7 September
Deadline for return of currency elections form (Shareholders on Jersey Register only)	10 September
Removal of shares between the Jersey and JSE registers permissible from	10 September
Applicable exchange rate reference date (Jersey)	12 September
H2 distribution payment date	27 September

Board changes

On 1 January 2018, Gill Marcus joined the Board as a Non-Executive Director. On 6 March 2018, Peter Grauer retired from the Board. Additionally, from 16 May 2018, Martin Gilbert has been granted a temporary leave of absence from the Board.

Principal risks and uncertainties

The Group is exposed to a number of risks and uncertainties which exist in its business and which may have an impact on the ability to execute its strategy effectively in the remaining six months of the financial year and could cause the actual results to differ materially from expected and/or historical results. The Directors consider that the principal risks and uncertainties as summarised below and detailed in the Glencore plc 2017 Annual Report on pages 42 to 51, which is available at www.glencore.com, remain appropriate for the remainder of 2018, when read together with the information provided in this report.

The Directors also consider the likelihood and degree of impact of the 'Laws, regulations, enforcements, permits and licences to operate' risks to be elevated relative to last year, owing to the continued uncertainties arising from the New Mining Code in the DRC, including potential impacts on current carrying values of related assets, and the receipt of a subpoena from the United States Department of Justice to produce documents and other records as described in note 23.

External risks:

- Reductions in commodity prices
- Fluctuations in the supply of, or demand for, commodities in which we operate
- Fluctuation in currency exchange rates
- Geopolitical, including social unrest
- Laws, regulations, enforcement, permits and licences to operate
- Liquidity risk

Business risks:

- Counterparty credit and performance risk
- Operating and cost risk
- Cyber risk

Sustainable development risks:

- Emissions and climate change
- Community relations and human rights
- Skills availability and retention
- Health, Safety, Environment, including potential catastrophes

Metals and minerals

Highlights

Adjusted EBITDA of $6.0 billion was $1.3 billion (28%) over H1 2017. While both Marketing and Industrial Assets contributed, the greater part of the increase was on the industrial side, reflecting the assets' direct exposure to stronger commodity prices, with battery-related metals such as nickel and cobalt particularly strong, plus the re-start of Katanga, following the commissioning of its whole ore leach process in December 2017.

On the production front, the first train of Katanga's whole ore leach project is ramping up as expected, with the addition of a second train expected in the second half. Zinc production will commence in H2 2018 at the Lady Loretta mine in Australia, following its suspension in H2 2015.

We remain watchful and focused on the balance /relationship between production, prices, costs and overall value delivery. We have seen some inflationary pressure on our input costs such as fuel, power, consumables and steel-related products, though as a diverse commodity producer, these can be a net overall benefit in many parts of our business.

The Marketing side of the business delivered a strong 17% period-over-period Adjusted EBIT increase, with all commodity groups performing well.

US$ million	**Marketing activities**	**Industrial activities**	**H1 2018**	Marketing activities	Industrial activities	H1 2017
Revenue◊	26,864	15,974	42,838	24,526	12,918	37,444
Adjusted EBITDA◊	1,238	4,775	6,013	1,060	3,639	4,699
Adjusted EBIT◊	1,226	2,698	3,924	1,048	1,872	2,920
Adjusted EBITDA margin	4.6%	29.9%	14.0%	4.3%	28.2%	12.6%

Market conditions

Selected average commodity prices

	H1 2018	H1 2017	Change %
S&P GSCI Industrial Metals Index	385	321	20
LME (cash) copper price ($/t)	6,920	5,755	20
LME (cash) zinc price ($/t)	3,263	2,687	21
LME (cash) lead price ($/t)	2,452	2,218	11
LME (cash) nickel price ($/t)	13,871	9,750	42
Gold price ($/oz)	1,318	1,239	6
Silver price ($/oz)	17	17	–
Metal Bulletin cobalt price 99.3% ($/lb)	38	23	65
Metal Bulletin ferrochrome 6 – 8.5% C basis 60 – 70% Cr, max 1.5% Si (¢/lb)	135	133	2
Iron ore (Platts 62% CFR North China) price ($/DMT)	67	74	(9)

Currency table

	Spot 30 June 2018	Spot 30 June 2017	**Average H1 2018**	Average H1 2017	Change in average %
AUD : USD	0.74	0.77	0.77	0.75	3
USD : CAD	1.31	1.30	1.28	1.33	(4)
USD : COP	2,932	3,046	2,849	2,924	(3)
EUR : USD	1.16	1.14	1.20	1.08	11
GBP : USD	1.32	1.30	1.37	1.26	9
USD : CHF	0.99	0.96	0.97	0.99	(2)
USD : KZT	341	322	327	319	3
USD : ZAR	13.73	13.07	12.3	13.21	(7)

Metals and minerals
continued

Marketing

Highlights

For the majority of the period under review, industrial metals prices increased over 2017 levels, driven by a healthy global demand picture and lacklustre mine supply growth. A surprise on the supply side has been the seriousness and depth of China's "blue skies" environmental programme, with numerous inspections carried out at mills, smelters and other industrial sites across a spectrum of commodities.

Since period end, global trade protectionist tensions have produced a more negative market sentiment, casting some doubt on future global growth projections, as the two largest economies raise the ante. Notwithstanding this backdrop, fundamentals for industrial metals over the medium to long term remain broadly strong in the context of continued development in China and other emerging economies, plus the demand-pull from strong growth in Electric Vehicle sales.

Financial information

US$ million	**H1 2018**	H1 2017	Change %
Revenue◊	26,864	24,526	10
Adjusted EBITDA◊	1,238	1,060	17
Adjusted EBIT◊	1,226	1,048	17

Selected marketing volumes sold

	Units	**H1 2018**	H1 2017	Change %
Copper metal and concentrates[1]	mt	2.3	1.9	21
Zinc metal and concentrates[1]	mt	1.5	1.2	25
Lead metal and concentrates[1]	mt	0.4	0.5	(20)
Gold	moz	1,019	989	3
Silver	moz	40.2	42.2	(5)
Nickel	kt	112	107	5
Ferroalloys (incl. agency)	mt	3.9	3.4	15
Alumina/aluminium	mt	4.6	5.6	(18)
Iron ore	mt	40.4	24.5	65

1 Estimated metal unit contained.

Copper

The copper price averaged $6,920/t in H1 2018, 20% over H1 2017, albeit on a general declining trajectory through the period. Starting the year above $7,200/t and close to a four-year high, synchronised global demand and anticipated continued mine supply challenges fuelled market optimism. A raft of labour negotiations due to be undertaken throughout 2018 pointed to further scope for negative supply-side surprises.

Prices tracked lower through Q1 amid lower seasonal demand (Chinese New Year) combined with increasing exchange inventories. Post Chinese New Year, perceived strengthening data and a fresh high above $7,300/t in June proved short-lived, with copper passing through $6,600/t at the end of H1 as the global "risk-off" trade manifested itself through progressive short positioning. This was exacerbated in the period since 30 June, with short positions near levels last seen in Q1 2016 pushing copper temporarily below $6,000/t.

Outside of the speculative noise, underlying demand has been healthy. Chinese demand was higher than the seasonal norm, while European and North American demand continued to recover following the protracted multi-year period of underinvestment in commodity-intensive growth.

Cobalt

H1 2018 in cobalt saw two different trends. In Q1, prices continued the increase that started during the second half of 2016, driven by consumer electronics demand and strengthening expectations for the Electric Vehicle market over the medium term. Indeed, EV sales worldwide, and especially in China, were encouraging during the half. In Q2, prices reduced, though still being well over H1 2017 levels, reflecting tighter credit that triggered destocking in China, Chinese environmental policies effectively reducing capacity at some of its cobalt refineries, and short-term / seasonal supply and demand patterns.

Zinc

During the first half of 2018, the average zinc price increased by 21% versus H1 2017, supported by a combination of low zinc metal stocks globally, limited supply response, and stable demand from the construction, white goods and automotive sectors in both China and the Rest of World ("RoW"). Since the period end, we have seen a sharp price reduction in line with other industrial metals, linked to US/China trade announcements and renewed uncertainty about the pace of global growth.

Despite the higher zinc price, mine supply in China declined by circa 9%, as environmental controls have been stepped up as part of a nationwide campaign. RoW zinc mine production YTD (Jan-May) as per the International Lead and Zinc Study Group grew by 2.1%. Global production growth from primary sources continues to be constrained by low availability of zinc concentrates, both domestic and imported. Although import statistics ceased being published by China since April 2018, the low spot TCs ($24/dmt) over H1 2018 compared to $41/dmt over H1 2017, suggest that availability continues to be tight, which is also reflected in the 2018 zinc benchmark TC that reduced by $25/dmt (15%) to $147/dmt.

Chinese demand was stable with potential growth muted by environmental inspections, with some zinc metal consumers in the affected regions having to slow down operations. Following a seasonal build-up of metal inventories destined for China in Q1, both SHFE and Shanghai-bonded inventories fell during Q2. Zinc metal output grew more strongly in the RoW, up 2.4% (Jan-May 2018) over the comparable period. Given the supportive market conditions / pricing environment, particularly in the steel industry, along with a healthy pace of global growth, demand ex-China remains supportive.

The lead market moved in a similar fashion to zinc. The average price of lead was up 11% over H1 2018 compared to H1 2017. Chinese and RoW lead mine production has not responded and production was down 6.8% and 5.3%, respectively, over H1 2018 compared to H1 2017. Metal production was up 9.5% in China and 0.9% in RoW, due to increases from secondary sources. Average spot TCs are down to $27/t over H1 2018 compared $36/t over H1 2017.

Looking ahead, given the current project pipeline, zinc mine supply could record stronger growth over H2 2018, increasing TC's and incentivising smelters to start restocking concentrates. As restocking will take some time, metal production will follow, albeit after some lag-time, thus continuing to support an expected solid fundamental supply and demand picture for the remainder of the year.

Nickel

The nickel market remained in significant deficit in the first half of 2018, with demand exceeding supply and inventory levels decreasing rapidly. This trend is evident amid fundamentally robust global demand for austenitic stainless steel, a steady return of oil and gas/petrochemical related demand for nickel alloys and rapidly growing nickel offtake from the battery sector.

Notwithstanding recent higher macroeconomic concerns, overall demand for nickel-containing steels and alloys currently remains well supported by robust activity across regions and end-use markets.

Supply-side gains during the first half of the year were driven entirely by nickel pig iron ("NPI"), with non-NPI supply stable year-on-year. Indonesian NPI capacity continued to ramp up, and while Chinese run-rates are currently impacted by government-imposed environmental constraints, we estimate that Chinese NPI production increased some 27% compared to H1 2017.

We project that global nickel demand will continue to exceed supply through the remainder of the year, although with Chinese and Indonesian NPI production expected to increase in the coming quarters and demand growth typically easing in the second half of the year, deficits are expected to narrow somewhat compared to the first half.

Metals and minerals
continued

Ferroalloys
Robust growth in global stainless steel production in the first half of 2018, especially in China and Indonesia, resulted in strong demand for ferrochrome over the period. Towards the end of the half, ferrochrome production in China, the world's largest producer, was impacted by temporary environmental shutdowns. We expect healthy demand to continue for the rest of the year, resulting in a balanced market.

Vanadium prices rose to 10-year highs as Chinese environmental regulations kept additional vanadium units from the market, wherein there was robust domestic demand. This, along with continued consolidation of local supply, resulted in a drawdown of stock to multiyear lows. Strong global demand across all applications, and decreased Chinese exports, pushed prices up 67% over H1 2017.

Alumina/Aluminium
In H1 2018, the market was charged by US policy announcements, sanctions against the largest ex-China aluminium producer Rusal, and the implementation of tariffs on aluminium imports. Together, these drove prices and premiums higher, with the LME 3-Month price peaking shortly after the announcements at $2,587/t, however, by the end of H1 2018, the price was $2,160/t (below year-end 2017 level) as the market anticipated a potential easing of sanctions. The alumina market has been in a tight balance with average prices in H1 2018 some 40% higher than in H1 2017.

In China, emphasis is still on supply-side reforms: coal plant reform is expected to increase costs for smelters, and "battle for blue skies" environmental policies could effectively cap Chinese aluminium production growth for the foreseeable future. The global aluminium market is therefore likely to remain in deficit in 2018, further reducing aluminium inventories.

Alumina supply in China has been solid with low imports in Q1 and China becoming a net exporter in Q2 for the first time. Outside China, supply was heavily impacted by a 50% curtailment at the Alunorte refinery in Brazil in February, also for environmental reasons.

US premiums again led global premium levels. In H1 2018, in-warehouse Rotterdam premiums fluctuated within $90-$158/t, CIF Main Japanese Ports between $88-$188/t and delivered Midwest USA ranging from 9.5-22.5c/lb, eventually stabilising above 20c/lb following the implementation of tariffs.

Iron ore
Iron ore prices started the year in the region of $70-75/t, but were lower from March as winter restrictions on steel production in China (for environmental reasons) were lifted and steel prices reduced from elevated levels. Iron ore prices then stabilised around $65/t over the last three months. During this period, penalties for deleterious elements in iron ore increased substantially and, while prices overall have been stable, premiums for high quality material, particularly in pelletised form, improved substantially.

Metals and minerals
continued

Industrial activities

Highlights

As noted above, Industrial Adjusted EBITDA increased by $1.1 billion period over period, primarily reflecting the impact of higher prices, increased copper and nickel production, offset by some inflationary pressure, notably fuel / energy related. Katanga's successful restart was a significant contributor to the improved performance, with African Copper recording Adjusted EBITDA of $817 million, a significant step-change over last year. Noting that Zinc's Adjusted EBITDA was only modestly up period over period, the base period included some $44 million relating to the sold African assets, while the current period includes initial ramp-up costs at Lady Loretta, with production tonnes only being delivered in H2. Mining margins of 42% were up somewhat on H1 2017 (39%) reflecting the incremental contribution from Katanga and generally higher prices flowing through.

Capex at $1.6 billion was $340 million higher than H1 2017, reflecting an element of catch-up following a period of belt-tightening during the 2015/2016 downturn, and highly selective focus on growth projects such as Kazzinc's Zhairem mine.

Financial information

US$ million	H1 2018	H1 2017	Change %
Revenue◊			
Copper assets			
African copper (Katanga, Mutanda, Mopani)	2,125	1,093	94
Collahuasi[1]	690	495	39
Antamina[1]	623	527	18
Other South America (Alumbrera, Lomas Bayas, Antapaccay, Punitaqui)	1,116	1,086	3
Australia (Mount Isa, Ernest Henry, Townsville, Cobar)	862	937	(8)
Custom metallurgical (Altonorte, Pasar, Horne, CCR)	3,808	3,677	4
Intergroup revenue elimination	(99)	(317)	n.m.
Copper	**9,125**	**7,498**	**22**
Zinc assets			
Kazzinc	1,500	1,387	8
Australia (Mount Isa, McArthur River)	698	611	14
European custom metallurgical (Portovesme, San Juan de Nieva, Nordenham, Northfleet)	719	625	15
North America (Matagami, Kidd, Brunswick, CEZ Refinery)	1,337	696	92
Other Zinc (Argentina, Bolivia, Peru, Rosh Pinah[2], Perkoa[2])	266	308	(14)
Zinc	**4,520**	**3,627**	**25**
Nickel assets			
Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk)	818	625	31
Australia (Murrin Murrin)	399	227	76
Nickel	**1,217**	**852**	**43**
Ferroalloys	**1,110**	**940**	**18**
Aluminium/Alumina	**2**	**1**	**100**
Metals and minerals revenue◊	**15,974**	**12,918**	**24**

1 Represents the Group's share of these JVs.
2 Disposed of in August 2017.

Metals and minerals
continued

US$ million	Adjusted EBITDA◊			Adjusted EBIT◊		
	H1 2018	H1 2017	Change %	**H1 2018**	H1 2017	Change %
Copper assets						
African copper	817	284	188	367	8	n.m.
Collahuasi[1]	436	289	51	310	169	83
Antamina[1]	493	402	23	367	273	34
Other South America	520	450	16	187	207	(10)
Australia	249	256	(3)	86	114	(25)
Custom metallurgical	148	156	(5)	46	90	(49)
Copper	**2,663**	**1,837**	**45**	**1,363**	**861**	**58**
Adjusted EBITDA mining margin[2]	*46%*	*41%*				
Zinc assets						
Kazzinc	595	603	(1)	389	384	1
Australia	309	301	3	175	172	2
European custom metallurgical	121	83	46	75	38	97
North America	177	171	4	115	128	(10)
Volcan	(2)	–	n.m.	(2)	–	n.m.
Other Zinc	75	95	(21)	39	51	(24)
Zinc	**1,275**	**1,253**	**2**	**791**	**773**	**2**
Adjusted EBITDA mining margin[2]	*40%*	*43%*				
Nickel assets						
Integrated Nickel Operations	358	221	62	146	(8)	n.m.
Australia	125	(11)	n.m.	114	(30)	n.m.
Nickel	**483**	**210**	**130**	**260**	**(38)**	**n.m.**
Adjusted EBITDA margin	*40%*	*25%*				
Ferroalloys	**349**	**347**	**1**	**279**	**284**	**(2)**
Aluminium/Alumina	**4**	**(13)**	**n.m.**	**4**	**(13)**	**n.m.**
Iron ore	**1**	**5**	**(80)**	**1**	**5**	**(80)**
Metals and minerals Adjusted EBITDA/EBIT◊	**4,775**	**3,639**	**31**	**2,698**	**1,872**	**44**
Adjusted EBITDA mining margin[2]	*42%*	*39%*				

1 Represents the Group's share of 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. Given the increased Zinc North America smelting/processing revenue and its relatively small and declining mining contribution/weighting, its revenues and Adjusted EBITDA have also been excluded.

Metals and minerals
continued

US$ million	H1 2018 Sustaining	H1 2018 Expansion	H1 2018 Total	H1 2017 Sustaining	H1 2017 Expansion	H1 2017 Total
Capital expenditure◊						
Copper assets						
African copper	208	195	403	168	175	343
Collahuasi[1]	106	21	127	73	16	89
Antamina[1]	87	2	89	77	–	77
Other South America	143	11	154	109	7	116
Australia	111	3	114	86	3	89
Custom metallurgical	53	–	53	66	–	66
Copper	**708**	**232**	**940**	**579**	**201**	**780**
Zinc assets						
Kazzinc	86	66	152	47	14	61
Australia	112	–	112	112	–	112
European custom metallurgical	62	–	62	23	–	23
North America	38	8	46	26	7	33
Other Zinc	30	–	30	23	–	23
Zinc	**328**	**74**	**402**	**231**	**21**	**252**
Nickel assets						
Integrated Nickel Operations	66	85	151	48	38	86
Australia	7	–	7	6	–	6
Koniambo	–	60	60	–	114	114
Nickel	**73**	**145**	**218**	**54**	**152**	**206**
Ferroalloys	**77**	**–**	**77**	**59**	**3**	**62**
Aluminium/Alumina	**3**	**–**	**3**	**–**	**–**	**–**
Capital expenditure◊	**1,189**	**451**	**1,640**	**923**	**377**	**1,300**

1 Represents the Group's share of these JVs.

Metals and minerals
continued

Production data

Production from own sources – Total[1]

		H1 2018	H1 2017	Change %
Copper	kt	696.2	642.9	8
Cobalt	kt	16.7	12.7	31
Zinc	kt	498.2	570.8	(13)
Lead	kt	115.7	139.2	(17)
Nickel	kt	62.2	51.2	21
Gold	koz	487	524	(7)
Silver	koz	16,704	19,510	(14)
Ferrochrome	kt	818	836	(2)

Production from own sources – Copper assets[1]

		H1 2018	H1 2017	Change %
African Copper (Katanga, Mutanda, Mopani)				
Copper metal	kt	194.6	111.5	75
Cobalt[2]	kt	14.8	11.2	32
Collahuasi[3]				
Copper in concentrates	Kt	115.3	108.6	6
Silver in concentrates	Koz	1,567	1,522	3
Antamina[4]				
Copper in concentrates	kt	72.4	70.3	3
Zinc in concentrates	kt	73.0	59.0	24
Silver in concentrates	koz	2,789	3,327	(16)
Other South America (Alumbrera, Lomas Bayas, Antapaccay, Punitaqui)				
Copper metal	kt	33.8	41.0	(18)
Copper in concentrates	kt	118.0	119.8	(2)
Gold in concentrates and in doré	koz	164	163	1
Silver in concentrates and in doré	koz	890	883	1
Australia (Mount Isa, Ernest Henry, Townsville, Cobar)				
Copper metal	kt	62.0	91.0	(32)
Copper in concentrates	kt	29.5	25.4	16
Gold	koz	24	38	(37)
Silver	koz	616	741	(17)
Total Copper department				
Copper	**kt**	**625.6**	**567.6**	**10**
Cobalt	**kt**	**14.8**	**11.2**	**32**
Zinc	**kt**	**73.0**	**59.0**	**24**
Gold	**koz**	**188**	**201**	**(6)**
Silver	**koz**	**5,862**	**6,473**	**(9)**

Metals and minerals
continued

Production from own sources – Zinc assets[1]

		H1 2018	H1 2017	Change %
Kazzinc				
Zinc metal	kt	105.7	102.2	3
Lead metal	kt	27.2	25.1	8
Lead in concentrates	kt	2.1	3.9	(46)
Copper metal[5]	kt	25.3	27.9	(9)
Gold	koz	284	306	(7)
Silver	koz	2,936	2,854	3
Silver in concentrates	koz	77	106	(27)
Australia (Mount Isa, McArthur River)				
Zinc in concentrates	kt	214.6	217.8	(1)
Lead in concentrates	kt	64.3	78.9	(19)
Silver in concentrates	koz	2,341	3,743	(37)
North America (Matagami, Kidd)				
Zinc in concentrates	kt	54.2	71.2	(24)
Copper in concentrates	kt	21.0	23.6	(11)
Silver in concentrates	koz	1,156	1,505	(23)
Other Zinc: South America (Argentina, Bolivia, Peru)[6]				
Zinc in concentrates	kt	50.7	51.2	(1)
Lead metal	kt	6.6	6.2	6
Lead in concentrates	kt	15.5	22.7	(32)
Copper in concentrates	kt	2.4	1.1	118
Silver metal	koz	375	290	29
Silver in concentrates	koz	3,723	4,092	(9)
Other Zinc: Africa (Rosh Pinah, Perkoa)				
Zinc in concentrates	kt	–	69.4	(100)
Lead in concentrates	kt	–	2.4	(100)
Silver in concentrates	koz	–	121	(100)
Total Zinc department				
Zinc	**kt**	**425.2**	**511.8**	**(17)**
Lead	**kt**	**115.7**	**139.2**	**(17)**
Copper	**kt**	**48.7**	**52.6**	**(7)**
Gold	**koz**	**284**	**306**	**(7)**
Silver	**koz**	**10,608**	**12,711**	**(17)**

Metals and minerals
continued

Production from own sources – Nickel assets[1]

		H1 2018	H1 2017	Change %
Integrated Nickel Operations (INO) (Sudbury, Raglan, Nikkelverk)				
Nickel metal	kt	31.0	29.4	5
Nickel in concentrates	kt	0.4	0.3	33
Copper metal	kt	7.2	8.1	(11)
Copper in concentrates	kt	14.7	14.6	1
Cobalt metal	kt	0.5	0.4	25
Gold	koz	15	17	(12)
Silver	koz	234	326	(28)
Platinum	koz	32	36	(11)
Palladium	koz	66	64	3
Rhodium	koz	2	3	(33)
Murrin Murrin				
Nickel metal	kt	17.1	13.5	27
Cobalt metal	kt	1.4	1.1	27
Koniambo				
Nickel in ferronickel	kt	13.7	8.0	71
Total Nickel department				
Nickel	**kt**	**62.2**	**51.2**	**21**
Copper	**kt**	**21.9**	**22.7**	**(4)**
Cobalt	**kt**	**1.9**	**1.5**	**27**
Gold	**koz**	**15**	**17**	**(12)**
Silver	**koz**	**234**	**326**	**(28)**
Platinum	**koz**	**32**	**36**	**(11)**
Palladium	**koz**	**66**	**64**	**3**
Rhodium	**koz**	**2**	**3**	**(33)**

Production from own sources – Ferroalloys assets[1]

		H1 2018	H1 2017	Change %
Ferrochrome[7]	kt	818	836	(2)
Vanadium Pentoxide	mlb	9.8	9.5	3

Metals and minerals
continued

Total production – Custom metallurgical assets[1]

		H1 2018	H1 2017	Change %
Copper (Altonorte, Pasar, Horne, CCR)				
Copper metal	kt	226.9	259.5	(13)
Copper anode	kt	250.8	264.3	(5)
Zinc (Portovesme, San Juan de Nieva, Nordenham, Northfleet)				
Zinc metal	kt	387.9	395.2	(2)
Lead metal	kt	89.3	99.8	(11)
Silver	koz	5,316	7,465	(29)

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis, except as stated.
2 Cobalt contained in concentrates and hydroxides.
3 The Group's pro-rata share of Collahuasi production (44%).
4 The Group's pro-rata share of Antamina production (33.75%).
5 Copper metal includes copper contained in copper concentrates and blister.
6 South American production excludes Volcan Compania Minera.
7 The Group's attributable 79.5% share of the Glencore-Merafe Chrome Venture.

Operating highlights

Copper assets

Own sourced production of 696,200 tonnes was 53,300 tonnes (8%) higher than H1 2017 and cobalt production of 16,700 tonnes was 4,000 tonnes (31%) higher, in each case reflecting the restart/ramp-up of Katanga. Own source copper sales during the period were some 32,000 tonnes lower due to timing of shipments.

African copper

Own sourced copper production of 194,600 tonnes was 83,100 tonnes (75%) higher than H1 2017, mainly reflecting the 63,300 tonnes produced at Katanga. Cobalt production of 14,800 tonnes was 3,600 tonnes ahead, reflecting the commissioning of Katanga's cobalt circuit in March 2018 and associated ramp-up.

Collahuasi

Attributable copper production of 115,300 tonnes was 6,700 tonnes (6%) higher than H1 2017, reflecting improved productivity through the plant.

Antamina

Attributable copper production of 72,400 tonnes was up 2,100 tonnes (3%) on H1 2017, while attributable zinc production of 73,000 tonnes was up 14,000 tonnes (24%). Variations are primarily a function of mine plan sequencing.

Other South America

Copper production of 151,800 tonnes was 9,000 tonnes (6%) down on H1 2017, mainly reflecting Alumbrera reaching the end of its open pit life.

Australia

Own sourced copper production of 91,500 tonnes was down 24,900 tonnes (21%) on H1 2017, mainly reflecting the impact of a smelter re-brick at Mount Isa in H1 2018.

Custom metallurgical assets

Copper cathode production of 226,900 tonnes was down 32,600 tonnes (13%) on H1 2017, reflecting issues at Pasar's acid plant.

Copper anode production of 250,800 tonnes was down 13,500 tonnes (5%) on H1 2017, also relating to Pasar.

Zinc assets

The base period included 69,400 tonnes of zinc production from the African assets sold to Trevali in August 2017. Adjusting for this, own sourced zinc production of 498,200 tonnes was in line with H1 2017.

Lead production of 115,700 tonnes was 23,500 tonnes (17%) below H1 2017, mainly reflecting changes in mine supply at Mount Isa.

Kazzinc

Own sourced zinc production of 105,700 tonnes was modestly ahead of H1 2017, the same for own sourced lead production of 29,300 tonnes. Copper production of 25,300 tonnes was 2,600 tonnes (9%) down on H1 2017, reflecting lower mined grades (production including third party material was in line). Gold production of 284,000 ounces was 22,000 ounces (7%) down on H1 2017, reflecting smelting schedules temporarily favouring third-party concentrates.

Australia

Zinc production of 214,600 tonnes was in line with H1 2017. Production at Mount Isa was lower period-over-period due to expected changes in mine supply. Mining operations have commenced at Lady Loretta and are expected to deliver materially stronger production in the second half.

Lead production of 64,300 tonnes was 14,600 tonnes (19%) below H1 2017, reflecting the mine supply changes and expected lower grades at George Fisher mine (Mount Isa).

North America

Zinc production of 54,200 tonnes was 17,000 tonnes (24%) below H1 2017, reflecting the expected decline at Kidd as it nears end of life, and a transitionary phase at Matagami as it moves to the deeper part of the ore body.

South America

Zinc production of 50,700 tonnes was in line with H1 2017. Lead production of 22,100 tonnes was down 6,800 tonnes on H1 2017, mainly reflecting changes in mine sequencing at Aguilar.

European custom metallurgical assets

Zinc production of 387,900 tonnes was in line with H1 2017. Lead production of 89,300 tonnes was down 10,600 tonnes (11%) on H1 2017, due to maintenance.

Nickel assets

Own sourced nickel production of 62,200 tonnes was 11,000 tonnes (21%) higher than H1 2017, reflecting Koniambo's second processing line entering production and the scheduled statutory shutdown at Murrin in the base period.

Integrated Nickel Operations (INO)

Own sourced nickel production of 31,400 tonnes was 1,700 tonnes (6%) over H1 2017, reflecting strong plant performance and temporarily stronger nickel grades at the Canadian mines.

Murrin Murrin

Own sourced production of 17,100 tonnes was 3,600 tonnes (27%) higher than H1 2017, which was impacted by a scheduled statutory maintenance shutdown.

Koniambo

Nickel production of 13,700 tonnes was 5,700 tonnes (72%) ahead of H1 2017, reflecting the running of both production lines (versus a single line in 2017). Work to stabilise and ramp up the overall operations is ongoing.

Ferroalloys assets

Ferrochrome

Attributable production of 818,000 tonnes was in line with H1 2017.

Vanadium

Production of 9.8 million pounds was in line with H1 2017.

Energy products

Highlights

Energy Products Adjusted EBITDA of $2.6 billion was some $400 million higher than in H1 2017. Both coal and oil prices were significantly stronger than in the comparable period, and since period end, have seen a much more muted reaction than base metals to the added macroeconomic uncertainties, reflecting their own specific solid fundamentals.

We completed the acquisition of a 49% interest in the HVO coal mine in New South Wales on 4 May 2018 and on 1 August, completed the acquisition of the Hail Creek mine (Queensland). Two pending oil transactions remain – in southern Africa and Brazil – offering attractive exposure to important and growing downstream import markets.

US$ million	**Marketing activities**	**Industrial activities**	**H1 2018**	Marketing activities	Industrial activities	H1 2017
Revenue◊	61,088	5,899	66,987	59,195	5,037	64,232
Adjusted EBITDA◊	369	2,217	2,586	311	1,869	2,180
Adjusted EBIT◊	359	1,235	1,594	291	809	1,100
Adjusted EBITDA margin	0.6%	37.6%	3.9%	0.5%	37.1%	3.4%

Market conditions

Selected average commodity prices

	H1 2018	H1 2017	Change %
S&P GSCI Energy Index	224	173	29
Coal API4 ($/t)	98	79	24
Coal Newcastle (6,000) ($/t)	102	80	28
Oil price – Brent ($/bbl)	71	53	34

Marketing highlights

Energy markets continued their recovery through the half, supported by increased global industrial demand and generally positive supply factors in both oil and coal. Such market conditions were sufficiently conducive for the Energy marketing business to deliver a 23% increased Adjusted EBIT in H1 2018 of $359 million.

Financial information

US$ million	**H1 2018**	H1 2017	Change %
Revenue◊	61,088	59,195	3
Adjusted EBITDA◊	369	311	19
Adjusted EBIT◊	359	291	23

Selected marketing volumes sold

		H1 2018	H1 2017	Change %
Thermal coal[1]	mt	48.0	51.1	(6)
Metallurgical coal[1]	mt	1.3	1.0	30
Coke[1]	mt	0.2	0.2	–
Crude oil	mbbl	460	607	(24)
Oil products	mbbl	385	501	(23)

1 Includes agency volumes.

Energy products
continued

Coal

Global seaborne thermal coal demand for H1 2018 is estimated to have grown more than 9% versus H1 2017. While swing supply from USA and Indonesian exports has responded to higher prices, we estimate that overall supply growth has increased by less than 8%.

The ongoing commissioning of new coal-fired power generation capacity in Pakistan, Malaysia, Philippines and Vietnam, combined with strong electricity demand in both China and India, drove increased demand for thermal coal. Thermal electricity generation in China and India was up 7.8% and 5.0% year on year respectively, while domestic coal production in both markets continued to struggle to meet this demand. Governments are continuing efforts on reducing airborne pollution, introducing regulatory emission and / or coal quality limits, supporting increased demand for higher energy, lower impurity thermal coal. Demand in Atlantic markets is marginally down year on year, with growth in Mediterranean and African markets largely offsetting declines in mainland Europe.

Demand growth in Asia, together with the decline in energy content of Indonesian and Australian export thermal coals, is resulting in a substantial shift of supply ex-Colombia and USA from their traditional Atlantic markets to the Asian market. USA supply to Asian markets in H1 2018 was up by 93% year on year, with Colombia up 13%. Russian and South African coal also continues its shift towards Asia, supported by strong market prices in the Pacific, where in June 2018 the GC Newcastle Index had risen to $115/t, 14% above December 2017. API4 and API2 prices rose by 10% and 2% in the same period to be $105/t and $96/t at June 2018.

Strong pig iron production and steel demand supported coking coal demand. Global pig iron production in H1 2018 was 1.4% higher period on period, led by India and Europe, up 8.6% and 2.5% respectively. Increased coke oven and blast furnace utilisation improved demand for premium hard coking and higher volatile semi coking coals, where availability of mid-volatile coals continues to decline.

Oil

The oil price started the year marking new recent highs with Brent over $70 per barrel, a level not seen since late 2014. Initially, prices appeared set to continue the trend upwards, until the reporting of strong US supply growth, combined with speculator net length unwinding and the broader equity market sell-off in February. Volatility spiked, with near-dated Brent implied volatility up to 26% from previous lows below 20%. Since then, the oil price has again performed strongly, and at the end of May, Brent topped $80 per barrel as market speculation grew on the future of the Iran nuclear deal. Support for higher prices also emanated from tensions building over Syria, Venezuela's production declines, Libya outages, a high rate of OPEC/non-OPEC production agreement compliance, and global oil stocks dipping below key 5-year averages. Late in the first half, prices retreated from these highs as the threat of a global trade war led to fears of derailed demand growth. On the supply side, US production continued to rise and the market saw the possibility of OPEC and Russia lifting output sooner than expected. Volatility remained at elevated levels throughout the first half of the year as geopolitical risks remained high.

Crude oil and product curves remained strongly backwardated for most of the first half, symptomatic of the ongoing tightness in supply, coupled with rapidly drawing inventories. Refinery margins remained healthy for the most part, but towards the end of the half, margins started to decline, largely led by slowing gasoline demand. In shipping, the tanker freight market remained lacklustre amidst excess tonnage capacity, but also the strong backwardation providing very little incentive to store oil.

Industrial activities

Highlights

Energy Products' Adjusted EBITDA of $2.2 billion was $348 million (19%) higher than in H1 2017, reflecting primarily stronger coal and oil prices. The Australian operations recovered from the impact of Cyclone Debbie and some industrial action in H1 2017, and benefited from the acquisition of HVO in May 2018. In Colombia, Adjusted EBITDA was flat at Cerrejon, reflecting generally higher strip ratios, and down significantly at Prodeco, as the operation invests near term in mine development changes (additional overburden removal) that are expected to increase production and optimise cost efficiencies going forward. Overall, Adjusted EBITDA margins were consistent at around 40%.

Energy products
continued

Financial information

US$ million	H1 2018	H1 2017	Change %
Net revenue◊			
Coal operating revenue			
Coking Australia	559	586	(5)
Thermal Australia	2,862	2,490	15
Thermal South Africa	829	721	15
Prodeco	528	664	(20)
Cerrejón[1]	414	385	8
Impact of corporate coal economic hedging	–	(158)	(100)
Coal operating revenue	**5,192**	**4,688**	**11**
Coal other revenue			
Coking Australia	6	1	500
Thermal Australia	477	182	162
Thermal South Africa	43	9	378
Prodeco	1	3	(67)
Cerrejón[1]	–	1	(100)
Coal other revenue (buy-in coal)	**527**	**196**	**169**
Coal total revenue			
Coking Australia	565	587	(4)
Thermal Australia	3,339	2,672	25
Thermal South Africa	872	730	19
Prodeco	529	667	(21)
Cerrejón[1]	414	386	7
Impact of corporate coal economic hedging	–	(158)	(100)
Coal total revenue	**5,719**	**4,884**	**17**
Oil	**180**	**153**	**18**
Energy products revenue◊	**5,899**	**5,037**	**17**

1 Represents the Group's share of this JV.

Energy products
continued

US$ million	Adjusted EBITDA◊ H1 2018	H1 2017	Change %	Adjusted EBIT◊ H1 2018	H1 2017	Change %
Coking Australia	311	330	(6)	267	240	11
Thermal Australia	1,274	996	28	730	384	90
Thermal South Africa	322	253	27	171	116	47
Prodeco	51	213	(76)	(35)	143	(124)
Cerrejón[1]	189	185	2	95	98	(3)
Coal result prior to hedging	**2,147**	**1,977**	**9**	**1,228**	**981**	**25**
Impact of corporate coal economic hedging	–	(158)	(100)	–	(158)	(100)
Total coal	**2,147**	**1,819**	**18**	**1,228**	**823**	**49**
Adjusted EBITDA margin[2]	*41%*	*41%*				
Oil	**70**	**50**	**40**	**7**	**(14)**	**n.m.**
Adjusted EBITDA margin	*39%*	*33%*				
Energy products Adjusted EBITDA/EBIT◊	**2,217**	**1,869**	**19**	**1,235**	**809**	**53**
Adjusted EBITDA margin – pre economic hedge	*41%*	*41%*				
Adjusted EBITDA margin – post economic hedge	*41%*	*39%*				

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

US$ million	H1 2018 Sustaining	Expansion	Total	H1 2017 Sustaining	Expansion	Total
Capital expenditure						
Australia (thermal and coking)	76	40	116	40	29	69
Thermal South Africa	89	18	107	75	6	81
Prodeco	109	–	109	83	1	84
Cerrejón[1]	15	–	15	16	–	16
Total Coal	**289**	**58**	**347**	**214**	**36**	**250**
Oil	**73**	**–**	**73**	**33**	**–**	**33**
Capital expenditure◊	**362**	**58**	**420**	**247**	**36**	**283**

1 Represents the Group's share of this JV.

Energy products
continued

Production data

Coal assets[1]

		H1 2018	H1 2017	Change %
Australian coking coal	mt	3.4	2.7	26
Australian semi-soft coal	mt	1.6	2.2	(27)
Australian thermal coal (export)	mt	29.4	26.2	12
Australian thermal coal (domestic)	mt	4.6	3.3	39
South African thermal coal (export)	mt	8.0	8.7	(8)
South African thermal coal (domestic)	mt	4.3	4.8	(10)
Prodeco	mt	5.5	8.0	(31)
Cerrejón[2]	mt	5.2	5.2	–
Total Coal department	mt	62.0	61.1	1

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis except for joint ventures, where the Group's attributable share of production is included.

2 The Group's pro-rata share of Cerrejón production (33.3%).

Oil assets

		H1 2018	H1 2017	Change %
Glencore entitlement interest basis				
Equatorial Guinea	kbbl	963	1,333	(28)
Chad	kbbl	1,326	1,307	1
Total Oil department	kbbl	**2,289**	**2,640**	**(13)**
Gross basis				
Equatorial Guinea	kbbl	4,585	6,297	(27)
Chad	kbbl	1,812	1,787	1
Total Oil department	kbbl	**6,397**	**8,084**	**(21)**

Operating highlights

Coal assets

Coal production of 62.0 million tonnes was in line with H1 2017, reflecting a recovery in Australia from Cyclone Debbie in March/April 2017 and initial production from Hunter Valley Operations ("HVO") from May 2018, partially offset by lower Prodeco volumes as additional overburden removal is required in 2018 to better position the operation from 2019.

Australian coking

Production of 3.4 million tonnes was 0.7 million tonnes (26%) higher than in H1 2017, reflecting stronger operating performances at Oaky Creek and Newlands, offsetting the disposal of Tahmoor in April 2018.

Australian thermal and semi-soft

Production of 35.6 million tonnes was 3.9 million tonnes (13%) higher than H1 2017, reflecting HVO's contribution since the acquisition of the joint venture in May 2018 of approximately 1 million tonnes, with the balance attributable to recovery from weather-related disruptions in the comparable period.

South African thermal

Production of 12.3 million tonnes was down 1.2 million tonnes (9%) on H1 2017, mainly reflecting the accounting deconsolidation of Wonderfontein mine (unchanged 50% ownership) in line with updates to its governance structure.

Prodeco

Production of 5.5 million tonnes was down 2.5 million tonnes (32%) on H1 2017, reflecting pit access challenges / delays at both mines, in part related to high rainfall and flooding. Additional overburden removal during 2018 is expected to result in increased production in H2, as the operation enacts changes to its long-term mine plan to optimise production levels and cost efficiencies.

Cerrejón

Production of 5.2 million tonnes was in line with H1 2017.

Oil assets

Entitlement interest oil production of 2.3 million barrels was 13% below H1 2017, mainly reflecting expected declines in the liquids phase of the Equatorial Guinea offshore fields. The Chad drilling campaign that started mid-2017 delivered increased production of 9% over H2 2017 (stable over H1 2017).

Agricultural products

Highlights

In what is generally acknowledged as a difficult time for the sector, Adjusted EBITDA reduced significantly period-over-period. Poor crop sizes in Australia, Argentina and Brazil impacted volumes and margins for our local crush and logistics interests, and crop prospects in Europe have also been affected by a prolonged dry spell. The US is a brighter spot, with strong harvest yields currently anticipated, however the growing tensions between the US and China have now led to Chinese import tariffs on selected agricultural products. Our Canadian handling operations continue to compete effectively in what is a well-supplied market. Given some seasonality and the low base, we expect a significantly improved Adjusted EBITDA performance in H2 2018 compared to H1 2018.

US$ million	**H1 2018**	H1 2017	Change %
Revenue◊	6,509	6,335	3
Adjusted EBITDA◊	109	166	(34)
Adjusted EBIT◊	47	107	(56)
Adjusted EBITDA margin	*1.7%*	*2.6%*	
Sustaining capital expenditure◊	34	28	21
Expansionary capital expenditure◊	13	22	(41)
Total capital expenditure◊	47	50	(6)

Reported on a 50% basis.

Market conditions

Selected average commodity prices

	H1 2018	H1 2017	Change %
S&P GSCI Agriculture Index	297	296	–
CBOT wheat price (US¢/bu)	477	432	10
CBOT corn no.2 price (US¢/bu)	375	366	2
CBOT soya beans (US¢/bu)	1,001	981	2
ICE cotton price (US¢/lb)	83	76	9
ICE sugar # 11 price (US¢/lb)	13	17	(25)

Selected marketing volumes sold

Million tonnes	**H1 2018**	H1 2017	Change %
Grain	21.1	22.0	(4)
Oil/Oilseeds	15.9	15.2	5
Cotton	0.2	0.3	(33)
Sugar	0.3	0.2	50

Processing/production data[1]

		H1 2018	H1 2017	Change %
Farming	kt	179	148	21
Crushing	kt	3,392	3,781	(10)
Long-term toll agreement	kt	516	454	14
Biodiesel	kt	381	334	14
Rice milling	kt	80	93	(14)
Wheat milling	kt	467	462	1
Sugarcane processing	kt	1,771	1,253	41
Total agricultural products	kt	**6,786**	**6,525**	**4**

1 Reported on a 100% basis.

Agricultural products
continued

Marketing and operating highlights

In terms of global production, 2018 has been a contrasting year so far. Argentina suffered from a severe drought, reducing its crop by 30% from initial estimates, in turn reducing local crush volumes and soymeal / soyoil exports. Whilst the Brazilian bean crop was a record, subsequent dry weather has hurt both the sugar and corn crop outlooks. Australian production, harvested in late 2017, was similarly curtailed by drought, reducing wheat exports in H1 2018. Early US crop prospects for now appear to be very good.

The markets were generally stable or higher up to May and then pressured by both the US production outlook and the fear (later the fact) of Chinese import tariffs on US agricultural goods, notably soybeans. More recently, drought in northern Europe has significantly reduced wheat and corn crops, providing support to wheat prices. This combination of events has led to strong soybean crush margins globally, particularly in the US and Europe, with the notable exception being Argentina. In this environment, our performance in the grains, freight and cotton markets was creditable, while oilseeds marketing was challenging.

Given the geographic distribution of our assets, we have had a tough H1 2018. Our Australian handling business, Argentine soybean crushing and Brazilian sugar milling operations all suffered due to the reduced crop sizes in those regions. The devaluation of the Brazilian Real pressured Brazilian wheat milling margins, while softseed crush margins in Europe remain weak. In Canada, handling margins have improved gradually after a poor start to 2018, notwithstanding a reasonable 2017 crop. Record 2017 Russian wheat production and exports continued to benefit our Russian port handling and origination business in H1 2018.

Responsibility statement

We confirm that to the best of our knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed and adopted by the European Union;
- the interim report includes a fair review of the information required by DTR 4.2.7R (being an indication of important events that have occurred during the first six months of the financial year, and their impact on the interim report and a description of the principal risks and uncertainties for the remaining six months of the financial year); and
- the interim report includes a fair review of the information required by DTR 4.2.8R (being disclosure of related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period and any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year).

By order of the Board,

Steven Kalmin
Chief Financial Officer

7 August 2018

Independent review report to Glencore plc

We have been engaged by Glencore plc ("the Company") to review the condensed interim consolidated financial statements in the half-year financial report for the six months ended 30 June 2018 which comprises the condensed consolidated statements of income, comprehensive income, financial position, cash flows and changes in equity and related notes 1 to 26. We have read the other information contained in the half-year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-year financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-year financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards. The condensed set of financial statements included in this half-year financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC), IAS 34 Interim Financial Reporting as adopted by the European Union (EU), and the Disclosure and Transparency Rules of the Financial Conduct Authority.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-year financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements in the half-year financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Recognised Auditor

London, United Kingdom

7 August 2018

Condensed consolidated statement of income

For the six months ended 30 June (unaudited)

US$ million	Notes	**2018**	2017
Revenue	2	108,554	100,287
Cost of goods sold		(103,536)	(96,535)
Selling and administrative expenses		(821)	(660)
Share of income from associates and joint ventures	9	598	428
Gain on disposals and investments	4	19	3
Other (expense)/income – net	5	(350)	103
Interest income		103	88
Interest expense		(849)	(847)
Income before income taxes		**3,718**	**2,867**
Income tax expense	6	(1,144)	(633)
Income for the period		**2,574**	**2,234**
Attributable to:			
Non-controlling interests		(202)	(216)
Equity holders of the Parent		2,776	2,450
Earnings per share:			
Basic (US$)	15	0.19	0.17
Diluted (US$)	15	0.19	0.17

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

Condensed consolidated statement of comprehensive income

For the six months ended 30 June (unaudited)

US$ million	Notes	2018	2017
Income for the period		2,574	2,234
Other comprehensive income			
Items not to be reclassified to the statement of income in subsequent periods:			
Defined benefit plan actuarial gains/(losses), net of tax of $16 million (2017: $7 million)		45	(26)
Loss on equity investments accounted for at fair value through other comprehensive income	9	(667)	–
Gain due to changes in credit risk on financial liabilities accounted for at fair value through profit and loss		11	–
Net items not to be reclassified to the statement of income in subsequent periods:		**(611)**	**(26)**
Items that have or may be reclassified to the statement of income in subsequent periods:			
Exchange (loss)/gain on translation of foreign operations		(494)	191
Gains/(losses) on cash flow hedges, net of tax of $Nil (2017: $5 million)		25	(250)
Share of comprehensive (loss)/gain from associates and joint ventures	9	(62)	49
Unrealised gain on available for sale financial instruments	9	–	191
Items recycled to the statement of income upon disposal of subsidiaries	19	11	–
Net items that are or may be reclassified to the statement of income in subsequent periods:		**(520)**	**181**
Other comprehensive (expense)/income		**(1,131)**	**155**
Total comprehensive income		**1,443**	**2,389**
Attributable to:			
Non-controlling interests		(232)	(210)
Equity holders of the Parent		1,675	2,599

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

Condensed consolidated statement of financial position

As at 30 June 2018 and 31 December 2017

US$ million	Notes	2018 (unaudited)	2017 (audited)
Assets			
Non-current assets			
Property, plant and equipment	7	57,024	57,046
Intangible assets	8	6,606	6,787
Investments in associates and joint ventures	9	14,013	13,998
Other investments	9	2,315	2,958
Advances and loans	10	2,625	2,976
Other financial assets	21	69	–
Inventories	11	327	369
Deferred tax assets		1,669	1,733
		84,648	**85,867**
Current assets			
Inventories	11	24,371	24,084
Accounts receivable	12	19,867	20,359
Other financial assets	21	2,733	2,311
Prepaid expenses		431	416
Cash and cash equivalents		2,180	2,124
		49,582	**49,294**
Assets held for sale	13	234	432
		49,816	**49,726**
Total assets		**134,464**	**135,593**
Equity and liabilities			
Capital and reserves – attributable to equity holders			
Share capital	14	146	146
Reserves and retained earnings		46,959	49,609
		47,105	**49,755**
Non-controlling interests	25	371	(300)
Total equity		**47,476**	**49,455**
Non-current liabilities			
Borrowings	17	24,095	24,532
Deferred income		2,592	2,561
Deferred tax liabilities		6,842	7,024
Other financial liabilities	21	511	513
Provisions including post-retirement benefits		7,009	7,094
		41,049	**41,724**
Current liabilities			
Borrowings	17	8,926	9,402
Accounts payable	18	31,285	28,826
Deferred income		422	410
Provisions		530	477
Other financial liabilities	21	4,057	4,522
Income tax payable		677	618
		45,897	**44,255**
Liabilities held for sale	13	42	159
		45,939	**44,414**
Total equity and liabilities		**134,464**	**135,593**

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

Condensed consolidated statement of cash flows

For the six months ended 30 June (unaudited)

US$ million	Notes	2018[1]	2017[1]
Operating activities			
Income before income taxes		3,718	2,867
Adjustments for:			
Depreciation and amortisation		2,916	2,545
Share of income from associates and joint ventures	9	(598)	(428)
Increase in employee benefit liabilities		(15)	23
Gain on disposals and investment	4	(19)	(3)
Unrealised mark-to-market movements on other investments	5	(54)	(165)
Impairments	5	80	–
Other non-cash items – net[2]		31	1
Interest expense – net		746	759
Cash generated by operating activities before working capital changes		**6,805**	**5,599**
Working capital changes			
Decrease in accounts receivable[3]		249	3,107
(Increase)/decrease in inventories		(270)	629
Increase/(decrease) in accounts payable[4]		151	(3,357)
Total working capital changes		**130**	379
Income taxes paid		(1,105)	(351)
Interest received		83	53
Interest paid		(780)	(777)
Net cash generated by operating activities		**5,133**	**4,903**
Investing activities			
Net cash used in acquisition of subsidiaries	19	(1,143)	–
Net cash received from disposal of subsidiaries	19	26	–
Purchase of investments		(7)	(3)
Proceeds from sale of investments		19	38
Purchase of property, plant and equipment		(1,946)	(1,441)
Proceeds from sale of property, plant and equipment		37	55
Dividends received from associates and joint ventures	9	568	413
Net cash used by investing activities		**(2,446)**	**(938)**

1 Includes results from assets held for sale, see note 13.
2 Includes certain non-cash items as disclosed in note 5.
3 Includes movements in other financial assets, prepaid expenses and long-term advances and loans.
4 Includes movements in other financial liabilities, provisions and deferred income.

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

Condensed consolidated statement of cash flows

For the six months ended 30 June (unaudited)

US$ million	Notes	2018[1]	2017[1]
Financing activities[2]			
Proceeds from issuance of capital market notes[3]		–	987
Proceeds from issuance of non-dilutive convertible bonds[3]		465	–
Purchase of call options on non-dilutive convertible bonds		(79)	–
Repayment of capital market notes		(1,920)	(2,829)
Proceeds from/(repayment of) revolving credit facility		1,983	(526)
Proceeds from other non-current borrowings		41	24
Repayment of finance lease obligations		(37)	(54)
Margin (calls)/receipts in respect of financing related hedging activities		(211)	895
Proceeds from/(repayment of) current borrowings		129	(2,307)
(Repayment of)/proceeds from U.S. commercial papers		(949)	509
Acquisition of additional interests in subsidiaries	25	(59)	(562)
Return of capital/distributions to non-controlling interests		(241)	(126)
Purchase of own shares		(321)	–
Disposal of own shares		28	6
Distributions paid to equity holders of the Parent	16	(1,427)	(499)
Net cash used by financing activities		**(2,598)**	**(4,482)**
Increase/(decrease) in cash and cash equivalents		89	(517)
Effect of foreign exchange rate changes		(48)	1
Cash and cash equivalents, beginning of period		2,147	2,518
Cash and cash equivalents, end of period		**2,188**	**2,002**
Cash and cash equivalents reported in the statement of financial position		2,180	1,973
Cash and cash equivalents attributable to assets held for sale	13	8	29

1 Includes results from assets held for sale, see note 13.

2 Refer to note 17 for reconciliation of movement in borrowings.

3 Net of issuance costs relating to capital market notes of $2 million (2017: $5 million).

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

Consolidated statement of changes of equity

For the six months ended 30 June (unaudited)

US$ million	(Deficit)/ retained earnings	Share premium	Other reserves	Own shares	Total reserves and (deficit)/ retained earnings	Share capital	Total equity attributable to equity holders	Non-controlling interests (Note 24)	Total equity
1 January 2017	**(3,739)**	**52,338**	**(2,802)**	**(1,700)**	**44,097**	**146**	**44,243**	**(462)**	**43,781**
Income for the period	2,450	–	–	–	2,450	–	2,450	(216)	2,234
Other comprehensive income	23	–	126	–	149	–	149	6	155
Total comprehensive income	**2,473**	**–**	**126**	**–**	**2,599**	**–**	**2,599**	(210)	**2,389**
Own share disposal[1]	(52)	–	–	106	54	–	54	–	54
Equity-settled share-based expenses	51	–	–	–	51	–	51	–	51
Change in ownership interest in subsidiaries	–	–	(165)	–	(165)	–	(165)	(833)	(998)
Distributions paid[3]	–	(1,010)	–	–	(1,010)	–	(1,010)	(126)	(1,136)
30 June 2017	**(1,267)**	**51,328**	**(2,841)**	**(1,594)**	**45,626**	**146**	**45,772**	**(1,631)**	**44,141**
31 December 2017	**2,269**	**51,340**	**(2,425)**	**(1,575)**	**49,609**	**146**	**49,755**	**(300)**	**49,455**
Impact from the adoption of IFRS 9[4]	(25)	–	–	–	(25)	–	(25)	–	(25)
1 January 2018	**2,244**	**51,340**	**(2,425)**	**(1,575)**	**49,584**	**146**	**49,730**	**(300)**	**49,430**
Income for the period	2,776	–	–	–	2,776	–	2,776	(202)	2,574
Other comprehensive income	(17)	–	(1,084)	–	(1,101)	–	(1,101)	(30)	(1,131)
Total comprehensive income	**2,759**	**–**	**(1,084)**	**–**	**1,675**	**–**	**1,675**	**(232)**	**1,443**
Own share disposal[1]	(144)	–	–	251	107	–	107	–	107
Own share purchases[1]	–	–	–	(321)	(321)	–	(321)	–	(321)
Equity-settled share-based expenses	(38)	–	–	–	(38)	–	(38)	–	(38)
Change in ownership interest in subsidiaries[5]	–	–	(1,203)	–	(1,203)	–	(1,203)	1,144	(59)
Disposal of business[2]	–	–	11	–	11	–	11	–	11
Reclassifications	(12)	–	12	–	–	–	–	–	–
Distributions declared[3]	–	(2,856)	–	–	(2,856)	–	(2,856)	(241)	(3,097)
30 June 2018	**4,809**	**48,484**	**(4,689)**	**(1,645)**	**46,959**	**146**	**47,105**	**371**	**47,476**

1 See note 14.
2 See note 19.
3 See note 16.
4 See note 2.
5 See note 25.

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

Notes to the unaudited condensed interim consolidated financial statements

1. Corporate information

Glencore plc (the "Company", "Parent", the "Group" or "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.

Glencore plc is a publicly traded limited company incorporated in Jersey and domiciled in Switzerland. Its ordinary shares are traded on the London and Johannesburg stock exchanges. On 31 January 2018, the Company delisted its shares from the Hong Kong stock exchange.

These unaudited condensed interim consolidated financial statements for the six months ended 30 June 2018 were authorised for issue in accordance with a Directors' resolution on 7 August 2018.

2. Accounting policies

Basis of preparation

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC), IAS 34 Interim Financial Reporting as adopted by the European Union (EU), and the Disclosure and Transparency Rules of the Financial Conduct Authority effective for Glencore's reporting for the six months ended 30 June 2018. These unaudited condensed interim consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the audited 2017 Annual Report of Glencore plc and subsidiaries (2017 Annual Report) available at www.glencore.com. These financial statements for the six months ended 30 June 2018 and 2017, and financial information for the year ended 31 December 2017 do not constitute statutory accounts. Certain financial information that is included in the audited annual financial statements but is not required for interim reporting purposes has been condensed or omitted.

The 2017 Annual Report and audited financial statements for the year ended 31 December 2017 have been filed with the Jersey Registrar of Companies and the audit report on those financial statements was not qualified.

The interim financial report for the six months ended 30 June 2018 has been prepared on a going concern basis as the directors believe there are no material uncertainties that lead to significant doubt that the Group can continue as a going concern in the foreseeable future, a period not less than 12 months from the date of this report. Further information is included on page 10 of the Financial and Operational Review.

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

The impact of seasonality or cyclicality on operations is not regarded as significant to the unaudited condensed interim consolidated financial statements.

Adoption of new and revised standards

These unaudited condensed interim consolidated financial statements are prepared using the same accounting policies as applied in the audited 2017 Annual Report, except for the adoption of a number of new and revised accounting pronouncements, that became effective as of 1 January 2018 and have been adopted by the Group.

(i) Amendments to IFRS 2 – Classification and measurement of share-based payment transactions

The amendments to IFRS 2 Share-based payments clarify the classification and measurement of share-based payments transactions with respect to accounting for cash-settled share-based payment transactions that include a performance obligation, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The adoption of this amendment has had no material impact on the Group.

(ii) IFRS 9 – Financial Instruments

IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement" and covers classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. IFRS 9 modifies the classification and measurement of certain classes of financial assets and liabilities and required the Group to reassess classification of financial assets from four to three primary categories (amortised cost, fair value through profit and loss, fair value through other comprehensive income), reflecting the business model in which assets are managed and their cash flow characteristics. Financial liabilities continue to be measured at either fair value through profit and loss or amortised cost. In addition, IFRS 9 introduced an expected credit loss ("ECL") impairment model, which means that anticipated as opposed to incurred credit losses are recognised resulting in earlier recognition of impairments.

2. Accounting policies continued

Changes in accounting policies resulting from IFRS 9 have been applied as at 1 January 2018, with no restatement of comparative information for prior year. Consequently, any difference between the carrying amount of financial instruments under IAS 39 and the carrying amount under IFRS 9 has been recognised in the opening retained earnings as at date of initial application.

The following summarises the impact from the adoption of IFRS 9:

- Presentational changes primarily in the investments (note 9), advances and loans (note 10), accounts receivable (note 12) and accounts payable (note 18) note disclosures to reflect the business model and cash flow characteristics of these assets and liabilities and group them into their respective IFRS 9 category or other IFRS classification;
- Additional disclosure around classification and measurement of financial instruments (notes 20 and 21 and Table 1 below); and
- An additional net credit loss allowance and fair value adjustments of $25 million as at 1 January 2018, recognised against opening retained earnings. Also see Table 2 below.

Table 1: Summary of the change in classification and measurement of financial assets and liabilities under IFRS 9 and IAS 39 at the date of initial application, 1 January 2018:

US$ million	Notes	Original measurement category under IAS 39	New measurement category under IFRS 9	Original carrying amounts under IAS 39	Effect of IFRS 9 adoption	New carrying amount under IFRS 9
Financial assets						
Investments in equity instruments	9	Available-for-sale investments	Fair value through other comprehensive income	2,268	–	2,268
Other investments in equity instruments[1]	9	Fair value through profit and loss	Fair value through other comprehensive income	204	–	204
Loans to associates	10	Loans and receivables	Amortised cost	220	–	220
Other non-current receivables and loans	10	Loans and receivables	Amortised cost	804	(10)	795
Rehabilitation trust fund	10	Loans and receivables	Amortised cost	126	–	126
Trade receivables and advances	12	Loans and receivables	Amortised cost	4,642	(16)	4,626
Trade receivables containing provisional pricing features[2]	12	Loans and receivables	Fair value through profit and loss	7,292	(28)	7,264
Margin calls paid	12	Loans and receivables	Amortised cost	3,380	–	3,380
Receivables from associated companies	12	Loans and receivables	Amortised cost	517	(1)	516
Other receivables	12	Loans and receivables	Amortised cost	621	(3)	618
Other financial assets	21	Fair value through profit and loss	Fair value through profit and loss	2,311	–	2,311
Cash and cash equivalents		Fair value through profit and loss	Amortised cost	2,124	–	2,124
Financial liabilities						
Borrowings	17	Amortised cost	Amortised cost	(33,934)	–	(33,934)
Trade payables	18	Amortised cost	Amortised cost	(8,642)	–	(8,642)
Trade payables containing provisional pricing features[2]	18	Amortised cost	Fair value through profit and loss	(16,022)	33	(15,989)
Margin calls received	18	Amortised cost	Amortised cost	(443)	–	(443)
Payables to associated companies	18	Amortised cost	Amortised cost	(1,052)	–	(1,052)
Other payables and accrued liabilities	18	Amortised cost	Amortised cost	(2,015)	–	(2,015)
Other financial liabilities	21	Fair value through profit and loss	Fair value through profit and loss	(5,035)	–	(5,035)
					(25)	

1 The Group designated all eligible equity investments as fair value through other comprehensive income and upon adoption of IFRS 9, $204 million of investments previously classified as fair value through profit and loss were designated as fair value through other comprehensive income. As a result of the designation of these investments, a fair value loss of $667 million was recognised in other comprehensive income for the period ended 30 June 2018. For the period ended 30 June 2017, fair value movements recognised on these investments in the consolidated statement of income were $81 million.

2 Prior to the adoption of IFRS 9, the Group accounted for provisionally priced features (embedded derivatives) in certain of its trade receivables and payables at fair value and movements in fair value were recognised in the consolidated statement of income. The accounting for trade receivables containing an embedded derivative under IFRS 9 is similar to past practice, in that, such provisionally priced trade receivables are accounted for as one instrument measured at fair value through profit and loss until final settlement. Furthermore, upon adoption of IFRS 9, the Group elected to designate trade payables containing embedded derivatives at fair value through profit and loss consistent with the accounting required for trade receivables containing an embedded derivative to eliminate any accounting mismatches that would have arisen.

2. Accounting policies continued

Table 2: Summary of net credit loss and fair value adjustments recognised on initial adoption of IFRS 9:

US$ million	Notes	Measurement attributes	Effect of IFRS 9 adoption recognised as at 1 January 2018
Financial assets at amortised cost			
Other non-current receivables and loans	10	ECL is determined based on different scenarios of probability of default and expected loss applicable to each specific loan	(10)
Trade receivables and advances	12	ECL is estimated using a provision matrix based on reference to past default experience, adjusted as appropriate for current observable data	(16)
Receivables from associated companies	12	ECL is estimated using a provision matrix based on historical average default rates of similar credit quality counterparties	(1)
Other receivables	12	ECL is determined based on different scenarios of probability of default and expected loss for each of the specific balances	(3)
Financial assets and liabilities at fair value through profit and loss			
Trade receivables, containing provisional pricing features	12/21	Based on observable quoted commodity prices adjusted by a discount rate, which captures the time value of money and counterparty credit considerations.	(28)
Trade payables, containing provisional pricing features	18/21		33
			(25)

(iii) IFRS 15 – Revenue from Contracts with Customers

IFRS 15 applies to revenue from contracts with customers and replaces all of the revenue standards and interpretations in IFRS. The standard outlines the principles an entity must apply to measure and recognise revenue and the related cash flows. The Group has undertaken a comprehensive analysis of the impact of the new standard based on a review of the contractual terms of its principal revenue streams with the primary focus being to understand whether the timing and amount of revenue recognised could differ under IFRS 15. Changes in accounting policies resulting from IFRS 15 have been applied using the full retrospective method, with no restatement of comparative information for prior year in accordance with the practical expedient not to restate contracts that begin and end within the same annual reporting period or have been completed as at 1 January 2017. As the majority of the Group's revenue is derived from arrangements in which the transfer of risks and rewards coincides with the fulfilment of performance obligations and transfer of control as defined by IFRS 15, the adoption of IFRS 15 has had no material impact in respect of timing and amount of revenue currently recognised by the Group and accordingly prior period amounts were not restated.

Revenue for the period is comprised of the following:

US$ million	**H1 2018**	H1 2017
Sale of commodities	107,169	98,817
Freight, storage and other services	1,385	1,470
Total	**108,554**	**100,287**

New and revised standards not yet effective

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

(i) IFRS 16 – Leases – effective for year ends beginning on or after 1 January 2019

IFRS 16 provides a comprehensive model for identification of lease arrangements and their treatment (on-balance sheet) in the financial statements of both lessees and lessors. It supersedes IAS 17 Leases and its associated interpretative guidance. Under the new standard, a lessee is required to recognise the present value of the unavoidable lease payments as a lease liability on the statement of financial position (including those currently classified as operating leases) with a corresponding right of use asset. The unwind of the financial charge on the lease liability and amortisation of the leased asset are recognised in the statement of income based on the implied interest rate and contract term respectively. Although the Group is still evaluating the potential impact of IFRS 16 on the financial statements and performance measures, including an assessment of whether any arrangements the Group enters into will be considered a lease under IFRS 16, the Group's recognised assets and liabilities will increase and affect the presentation and timing of related depreciation and interest charges in the consolidated statement of income. Upon adoption of IFRS 16, the most significant impact will be the present value of the operating lease commitments being shown as a liability on the statement of financial position together with an asset representing the right of use, which are unwound and amortised to the statement of income over time.

3. 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, ferroalloys, 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, including investments in coal mining and oil production operations, ports, vessels and storage facilities, and
- Agriculture products: Wheat, corn, canola, barley, rice, oil seeds, meals, edible oils, biofuels, cotton and sugar supported by investments in storage, handling, processing and port facilities

Corporate and other: consolidated statement of income amount represents 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 by management with reference to Adjusted EBIT/EBITDA. Adjusted EBIT is the net result of segmental revenue (revenue including Proportionate adjustments as defined in the Alternative performance measure section) 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 Adjusted EBIT of relevant material associates and joint ventures, which are accounted for internally by means of proportionate consolidation, excluding significant items. Adjusted EBITDA consists of Adjusted EBIT plus depreciation and amortisation, including the related Proportionate adjustments. In addition, Volcan, while a subsidiary of the Group, is accounted for under the equity method for internal reporting and analysis due to the relatively low economic ownership held by the Group.

The accounting policies of the operating segments are the same as those described in note 2 with the exception of relevant material associates and joint ventures and Volcan. 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) and Glencore Agriculture (50% owned) are considered to be joint ventures. 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. In November 2017, Glencore completed the acquisition of additional shares in Volcan, thereby increasing its total economic interest from 7.7% to 23.3% (compared to its 63% voting interest). For internal reporting and analysis, management evaluates the performance of Volcan under the equity method, reflecting the Group's relatively low 23.3% economic ownership in this fully ring-fenced listed entity, with its stand-alone, independent and separate capital structure. The balances as presented for internal reporting purposes are reconciled to Glencore's statutory disclosures in the following tables and/or in the Alternative performance measures section.

Notes to the unaudited condensed interim consolidated financial statements
continued

3. 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.

Six months ended 30 June 2018 US$ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Revenue – Marketing activities[1]	26,864	61,088	6,509	–	94,461
Revenue – Industrial activities	15,974	5,899	–	19	21,892
Revenue	**42,838**	**66,987**	**6,509**	**19**	**116,353**
Proportionate adjustment – revenue[2]	(876)	(414)	(6,509)	–	(7,799)
Revenue – reported measure	**41,962**	**66,573**	**–**	**19**	**108,554**
Marketing activities					
Adjusted EBITDA	1,238	369	109	(104)	1,612
Depreciation and amortisation	(12)	(10)	–	–	(22)
Proportionate adjustment – depreciation[2]	–	–	(62)	–	(62)
Adjusted EBIT	**1,226**	**359**	**47**	**(104)**	**1,528**
Industrial activities					
Adjusted EBITDA	4,775	2,217	–	(334)	6,658
Depreciation and amortisation	(1,998)	(888)	–	(8)	(2,894)
Proportionate adjustment – depreciation[2]	(79)	(94)	–	–	(173)
Adjusted EBIT	**2,698**	**1,235**	**–**	**(342)**	**3,591**
Total Adjusted EBITDA	**6,013**	**2,586**	**109**	**(438)**	**8,270**
Total depreciation and amortisation	(2,010)	(898)	–	(8)	(2,916)
Total depreciation proportionate adjustment	(79)	(94)	(62)	–	(235)
Total Adjusted EBIT	**3,924**	**1,594**	**47**	**(446)**	**5,119**
Unrealised intergroup profit elimination adjustments[3]					(43)
Gains on disposals and investments					19
Other (expense)/income – net					(350)
Interest expense – net					(746)
Income tax expense					(1,144)
Proportionate adjustment – net finance and income tax expense[2]					(281)
Income for the period					**2,574**
Total assets (as at 30 June 2018)	**81,008**	**46,478**	**3,274**	**3,704**	**134,464**
Capital expenditure – Marketing activities	14	12	47	–	73
Capital expenditure – Industrial activities	1,640	420	–	32	2,092
Capital expenditure (30 June 2018)	**1,654**	**432**	**47**	**32**	**2,165**
Proportionate adjustment – capital expenditure[2]	(136)	(15)	(47)	–	(198)
Capital expenditure – reported measure (30 June 2018)	**1,518**	**417**	**–**	**32**	**1,967**

1 Balance is net of intra-segment sales arising from transactions between the Industrial and Marketing activities. Metals and minerals segment: $10,172 million, Energy products segment $1,538 million and Agricultural products $Nil.

2 Refer to APMs section for definition.

3 Represents the required adjustment to eliminate unrealised profit or losses arising on intergroup transactions, i.e. before ultimate sale to a third party. For Glencore, such adjustments arise on the sale of product, in the ordinary course of business, from its Industrial to Marketing operations. Management assesses segment performance prior to any such adjustments, as if the sales were to third parties.

3. Segment information continued

Six months ended 30 June 2017 US$ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	Total
Revenue – Marketing activities[1]	24,526	59,195	6,335	–	90,056
Revenue – Industrial activities	12,918	5,037	–	19	17,974
Revenue	**37,444**	**64,232**	**6,335**	**19**	**108,030**
Proportionate adjustment – revenue[2]	(1,022)	(386)	(6,335)	–	(7,743)
Revenue – reported measure	**36,422**	**63,846**	**–**	**19**	**100,287**
Marketing activities					
Adjusted EBITDA	1,060	311	166	(78)	1,459
Depreciation and amortisation	(12)	(20)	–	–	(32)
Proportionate adjustment – depreciation[2]	–	–	(59)	–	(59)
Adjusted EBIT	**1,048**	**291**	**107**	**(78)**	**1,368**
Industrial activities					
Adjusted EBITDA	3,639	1,869	–	(226)	5,282
Depreciation and amortisation	(1,518)	(973)	–	(22)	(2,513)
Proportionate adjustment – depreciation[2]	(249)	(87)	–	–	(336)
Adjusted EBIT	**1,872**	**809**	**–**	**(248)**	**2,433**
Total Adjusted EBITDA	**4,699**	**2,180**	**166**	**(304)**	**6,741**
Total depreciation and amortisation	(1,530)	(993)	–	(22)	(2,545)
Total depreciation proportionate adjustment	(249)	(87)	(59)	–	(395)
Total Adjusted EBIT	**2,920**	**1,100**	**107**	**(326)**	**3,801**
Share of associates' significant items[2,3]					(6)
Unrealised intergroup profit elimination adjustments[4]					(99)
Mark-to-market valuation on certain coal hedging contracts[5]					75
Gains on disposals and investments					3
Other (expense)/income – net					103
Interest expense – net					(759)
Income tax expense					(633)
Proportionate adjustment – net finance and income tax expense[2]					(251)
Income for the period					**2,234**
Total assets (as at 30 June 2017)	**69,718**	**41,430**	**3,248**	**4,702**	**119,098**
Capital expenditure – Marketing activities	7	30	50	–	87
Capital expenditure – Industrial activities	1,300	283	–	9	1,592
Capital expenditure (30 June 2017)	**1,307**	**313**	**50**	**9**	**1,679**
Proportionate adjustment – capital expenditure[2]	(166)	(16)	(50)	–	(232)
Capital expenditure – reported measure (30 June 2017)	**1,141**	**297**	**–**	**9**	**1,447**

1 Balance is net of intra-segment sales arising from transactions between the Industrial and Marketing activities. Metals and minerals segment: $9,029 million and Energy products segment $1,271 million.

2 Refer to APMs section for definition.

3 Share of associates' significant items comprise Glencore's share of significant charges booked directly by various associates, primarily Century.

4 Represents the required adjustment to eliminate unrealised profit or losses arising on intergroup transactions, i.e. before ultimate sale to a third party. For Glencore, such adjustments arise on the sale of product, in the ordinary course of business, from its Industrial to Marketing operations. Management assesses segment performance prior to any such adjustments, as if the sales were to third parties.

5 Represents an accounting measurement mismatch between the fair value of coal derivative positions in respect of portfolio risk management/hedging activities initiated in Q2 2016 and the anticipated future revenue to be generated from the sale of future unsold coal production. These transactions were not able to be designated as hedging instruments under IFRS, which would have allowed for the deferment of any income statement effect until performance of the underlying future sale transactions. The fair value movements in the derivative portfolio was offset against future revenue in the segment information as the related sales (of production) were realised.

4. Gain on disposals and investments

US$ million	Notes	H1 2018	H1 2017
Gain on sale of operations	19	24	–
(Loss)/gain on disposal of property, plant and equipment		(5)	3
Total		**19**	**3**

5. Other (expense)/income – net

US$ million	Notes	H1 2018	H1 2017
Net changes in mark-to-market valuations on investments		54	165
Net foreign exchange gains/(losses)		19	(20)
Impairments		(80)	–
KCC debt restructuring	25	(248)	–
Acquisition related costs	19	(56)	–
Other expenses – net[1]		(39)	(42)
Total		**(350)**	**103**

1 "Other expenses – net" for the six months ended 30 June 2018 mainly comprises a non-current asset valuation provision of $21 million (2017: $50 million).

Together with foreign exchange movements and mark-to-market movements on investments held for trading, other expense includes other 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, restructuring and closure costs.

Net changes in mark-to-market valuations on investments

Primarily relates to movements on interests in investments (see note 9) and the ARM Coal non-discretionary dividend obligation (see note 21) carried at fair value.

Impairments of property, plant and equipment

The impairment charges on property, plant and equipment relate to specific assets where utilisation is no longer required or to projects no longer progressed due to changes in production and development plans. As a result, the full carrying amount of these assets/projects was impaired, with $80 million recognised in our Metals and minerals segment.

6. Income taxes

Income taxes consist of the following:

US$ million	H1 2018	H1 2017
Current income tax expense	(1,140)	(499)
Adjustments in respect of prior year income tax	(5)	4
Deferred income tax credit/(expense)	6	(142)
Adjustments in respect of prior year deferred income tax	(5)	4
Total tax expense reported in the statement of income	**(1,144)**	**(633)**
Current income tax (expense)/credit recognised directly in other comprehensive income	–	–
Deferred income tax (expense)/credit recognised directly in other comprehensive income	(16)	2
Total tax (expense)/credit recognised directly in other comprehensive income	**(16)**	**2**

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

US$ million	H1 2018	H1 2017
Income before income taxes and attribution	**3,718**	2,867
Less: Share of income from associates and joint ventures	(598)	(428)
Parent Company's and subsidiaries' income before income tax and attribution	**3,120**	**2,439**
Income tax expense calculated at the Swiss income tax rate of 15% (2017: 15%)	(468)	(366)
Tax effects of:		
Different tax rates from the standard Swiss income tax rate	(292)	(184)
Tax-exempt income ($190 million (2017: $182 million) from recurring items and $18 million (2017: $41 million) from non-recurring items)	208	223
Items not tax deductible ($286 million (2017: $183 million) from recurring items and $59 million (2017: $9 million) from non-recurring items)	(345)	(192)
Foreign exchange fluctuations	(14)	15
Changes in tax rates ($1 million (2017: $5 million) from recurring items and $Nil (2017: $Nil) from non-recurring items)	(1)	(5)
Utilisation and changes in recognition of tax losses and temporary differences	(18)	16
Tax losses not recognised	(206)	(148)
Adjustments in respect of prior years	(8)	8
Income tax expense	**(1,144)**	**(633)**

The non-tax deductible items of $345 million (2017: $192 million) primarily relate to non-deductible exploration charges, financing costs, impairments and various other expenses. The impact of tax-exempt income of $208 million (2017: $223 million) primarily relates to non-taxable intra-group dividends, income that is not effectively connected to the taxable jurisdiction, and various other items.

The tax impact of foreign exchange fluctuations relates to the foreign currency movements on deferred tax balances where the underlying tax balances are denominated in a currency different to the functional currency determined for accounting purposes.

The tax losses not recognised item relates primarily to tax losses incurred over the period at Katanga. In June 2018, the DRC enacted a New Mining Code in which there are several tax related changes which could impact the unrecognised tax losses and, despite an improving taxable profit outlook for Katanga following its internal debt restructuring (see note 25) and production ramp-up associated with line 1 of its whole ore leach project, up to $756 million (2017: $633 million) of available unrecognised tax effected losses have not currently been recognised, due to these uncertainties, consistent with prior years.

7. Property, plant and equipment

US$ million	Notes	Freehold land and buildings	Plant and equipment	Mineral and petroleum rights	Exploration and evaluation	Deferred mining costs	**Total**
Net book value:							
1 January 2018		4,203	31,937	18,820	586	1,500	57,046
Restatement[1]	19	–	28	(47)	–	–	(19)
1 January 2018 (restated)		4,203	31,965	18,773	586	1,500	57,027
Business combination	19	35	793	662	–	–	1,490
Disposal of subsidiaries	19	25	(26)	(7)	–	–	(8)
Additions		25	1,728	34	–	168	1,955
Disposals		(9)	(25)	(5)	–	–	(39)
Depreciation		(136)	(2,001)	(630)	–	(107)	(2,874)
Impairment		–	(34)	(46)	–	–	(80)
Effect of foreign currency exchange movements		(17)	(271)	(202)	–	–	(490)
Other movements		20	105	188	4	(274)	43
Net book value 30 June 2018		**4,146**	**32,234**	**18,767**	**590**	**1,287**	**57,024**

1 Adjustment to provisionally reported purchase price allocation in relation to Volcan.

During the period ended 30 June 2017, Glencore added property, plant and equipment with a cost of $1,427 million and disposed of property, plant and equipment with net book value of $52 million.

8. Intangible assets

US$ million	Notes	Goodwill	Port allocation rights	Licences, trademarks and software	Royalty and other	**Total**
Net book value:						
1 January 2018		5,050	1,406	231	100	6,787
Restatement[1]	19	–	–	(76)	29	(47)
1 January 2018 (restated)		5,050	1,406	155	129	6,740
Additions		–	–	8	4	12
Amortisation		–	(20)	(17)	(5)	(42)
Effect of foreign currency exchange movements		–	(133)	1	–	(132)
Other movements		–	–	(3)	31	28
Net book value 30 June 2018		**5,050**	**1,253**	**144**	**159**	**6,606**

1 Adjustment to provisionally reported purchase price allocation in relation to Volcan.

9. Investments in associates, joint ventures and other investments

Investments in associates and joint ventures

US$ million	Notes	2018
1 January 2018		13,998
Additions		4
Disposals		(1)
Share of income from associates and joint ventures		598
Share of other comprehensive income from associates and joint ventures		(62)
Acquisition of equity accounted investments	19	31
Dividends received		(568)
Other movements		13
30 June 2018		**14,013**
Of which:		
Investments in associates		7,688
Investments in joint ventures		6,325

Other investments

US$ million	as at 30.06.2018	as at 31.12.2017
Fair value through other comprehensive income[1]		
United Company Rusal plc	347	–
OAO NK Russneft	931	–
Yancoal	306	–
Other[2]	204	–
	1,788	–
Available for sale		
United Company Rusal plc	–	933
OAO NK Russneft	–	1,042
Yancoal	–	293
	–	2,268
Fair value through profit and loss		
OSJC Rosneft Oil cash-settled equity swaps	383	307
Century Aluminum Company cash-settled equity swaps	144	179
Other	–	204
	527	690
Total	**2,315**	**2,958**

1 Fair value through other comprehensive income includes net disposals of $17 million for the period.

2 Prior to adoption of IFRS 9, other investments in equity instruments were classified as fair value through profit and loss in accordance with IAS 39. On adoption of IFRS 9, the Group designated these investments that are not held for trading as at fair value through other comprehensive income.

As at 30 June 2018, $181 million (2017: $270 million) of the carrying amount of Glencore's investment in Century Aluminium was secured under a loan facility, with proceeds received and recognised in current borrowings of $170 million (2017: $170 million).

Although Glencore holds a 25% interest in Russneft, it does not exercise significant influence over its financial and operating policy decisions.

Dividend income from equity investments designated as at FVTOCI amounted to $Nil for the period ended as at 30 June 2018.

Rosneft

In April 2018, QHG concluded an agreement with QIA to dispose the majority of its shares held in Rosneft, representing a 14.16% stake. Following completion of the transaction, the margin guarantee provided by Glencore (see note 23) will be terminated. The transaction, subject to customary regulatory approvals, is expected to complete in H2 2018.

In relation to QHG, Glencore advanced EUR300 million in the form of a total return swap over 0.57% of Rosneft shares, accounted for at fair value through profit and loss, which constitutes the substantial majority of Glencore's investment in QHG.

10. Advances and loans

US$ million	as at 30.06.2018	as at 31.12.2017
Financial assets at amortised cost		
Loans to associates	200	220
Other non-current receivables and loans	645	804
Rehabilitation trust fund	124	126
Non-financial instruments		
Pension surpluses	100	68
Advances repayable with product[1]	1,446	1,542
Other non-current receivables	110	216
Total	**2,625**	**2,976**

1 Net of $1,537 million (2017 $1,654 million) provided by various banks, the repayment terms of which are contingent upon and connected to the future delivery of contractual production.

The Group determines the expected credit loss of other non-current receivables and loans based on different scenarios of probability of default and expected loss applicable to each of the material underlying balances. The movement in loss allowance for financial assets classified at amortised cost is detailed below:

US$ million	H1 2018
31 December 2017	238
Additional loss allowance under IFRS 9[1]	10
1 January 2018	248
Released during the period	(8)
Charged during the period	21
30 June 2018	**261**

1 See note 2.

11. Inventories

Current inventory

Inventories of $24,371 million (2017: $24,084 million) comprise $16,065 million (2017: $15,344 million) of inventories carried at fair value less costs of disposal and $8,306 million (2017: $8,740 million) valued at the lower of cost or net realisable value. The amount of inventories and related ancillary costs recognised as an expense during the period was $96,567 million (2017: $91,181 million).

Fair value of inventories is a Level 2 fair value measurement (see note 21) 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 such inventories.

Glencore has a number of dedicated financing facilities, which finance a portion of its inventories. In each case, the inventory has not been derecognised as the Group has not transferred control. The proceeds received are recognised as current borrowings (see note 17). As at 30 June 2018, the total amount of inventory secured under such facilities was $289 million (2017: $435 million). The proceeds received and recognised as current borrowings were $61 million (2017: $221 million) and $121 million (2017: $80 million) as non-current borrowings.

Non-current inventory

$327 million (2017: $369 million) of inventories valued at lower of cost or net realisable value are not expected to be utilised or sold within 12 months and are therefore classified as non-current inventory.

12. Accounts receivable

US$ million	Notes	as at 30.06.2018	as at 31.12.2017
Financial assets at amortised cost			
Trade receivables		4,569	4,623
Trade advances		279	19
Margin calls paid[1]		2,201	3,380
Associated companies		608	517
Other receivables[2]		543	621
Trade receivables containing provisional pricing features		–	7,292
Financial assets at fair value through profit and loss			
Trade receivables containing provisional pricing features	21	7,871	–
Non-financial instruments			
Advances repayable with product[3]		1,848	2,091
Income tax receivable		211	178
Other tax and related receivables		1,737	1,638
Total		**19,867**	**20,359**

1 Includes $930 million (2017: $717 million) of cash collateral payments under margin arrangements related to cross currency swaps held to hedge non-U.S. dollar denominated bonds.
2 Includes current portion of non-current loans receivable in amount of $295 million (2017: $260 million).
3 Includes advances, net of $763 million (2017: $876 million) provided by banks, the repayment terms of which are contingent upon and connected to the future delivery of contractual production over the next 12 months.

The Group applies a simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data. The following table details the risk profile of trade receivables based on the Group's provision matrix.

US$ million	Trade receivables – days past due					
As at 30 June 2018	Not past due	<30	31 – 60	61 – 90	>90	Total
Gross carrying amount	3,913	414	100	23	136	4,586
Expected credit loss rate	0.27%	0.54%	0.81%	1.07%	2.28%	
Lifetime expected credit loss	(11)	(2)	(1)	–	(3)	(17)
Total	3,902	412	99	23	133	**4,569**

The movement in allowance for doubtful accounts is detailed below:

US$ million	H1 2018
31 December 2017	284
Additional loss allowance under IFRS 9[1]	20
1 January 2018	304
Released during the period	(31)
Charged during the period	83
Utilised during the period	(7)
30 June 2018	**349**

1 See note 2.

Glencore has a number of dedicated financing facilities, which finance a portion of its receivables. 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 17). As at 30 June 2018, the total amount of trade receivables secured was $12 million (2017: $748 million) and proceeds received and classified as current borrowings amounted to $3 million (2017: $669 million).

13. Assets and liabilities held for sale

On 29 December 2017, Glencore completed the sale of a 51% interest in HG Storage International Ltd (HG Storage), an entity comprising the majority of Glencore's petroleum products storage and logistics businesses to HNA Innovation Finance Group Co Ltd (HNA) (see note 19). Glencore and HNA also entered into a second agreement pursuant to which three of the original transaction assets located in the USA (HG Storage U.S.) are to be sold to HG Storage in H2 2018 for proceeds of $196 million, subject to receipt of customary regulatory approvals.

In 2017, Glencore entered into an agreement to sell Tahmoor, a coal mining operation in New South Wales, as well as its manganese plants located in France and Norway. Both transactions completed in H1 2018, see note 19.

As a result, assets of $234 million (2017: 432 million) and liabilities of $42 million (2017: $159 million) have been classified as held for sale within the Energy segment as detailed below:

As at 30 June 2018

US$ million	**HG Storage U.S. as at 30 June 2018**
Non-current assets	
Property, plant and equipment	154
Intangible assets	1
Investments in associates	8
	163
Current assets	
Inventories	3
Accounts receivable	60
Cash and cash equivalents	8
	71
Total assets held for sale	**234**
Non-current liabilities	
Deferred tax liabilities	(28)
	(28)
Current liabilities	
Accounts payable	(12)
Income tax payable	(2)
	(14)
Total liabilities held for sale	**(42)**
Total net assets held for sale	**192**

13. Assets and liabilities held for sale continued

As at 31 December 2017

US$ million	HG Storage U.S.	Other	As at 31.12.2017
Non-current assets			
Property, plant and equipment	141	96	237
Intangible assets	1	–	1
Investments in associates	8	–	8
Deferred tax assets	–	33	33
	150	129	279
Current assets			
Inventories	4	49	53
Accounts receivable	39	27	66
Other financial assets	–	7	7
Prepaid expenses	3	–	3
Cash and cash equivalents	12	12	24
	58	95	153
Total assets held for sale	**208**	**224**	**432**
Non-current liabilities			
Deferred tax liabilities	(41)	(5)	(46)
Provisions	–	(38)	(38)
	(41)	(43)	(84)
Current liabilities			
Accounts payable	(8)	(62)	(70)
Income tax payable	(1)	(4)	(5)
	(9)	(66)	(75)
Total liabilities held for sale	**(50)**	**(109)**	**(159)**
Total net assets held for sale	**158**	**115**	**273**

14. Share capital and reserves

	Number of shares (thousand)	Share capital (US$ million)	Share premium (US$ million)
Authorised:			
30 June 2018 and 31 December 2017 Ordinary shares with a par value of $0.01 each	50,000,000		
Issued and fully paid up:			
1 January 2018 and 31 December 2017 – Ordinary shares	**14,586,200**	**146**	**51,340**
Distributions declared (see notes 16 and 18)	–	–	(2,856)
30 June 2018 – Ordinary shares	**14,586,200**	**146**	**48,484**

	Treasury Shares		Trust Shares		**Total**	
	Number of shares (thousand)	Share premium (US$ million)	Number of shares (thousand)	Share premium (US$ million)	**Number of shares (thousand)**	**Share premium (US$ million)**
Own shares:						
1 January 2018	**191,459**	**(948)**	**129,850**	**(627)**	**321,309**	**(1,575)**
Own shares purchased during the period	–	–	63,370	(321)	63,370	(321)
Own shares disposed during the period	–	–	(52,573)	251	(52,573)	251
Own shares transferred to satisfy employee share awards	(30,000)	148	30,000	(148)	–	–
30 June 2018	**161,459**	**(800)**	**170,647**	**(845)**	**332,106**	**(1,645)**

Own shares

Own shares comprise shares acquired under the Company's previous share buy-back programme and shares of Glencore plc held by Group employee benefit trusts ("the Trusts") to satisfy the potential future settlement of the Group's employee stock plans, primarily assumed as part of previous business combinations.

The Trusts also coordinate the funding and manage the delivery of ordinary shares and free share awards under certain of Glencore's share plans. The shares have been acquired by either stock market purchases or share issues from the Company. The Trusts are permitted to sell the shares and may hold up to 5% of the issued share capital of the Company at any one time. The Trusts have waived the right to receive distributions from the shares that they hold. Costs relating to the administration of the Trust are expensed in the period in which they are incurred.

As at 30 June 2018, 332,106,309 shares (2017: 321,309,725 shares), equivalent to 2.3% (2017: 2.2%) of the issued share capital were held at a cost of $1,645 million (2017: $1,575 million) and market value of $1,587 million (2017: $1,694 million).

15. Earnings per share

US$ million	H1 2018	H1 2017
Income attributable to equity holders of the Parent for basic earnings per share	**2,776**	**2,450**
Weighted average number of shares for the purposes of basic earnings per share (thousand)	14,278,227	14,248,660
Effect of dilution:		
Equity-settled share-based payments (thousand)	112,921	116,033
Weighted average number of shares for the purposes of diluted earnings per share (thousand)	14,391,148	14,364,693
Basic earnings per share (US$)	**0.19**	**0.17**
Diluted earnings per share (US$)	**0.19**	**0.17**

Headline earnings:

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 4/2018 as issued by the South African Institute of Chartered Accountants (SAICA), is reconciled using the following data:

US$ million	H1 2018	H1 2017
Income attributable to equity holders of the Parent for basic earnings per share	2,776	2,450
Net gain on disposals[1]	(19)	(3)
Net gain on disposals – tax	6	1
Impairments[2]	80	–
Impairments – non-controlling interest	(10)	–
Impairments – tax	(10)	–
Headline and diluted earnings for the period	**2,823**	**2,448**
Headline earnings per share (US$)	**0.20**	**0.17**
Diluted headline earnings per share (US$)	**0.20**	**0.17**

1 See note 4.

2 Comprises impairments of property, plant and equipment, see note 5.

16. Distributions

The first tranche of the 2017 distribution of $0.10 per ordinary share (2017: $0.035 per share) amounting to $1,427 million (2017: $499 million) was paid on 23 May 2018. The second tranche of $0.10 per ordinary share amounting to $1,427 million (2017: $499 million) is expected to be paid in September 2018 and has been recognised as a liability, see note 18.

17. Borrowings

US$ million	Notes	as at 30.06.2018	as at 31.12.2017
Non-current borrowings			
Capital market notes		20,214	22,628
Committed syndicated revolving credit facilities		2,970	994
Finance lease obligations		318	328
Other bank loans		593	582
Total non-current borrowings		**24,095**	**24,532**
Current borrowings			
Secured inventory/receivables/other facilities	9/11/12	234	1,060
U.S. commercial paper		281	1,230
Capital market notes		3,891	3,550
Finance lease obligations		46	64
Other bank loans[1]		4,474	3,498
Total current borrowings		**8,926**	**9,402**
Total borrowings		**33,021**	**33,934**

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

Reconciliation of cash flow to movement in borrowings

US$ million	H1 2018	H1 2017	H2 2017
Cash related movements in borrowings[1]			
Proceeds from issuance of capital market notes	–	987	1,039
Proceeds from issuance of non-dilutive convertible bond	465	–	–
Repayment of capital market notes	(1,920)	(2,829)	(1,710)
Proceeds from/(repayment of) revolving credit facilities	1,983	(526)	1,027
Proceeds from/(repayment of) other non-current borrowings	41	24	(5)
Repayment of finance lease obligations	(37)	(54)	(51)
(Repayment of)/proceeds from U.S. commercial papers	(949)	509	671
Proceeds from/(repayment of) current borrowings	129	(2,307)	1,041
	(288)	(4,196)	2,012
Non-cash related movements in borrowings			
Borrowings acquired/(disposed) in business combinations	–	(37)	798
Reclassification of the derivative component of the non-dilutive convertible bond	(79)	–	–
Foreign exchange movements	(341)	1,108	732
Fair value hedge movements	(232)	251	(59)
Change in finance lease obligations	22	36	37
Other non-cash movements	5	30	4
	(625)	1,388	1,512
(Decrease)/increase in borrowings for the period	**(913)**	**(2,808)**	**3,524**
Total borrowings – opening	33,934	33,218	30,410
Total borrowings – closing	**33,021**	**30,410**	**33,934**

1 See consolidated statement of cash flows.

2018 Bond activities

In March 2018, Glencore issued a $500 million non-dilutive cash settled guaranteed convertible bond due in 2025. On the date of issuance, the Bonds were bifurcated into a debt and derivative component with the debt component carried at amortised cost accreting to par value ($500 million) at an effective interest rate of 3.6% per annum and the option component carried at fair value with mark-to-market movements recognised through the statement of income. See note 21.

Concurrent with the placing of the Bonds, Glencore purchased cash-settled call options over the same number of Glencore shares underlying the convertible bonds to economically hedge the exposure to the potential exercise of conversion rights embedded in the Bonds. These purchased call options are carried at fair value with mark-to-market movements recognised through the statement of income. See note 21.

17. Borrowings continued

Committed syndicated revolving credit facilities

In March 2018 (effective May 2018), Glencore signed new one-year revolving credit facilities of $9,085 million, refinancing the $7,335 million one-year revolving facilities signed in May 2017. Funds drawn under the facilities bear interest at US$LIBOR plus a margin of 40 basis points. Glencore also voluntarily reduced the medium term facility size from $5,425 million to $5,115 million.

As at 30 June 2018, the active facilities comprise:

- a $9,085 million one year revolving credit facility with a 12 month borrower's term-out option (to May 2020) and 12 month extension option; and
- a $5,115 million medium-term revolving credit facility (to May 2022).

18. Accounts payable

US$ million	Notes	**as at 30.06.2018**	as at 31.12.2017
Financial liabilities at amortised cost			
Trade payables		7,932	8,642
Margin calls received[1]		361	443
Associated companies		1,243	1,052
Other payables and accrued liabilities		1,532	2,015
Trade payables containing provisional pricing features		–	16,022
Financial liabilities at fair value through profit and loss			
Trade payables containing provisional pricing features	21	18,103	–
Non-financial instruments			
Advances settled in product		384	451
Shareholder distribution payable	16	1,427	–
Other tax and related payables		303	201
Total		**31,285**	**28,826**

1 Includes $149 million (2017: $325 million) of cash collateral receipts under margin arrangements related to cross currency swaps held to hedge non-U.S. dollar denominated bonds.

19. Acquisition and disposal of subsidiaries

2018 Acquisitions

In 2018, Glencore acquired a 49% interest in Hunter Valley operations coal mine in New South Wales ("HVO") and other businesses, none of which are individually material. The net cash used in the acquisition of subsidiaries and the provisional fair value of assets acquired and liabilities assumed on the acquisition date are detailed below:

US$ million	HVO	Other	**Total**
Non-current assets			
Property, plant and equipment	1,481	9	1,490
Investments in associates and joint ventures	31	–	31
Deferred tax assets	18	–	18
Advances and loans[1]	14	–	14
	1,544	9	1,553
Current assets			
Inventories	50	–	50
Accounts receivable[1]	70	–	70
Cash and cash equivalents	11	1	12
	131	1	132
Non-current liabilities			
Deferred income	(199)	–	(199)
Deferred tax liabilities	–	(1)	(1)
Provisions	(78)	–	(78)
	(277)	(1)	(278)
Current liabilities			
Accounts payable	(109)	–	(109)
Provisions	(30)	–	(30)
	(139)	–	(139)
Total fair value of net assets acquired	**1,259**	**9**	**1,268**
Less: cash and cash equivalents acquired	(11)	(1)	(12)
Less: deferred consideration	(110)	(3)	(113)
Net cash used in acquisition of subsidiaries	**1,138**	**5**	**1,143**
Acquisition related costs	56	–	56

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

Hunter Valley operations

On 4 May 2018, Glencore completed the acquisition of a 49% interest in the HVO coal mine in New South Wales for a consideration of $1,259 million, comprising $1,149 million cash and $110 million of deferred consideration payable over 5 years, $90 million of which is contingent on future coal prices. HVO lies adjacent to numerous existing Glencore mines in the Hunter Valley and is expected to unlock significant mining and operating synergies. The investment is structured through an unincorporated joint venture with each party's exposure equating to its rights to the assets and obligations for the liabilities of HVO. As a joint operation, the 49% interest is accounted for by recognising the Group's share of HVO's assets, liabilities, revenue and expenses as prescribed by IFRS 11. In conjunction with the acquisition, $56 million of stamp duty and related costs were incurred.

Due to the proximity of the transaction to the reporting date, the fair values are provisional and expected to be finalised within 12 months of the acquisition. It is expected that adjustments could be made to the allocation of value between acquired mineral rights, plant and equipment, deferred taxes and provisions.

If the acquisition had taken place effective 1 January 2018, the operation would have contributed additional revenue of $192 million and additional attributable income of $29 million. From the date of acquisition, the operation contributed $157 million of revenue and $22 million of attributable income.

19. Acquisition and disposal of subsidiaries continued

2017 Acquisitions

In 2017, Glencore acquired controlling interests in Volcan Compania Minera S.A.A. ("Volcan") and other businesses, none of which are individually material. The net cash used in the acquisition of subsidiaries and the provisional fair value of assets acquired and liabilities assumed on the acquisition date are detailed below:

US$ million	Volcan provisional fair values as reported at 31 December 2017	Fair value adjustments to the provisional allocation in 2018	Total Volcan fair values	Other	Total
Non-current assets					
Property, plant and equipment	4,656	(19)	4,637	43	4,680
Intangible assets	76	(47)	29	–	29
Other investments	52	–	52	–	52
Deferred tax assets	–	–	–	2	2
Advances and loans[1]	32	(27)	5	1	6
	4,816	(93)	4,723	46	4,769
Current assets					
Inventories	80	3	83	2	85
Accounts receivable[1]	206	154	360	5	365
Other financial assets	30	–	30	–	30
Cash and cash equivalents	81	–	81	3	84
	397	157	554	10	564
Non-controlling interest	(1,733)	–	(1,733)	–	(1,733)
Non-current liabilities					
Borrowings	(629)	–	(629)	–	(629)
Deferred tax liabilities	(986)	(30)	(1,016)	–	(1,016)
Provisions	(174)	(34)	(208)	(26)	(234)
	(1,789)	(64)	(1,853)	(26)	(1,879)
Current liabilities					
Borrowings	(175)	–	(175)	–	(175)
Accounts payable	(386)	–	(386)	(6)	(392)
Other financial liabilities	(37)	–	(37)	–	(37)
	(598)	–	(598)	(6)	(604)
Total fair value of net assets acquired	**1,093**	**–**	**1,093**	**24**	**1,117**
Less: cash and cash equivalents acquired	(81)	–	(81)	(3)	(84)
Less: amounts previously recognised as other investments	(359)	–	(359)	–	(359)
Net cash used in acquisition of subsidiaries	**653**	**–**	**653**	**21**	**674**

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

Volcan

On 9 November 2017, Glencore completed a tender offer, acquiring an additional 42.3% of the Class A common (voting) shares in Volcan, a Peruvian zinc mining business listed on the Lima stock exchange, for a consideration of $734 million, thereby increasing its voting shares interest from 20.7% to 63.0%. Glencore's total economic interest (including the class B common (non-voting) shares and excluding treasury shares) increased from 7.7% to 23.3%. As Glencore holds the majority of the voting shares, providing it the ability to appoint a controlling number of directors to the board, Glencore is required to account for Volcan using the full consolidation method in accordance with IFRS 10.

The above fair value adjustments to the provisionally reported values primarily relate to the allocation of value between fixed asset classes, deferred taxes, rehabilitation and other provisions. The purchase price allocation remains provisional however, with no further significant changes expected.

If the acquisition had taken place effective 1 January 2017, the operation would have contributed additional revenue of $696 million and additional attributable income of $93 million. From the date of acquisition, the operation contributed $160 million of revenue and $Nil of attributable income.

19. Acquisition and disposal of subsidiaries continued

2018 Disposals

In 2018, Glencore disposed of its controlling interest in Glencore Manganese France SAS, Glencore Manganese Norway AS and Tahmoor Coal Pty Ltd, operations that were classified as held for sale as at 31 December 2017.

The carrying value of the assets and liabilities over which control was lost and the net cash received from these disposals are detailed below:

US$ million	Operations held for sale as at 31.12.2017	Others	**Total**
Non-current assets			
Property, plant and equipment	87	8	95
	87	8	95
Current assets			
Inventories	27	–	27
Accounts receivable	39	–	39
Cash and cash equivalents	32	–	32
	98	–	98
Non-current liabilities			
Provisions	(35)	(15)	(50)
	(35)	(15)	(50)
Current liabilities			
Accounts payable	(82)	(1)	(83)
Provisions	(1)	–	(1)
	(83)	(1)	(84)
Carrying value of net assets disposed	**67**	**(8)**	**59**
Cash and cash equivalents received	(48)	(10)	(58)
Items recycled to the statement of income	11	–	11
Future consideration	(36)	–	(36)
Net gain on disposal	**(6)**	**(18)**	**(24)**
Cash and cash equivalents received	48	10	58
Less: cash and cash equivalents disposed	(32)	–	(32)
Net cash received from disposal	**16**	**10**	**26**

19. Acquisition and disposal of subsidiaries continued

2017 Disposals

In 2017, Glencore disposed of its controlling interest in the Rosh Pinah mine in Namibia ("Rosh Pinah") and Perkoa mine in Burkina Faso ("Perkoa"), together referred to as "Zinc Africa" and 51% of the large majority of its petroleum storage and logistics businesses ("HG Storage").

The carrying value of the assets and liabilities over which control was lost and the net cash received from these disposals are detailed below:

US$ million	Zinc Africa	HG Storage	Others	Total
Non-current assets				
Property, plant and equipment	266	169	57	492
Intangible assets	3	–	–	3
Investments in associates	–	170	–	170
Advances and loans	–	11	–	11
	269	350	57	676
Current assets				
Inventories	58	4	7	69
Accounts receivable	43	68	15	126
Cash and cash equivalents	23	28	18	69
	124	100	40	264
Non-controlling interest	(4)	–	(25)	(29)
Non-current liabilities				
Borrowings	–	(31)	(10)	(41)
Deferred tax liabilities	(50)	(17)	(5)	(72)
Provisions	(24)	–	(33)	(57)
	(74)	(48)	(48)	(170)
Current liabilities				
Borrowings	(2)	–	–	(2)
Accounts payable	(56)	(67)	(9)	(132)
Income tax payable	–	(2)	–	(2)
	(58)	(69)	(9)	(136)
Carrying value of net assets disposed	**257**	**333**	**15**	**605**
Cash and cash equivalents received	(245)	(530)	–	(775)
Shares received	(222)	–	–	(222)
Future consideration	–	–	(13)	(13)
Items recycled to the statement of income	(22)	–	(121)	(143)
Reclassified to investment in joint venture[1]	–	(509)	(54)	(563)
Provision for guarantees	–	20	–	20
Transaction fees	–	12	–	12
Net gain on disposal[1]	**(232)**	**(674)**	**(173)**	**(1,079)**
Cash and cash equivalents received	245	530	–	775
Less: cash and cash equivalents disposed	(23)	(28)	(18)	(69)
Net cash received from disposal	**222**	**502**	**(18)**	**706**

1 Includes a gain of $383 million attributable to the remeasurement of the retained investment to its fair value upon change in control in HG Storage ($363 million) and Other ($20 million).

19. Acquisition and disposal of subsidiaries continued

Zinc Africa

On 31 August 2017, Glencore completed the transaction with Trevali Mining Corporation ("Trevali") a TSX listed zinc company, to sell its 80.1% equity interest in Rosh Pinah and its 90.0% equity interest in Perkoa. The aggregate consideration received was $467 million, of which $245 million was cash and the remaining balance ($222 million) was 193.4 million shares in Trevali. As a result of the transaction, Glencore's direct ownership in Trevali increased from 4% to 25.6%.

Glencore is no longer able to unilaterally direct the key strategic, operating and capital decisions of Rosh Pinah and Perkoa and was deemed to have disposed of its controlling interest at fair value. The difference to the net carrying value was recognised through the statement of income, with Glencore subsequently accounting for its share in Trevali using the equity method in accordance with IAS 28 (see note 9).

HG Storage

On 29 December 2017, Glencore completed the sale of a 51% interest in HG Storage International Ltd ("HG Storage"), a group comprising the majority of Glencore's petroleum products storage and logistics businesses (excluding the U.S., see note 13) to HNA Innovation Finance Group Co Ltd (HNA) for cash consideration of $530 million, including the assumption of certain debt. Glencore is no longer able to unilaterally direct the key strategic, operating and capital decisions of HG Storage and was deemed to have disposed of its controlling interest at fair value. The difference to the net carrying value was recognised through the statement of income, with Glencore subsequently accounting for its remaining remeasured share in HG Storage using the equity method in accordance with IAS 28.

20. 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 the fair values with the exception of $33,021 million (2017: $33,934 million) of borrowings, the fair value of which at 30 June 2018 was $33,448 million (2017: $34,776 million) based on observable market prices applied to the borrowing portfolio (a Level 2 fair value measurement).

US$ million **As at 30 June 2018**	Amortised cost	FVTPL[1]	FVTOCI[2]	**Total**
Assets				
Other investments[3]	–	527	1,788	2,315
Non-current other financial assets (see note 21)	–	69	–	69
Advances and loans	969	–	–	969
Accounts receivable	8,200	7,871	–	16,071
Other financial assets (see note 21)	–	2,733	–	2,733
Cash and cash equivalents	2,180	–	–	2,180
Total financial assets	**11,349**	**11,200**	**1,788**	**24,337**
Liabilities				
Borrowings	33,021	–	–	33,021
Non-current other financial liabilities (see note 21)	–	511	–	511
Accounts payable	11,068	18,103	–	29,171
Other financial liabilities (see note 21)	–	4,057	–	4,057
Total financial liabilities	**44,089**	**22,671**	**–**	**66,760**

1 FVTPL – Fair value through profit and loss.

2 FVTOCI – Fair value through other comprehensive income.

3 Other investments of $2,227 million are classified as Level 1 measured using quoted market prices with the remaining balance of $88 million being investments in private companies, classified as Level 2 measured using discounted cash flow models.

20. Financial instruments continued

US$ million As at 31 December 2017	Carrying value[1]	Available for sale	FVTPL[2]	Total
Assets				
Other investments[3]	–	2,268	690	2,958
Advances and loans	2,976	–	–	2,976
Accounts receivable	20,359	–	–	20,359
Other financial assets (see note 21)	–	–	2,311	2,311
Cash and cash equivalents[4]	–	–	2,124	2,124
Total financial assets	**23,335**	**2,268**	**5,125**	**30,728**
Liabilities				
Borrowings	33,934	–	–	33,934
Non-current other financial liabilities (see note 21)	–	–	513	513
Accounts payable	28,826	–	–	28,826
Other financial liabilities (see note 21)	–	–	4,522	4,522
Total financial liabilities	**62,760**	**–**	**5,035**	**67,795**

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 $2,871 million are classified as Level 1 measured using quoted market prices with the remaining balance of $87 million being investments in private companies whose fair value cannot be reliably measured and therefore carried at cost.
4 Classified as Level 1, measured using quoted exchange rates and/or market prices.

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 30 June 2018 and 31 December 2017 were as follows:

	Amounts eligible for set off under netting agreements			Related amounts not set off under netting agreements				
US$ million **As at 30 June 2018**	Gross amount	Amounts offset	**Net amount**	Financial instruments	Financial collateral	Net amount	**Amounts not subject to netting agreements**	**Total as presented in the consolidated statement of financial position**
Derivative assets[1]	17,559	(15,886)	**1,673**	(425)	(307)	941	**1,060**	**2,733**
Derivative liabilities[1]	(18,350)	15,886	**(2,464)**	425	1,350	(689)	**(1,593)**	**(4,057)**

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

	Amounts eligible for set off under netting agreements			Related amounts not set off under netting agreements				
US$ million As at 31 December 2017	Gross amount	Amounts offset	Net amount	Financial instruments	Financial collateral	Net amount	Amounts not subject to netting agreements	Total as presented in the consolidated statement of financial position
Derivative assets[1]	13,220	(11,907)	**1,313**	(347)	(426)	540	**998**	**2,311**
Derivative liabilities[1]	(15,162)	11,907	**(3,255)**	347	2,430	(478)	**(1,267)**	**(4,522)**

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.

21. 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 predominantly 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 30 June 2018 and 31 December 2017. 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. There are no non-recurring fair value measurements.

Financial assets

US$ million As at 30 June 2018	Level 1	Level 2	Level 3	**Total**
Accounts receivable	–	7,871	–	**7,871**
Other financial assets				
Commodity related contracts				
Futures	817	91	–	**908**
Options	40	4	–	**44**
Swaps	107	329	–	**436**
Physical forwards	–	605	415	**1,020**
Financial contracts				
Cross currency swaps	–	288	–	**288**
Foreign currency and interest rate contracts	–	37	–	**37**
Current other financial assets	**964**	**1,354**	**415**	**2,733**
Non-current other financial assets				
Purchased call options over Glencore shares[1]	–	69	–	**69**
Non-current other financial assets	**–**	**69**	**–**	**69**
Total	**964**	**9,294**	**415**	**10,673**

1 Call options over the Company's shares in relation to conversion rights of the $500 million non-dilutive convertible bond, due in 2025. See note 17.

21. Fair value measurements continued

US$ million As at 31 December 2017	Level 1	Level 2	Level 3	Total
Other financial assets				
Commodity related contracts				
Futures	227	42	–	**269**
Options	93	37	–	**130**
Swaps	131	339	–	**470**
Physical forwards	–	582	356	**938**
Financial contracts				
Cross currency swaps	–	421	–	**421**
Foreign currency and interest rate contracts	–	83	–	**83**
Total	**451**	**1,504**	**356**	**2,311**

Financial liabilities

US$ million As at 30 June 2018	Level 1	Level 2	Level 3	Total
Accounts payable	–	18,103	–	**18,103**
Other financial liabilities				
Commodity related contracts				
Futures	1,142	45	–	**1,187**
Options	15	2	21	**38**
Swaps	123	452	–	**575**
Physical forwards	–	628	217	**845**
Financial contracts				
Cross currency swaps	–	1,267	–	**1,267**
Foreign currency and interest rate contracts	–	145	–	**145**
Current other financial liabilities	**1,280**	**2,539**	**238**	**4,057**
Non-current other financial liabilities				
Non-discretionary dividend obligation[1]	–	–	442	**442**
Embedded call options over Glencore shares[2]	–	69	–	**69**
Non-current other financial liabilities	**–**	**69**	**442**	**511**
Total	**1,280**	**20,711**	**680**	**22,671**

US$ million As at 31 December 2017	Level 1	Level 2	Level 3	Total
Other financial liabilities				
Commodity related contracts				
Futures	2,029	84	–	**2,113**
Options	37	29	8	**74**
Swaps	121	372	–	**493**
Physical forwards	–	468	184	**652**
Financial contracts				
Cross currency swaps	–	1,137	–	**1,137**
Foreign currency and interest rate contracts	–	53	–	**53**
Current other financial liabilities	**2,187**	**2,143**	**192**	**4,522**
Non-current other financial liabilities				
Non-discretionary dividend obligation[1]	–	–	513	**513**
Non-current other financial liabilities	**–**	**–**	**513**	**513**
Total	**2,187**	**2,143**	**705**	**5,035**

1 A ZAR denominated derivative liability payable to ARM Coal, one of the Group's principal coal joint operations based in South Africa. 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 (modelled mine life of 25 years as at 31 December 2017) and has no fixed repayment date and is not cancellable within 12 months.

2 Embedded call option bifurcated from the 2025 convertible bond. See note 17.

21. Fair value measurements continued

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

US$ million	Physical forwards	Options	Other	**Total Level 3**
1 January 2018	172	(8)	(513)	**(349)**
Total gain/(loss) recognised in cost of goods sold	70	(19)	–	**51**
Non-discretionary dividend obligation	–	–	71	**71**
Realised	(44)	6	–	**(38)**
30 June 2018	**198**	**(21)**	**(442)**	**(265)**

During the period, 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.

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			**As at 30.06.2018**	As at 31.12.2017
Accounts receivable and payable – Level 2		Assets	**7,871**	–
		Liabilities	**(18,103)**	–
Comprised of trade receivables/payables containing an embedded commodity derivative, which are designated and measured at fair value through profit and loss until final settlement.				
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted commodity 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			
Futures – Level 1		Assets	**817**	227
		Liabilities	**(1,142)**	(2,029)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Futures – Level 2		Assets	**91**	42
		Liabilities	**(45)**	(84)
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	**40**	93
		Liabilities	**(15)**	(37)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Options – Level 2		Assets	**4**	37
		Liabilities	**(2)**	(29)
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	**–**	–
		Liabilities	**(21)**	(8)
Valuation techniques and key inputs:	Standard option pricing model			
Significant unobservable inputs:	Prices are adjusted by volatility differentials. This significant unobservable input generally represents 2% – 20% of the overall value of the instruments. A change to a reasonably possible alternative assumption would not result in a material change in the underlying value.			
Swaps – Level 1		Assets	**107**	131
		Liabilities	**(123)**	(121)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			

21. Fair value measurements continued

US$ million			As at 30.06.2018	As at 31.12.2017
Swaps – Level 2		Assets	**329**	339
		Liabilities	**(452)**	(372)
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 2		Assets	**605**	582
		Liabilities	**(628)**	(468)
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, such as history of non-performance, collateral held and current market developments, as required.			
Significant unobservable inputs:	None			
Physical Forwards – Level 3		Assets	**415**	356
		Liabilities	**(217)**	(184)
Valuation techniques and key inputs:	Discounted cash flow model			
Significant unobservable inputs:	Valuation of the Group's commodity physical forward contracts categorised within this level is based on observable market prices that are adjusted by unobservable differentials, as required, including: – Quality; – Geographic location; – Local supply & demand; – Customer requirements; and – Counterparty credit considerations. These significant unobservable inputs generally represent 2%–30% of the overall value of the instruments. The valuation prices are applied consistently to value physical forward sale and purchase contracts, and changing a particular input to reasonably possible alternative assumptions does not result in a material change in the underlying value of the portfolio.			
Cross currency swaps – Level 2		Assets	**288**	421
		Liabilities	**(1,267)**	(1,137)
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 2		Assets	**37**	83
		Liabilities	**(145)**	(53)
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			
Call options over Glencore shares – Level 2		Assets	**69**	–
		Liabilities	**(69)**	–
Valuation techniques and key inputs:	Option pricing model – Current price of Glencore shares; – Strike price; – Maturity date of the underlying convertible debt security; – Risk-free rate; and – Volatility.			
Significant unobservable inputs:	None			

21. Fair value measurements continued

US$ million			As at 30.06.2018	As at 31.12.2017
Non-discretionary dividend obligation – Level 3		Assets	–	–
		Liabilities	**(442)**	**(513)**
Valuation techniques:	Discounted cash flow model			
Significant observable inputs:	– Forecast commodity prices; – Discount rates using weighted average cost of capital methodology; – 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. The valuation remains sensitive to price and a 10% increase/decrease in commodity price assumptions would result in an $132 million adjustment to the current carrying value.			

22. Future commitments

Capital expenditure for the acquisition of property, plant and equipment is generally funded through the cash flow generated by the respective industrial entities. As at 30 June 2018, $1,548 million (2017: $987 million), of which 91% (2017: 93%) 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 licences 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 30 June 2018, $143 million (2017: $139 million) of such development expenditures are to be incurred, of which 38% (2017: 36%) are for commitments to be settled over the next year.

Glencore procures seagoing vessels/chartering services to meet its overall marketing objectives and commitments. As at 30 June 2018, Glencore has committed to future hire costs to meet future physical delivery and sale obligations and expectations of $227 million (2017: $247 million), of which $66 million (2017: $76 million) is with associated companies. 76% (2017: 72%) 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. Similarly, Glencore is required to post rehabilitation and pension guarantees in respect of some of these future, primarily industrial, long-term obligations. As at 30 June 2018, $19,045 million (2017: $17,578 million) of procurement and $3,761 million (2017: $3,615 million) of rehabilitation and pension commitments have been issued on behalf of Glencore, which will generally be settled simultaneously with the payment for such commodity, often occurring up to 90 days after physical supply, and rehabilitation and pension obligations.

Future development and related commitments

Acquisition of Chevron South Africa and Botswana
On 6 October 2017, Glencore entered into an agreement with Off the Shelf Investments Fifty Six (RF) Proprietary Limited ("OTS") to acquire from OTS (i) a 75% stake in Chevron South Africa Proprietary Limited (Chevron SA) and certain related interests and (ii) the entire issued share capital of Chevron Botswana Proprietary Limited (Chevron Botswana) (together the "Operations") following closing of OTS's exercise of its pre-emptive right to acquire these Operations from the Chevron group. The aggregate consideration (subject to adjustment for debt and working capital) is around $1 billion. OTS's acquisition from Chevron is expected to close on 1 September 2018, at which time Glencore will provide OTS with the required funding. The sale of the operations from OTS to Glencore in exchange for the 1 September 2018 advance is subject to obtaining the necessary regulatory approvals, expected in Q4 2018. In addition, OTS has agreed as part of the regulatory approval process to a number of material commitments including a substantial upgrade of the Chevron Cape Town refinery. Glencore has undertaken, pending its acquisition, to support financially and technically OTS's compliance with these obligations and will be required to make commitments at least as onerous as part of its own regulatory approval process.

Hail Creek
On 20 March 2018, Glencore reached an agreement to acquire Rio Tinto's 82% interest in the Hail Creek coal mine and adjacent coal resources, as well as its 71.2% interest in the Valeria coal resource in central Queensland for a total cash consideration of $1.7 billion. The transaction completed on 1 August 2018. Each Joint Venture partner has the right to sell its share to Glencore through a "tag-along" right with respect to this transaction, which could result in additional consideration of up to $340 million. The "tag along" right process is expected to be concluded during H2 2018.

ALE Combustíveis
On 29 June 2018, Glencore entered into an agreement to acquire 78% of ALE Combustíveis, a Brazilian fuel distributor, for a total cash consideration of approximately $220 million, comprising $140 million on closing and $80 million due over six years. The transaction is subject to regulatory approvals and expected to close in Q3 2018.

23. Contingent liabilities

The Group is subject to various legal and regulatory proceedings as detailed below. These contingent liabilities are reviewed on a regular basis and where feasible an estimate is made of the potential financial impact on the Group. As at 30 June 2018 and 31 December 2017 it was not feasible to make such an assessment.

Legal and regulatory proceedings

On 3 July 2018 Glencore announced that one of its subsidiaries had received a subpoena from the US Department of Justice ("DOJ") to produce documents and other records with respect to compliance with the Foreign Corrupt Practices Act and United States money laundering statutes, relative to Glencore Group's business in Nigeria, the Democratic Republic of Congo and Venezuela, from 2007 to the present.

Additionally, various securities class actions suits have been filed against Glencore plc in connection with the announcement of the DOJ subpoena. Glencore plc has not been served with any of these complaints.

The existence, timing and amount of any future financial obligations (such as fines, penalties or damages) or other consequences arising from the DOJ subpoena or the class actions suits are unable to be determined at this time and no liability has been recognised in relation to these matters in the consolidated statement of financial position at the end of the reporting period.

Other legal and regulatory proceedings, claims and unresolved disputes are pending against Glencore in respect of which the timing of resolution and potential outcome (including any future financial obligations) are uncertain and no liabilities have been recognised in relation to these matters.

Environmental contingencies

Glencore's operations are subject to various environmental laws and regulations. Glencore is not aware of any material non-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. Any potential liability arising from environmental incidents in the ordinary course of the Group's business would not usually be expected to have a material adverse effect on its consolidated income, financial position or cash flows.

Tax disputes

Glencore assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. For those matters where it is probable that an adjustment will be made, the Group records its reasoned estimate of these tax liabilities, including related interest charges. These current open tax matters are spread across numerous jurisdictions and consist primarily of legacy transfer pricing matters that have been open for a number of years and may take several more years to resolve, none of which are individually material. Management does not anticipate a significant risk of material change in estimates within the next financial year.

Margin Call Guarantee

As part of the partnership with Qatar Investment Authority and in relation to the joint venture's (QHG) ownership of Rosneft shares, Glencore provided a margin guarantee up to EUR1.4 billion. The margin guarantee is subject to various loan to value thresholds related to the financing provided to QHG. Appropriate Russian banks have in turn provided Glencore with a guarantee which can and will be called upon in the event of drawdown under Glencore's margin guarantee facility related to QHG. As at 30 June 2018, $Nil has been called under the QHG margin guarantee.

24. Related party transactions

In the normal course of business, Glencore enters into various arm's length transactions with related parties, including fixed price commitments to sell and to purchase commodities, forward sale and purchase contracts, agency agreements and management service agreements. Outstanding balances at period end are unsecured and settlement occurs in cash (see notes 10, 12 and 18). 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, associates and joint ventures. Over the six month period ended 30 June 2018, sales and purchases with associates and joint ventures amounted to $816 million (2017: $833 million) and $4,409 million (2017: $3,538 million) respectively.

25. Principal subsidiaries with material non-controlling interests

Non-controlling interest is comprised of the following:

US$ million	**as at 30.06.2018**	as at 31.12.2017
Volcan	1,730	1,733
Kazzinc	1,315	1,438
Koniambo	(3,035)	(2,905)
Katanga (see KCC debt restructuring note below)	90	(965)
Other[1]	271	399
Total	**371**	**(300)**

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

KCC Debt Restructuring

Kamoto Copper Company ("KCC"), the 75% owned Katanga (in turn 86% held by Glencore) group entity carrying out mining activities in the DRC, had a significant net deficit balance sheet position that was required to be recapitalised under DRC law by 31 December 2017. Notwithstanding the various discussions with KCC's state-owned minority partner, La Générale des Carrières et des Mines ("Gécamines") over the past year, in April 2018, Gécamines commenced legal proceedings in the DRC to dissolve KCC, following KCC's failure to address its capital deficiency.

In June 2018, an agreement was reached with Gécamines to regularise the capital deficiency by converting $5.6 billion of existing intercompany debt owed by KCC to Katanga Mining Limited ("KML") Group (eliminated on consolidation) into equity. To ensure Gécamines' 25% interest was not diluted (contractually required), $1.4 billion (25%) of the total debt converted to equity was effectively 'gifted' by KML to Gécamines.

Under IFRS 10, changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners) whereby the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent. As a result of the debt for equity conversion / transaction, the 'gifted' portion of the converted debt resulted in a $1,203 million loss being recognised directly in 'other equity reserves', offset by a gain of an equal amount recognised in the 'non-controlling interests' equity reserve account.

In addition, it was agreed to:

- pay Gécamines $150 million to settle various historical commercial disputes;
- fund, on behalf of Gécamines, $41 million of outstanding unpaid invoices for contractors in charge of an earlier replacement reserves program; and
- waive KCC's right to $57 million of exploration and drilling expenditures incurred on behalf of Gécamines.

These amounts, totalling $248 million, have been expensed in the consolidated financial statements.

26. Subsequent events

The matters set out in the second and third paragraphs of note 23, under the *Legal and regulatory proceedings* section, have occurred subsequently to period end.

On 5 July 2018, Glencore announced an up to $1 billion share-buy-back-programme running until 31 December 2018.

The acquisition of Hail Creek completed on 1 August 2018, see note 22.

Alternative performance measures

Alternative performance measures are denoted by the symbol ◊

When assessing and discussing the Group's reported financial performance, financial position and cash flows, Glencore makes reference to Alternative performance measures (APMs), which are not defined or specified under the requirements of IFRS, but are derived from the financial statements prepared in accordance with IFRS. The APMs are consistent with how the business performance is measured and reported within the internal management reporting to the Board and management and assist in providing meaningful analysis of the Group's results both internally and externally in discussions with the financial analyst and investment community.

The Group uses APMs to improve the comparability of information between reporting periods and segments and to aid the understanding of the activity taking place across the Group by adjusting for items that are of an infrequent nature and by aggregating or disaggregating (notably in the case of relevant material associates and joint ventures accounted for on an equity basis) certain IFRS measures. APMs are also used to approximate the underlying operating cash flow generation of the operations (Adjusted EBITDA).

Investments in the extractive industry are typically significant and the initial spend generally occurs over several years, "upfront", prior to the operations generating cash. As a result, the investments are sometimes made with partners and an assessment to approximate the operating cash flow generation/pay-back of the investment (Adjusted EBITDA) is required. Against this backdrop, the key APMs used by Glencore are Adjusted EBITDA, Net funding/Net debt and the disaggregation of the equivalent key APMs of our relevant material associates and joint ventures ("Proportionate adjustment") to enable a consistent evaluation of the financial performance and returns attributable to the Group.

Adjusted EBITDA is a useful approximation of the operating cash flow generation by eliminating depreciation and amortisation adjustments. Adjusted EBITDA is not a direct measure of our liquidity, which is shown by our cash flow statement and needs to be considered in the context of our financial commitments.

Proportionate adjustments are useful to enable a consistent evaluation of the financial performance and returns available to the Group, irrespective of the differing accounting treatments required to account for our minority/joint ownership interests of our relevant material investments.

Net funding is an aggregation of IFRS measures (Borrowings less cash and cash equivalents) and Net debt is Net funding less Readily marketable inventories and provides a measure of our financial leverage and, through Net debt to Adjusted EBITDA relationships, provides an indication of relative financial strength and flexibility.

APMs used by Glencore may not be comparable with similarly titled measures and disclosures by other companies. APMs have limitations as an analytical tool, and a user of the financial statements should not consider these measures in isolation from, or as a substitute for, analysis of the Group's results of operations; and they may not be indicative of the Group's historical operating results, nor are they meant to be a projection or forecast of its future results.

Listed below are the definitions and reconciliations to the underlying IFRS measures of the various APMs used by the Group.

Proportionate adjustment

For internal reporting and analysis, management evaluates the performance of Antamina copper/zinc mine (34% owned), Cerrejón coal mine (33% owned), Collahuasi copper mine (44% owned) and Glencore Agriculture (50% owned) under the proportionate consolidation method reflecting Glencore's proportionate share of the revenues, expenses, assets and liabilities of these investments.

In November 2017, Glencore completed the acquisition of additional shares in Volcan, thereby increasing its total economic interest from 7.7% to 23.3% (compared to its 63% voting interest). For internal reporting and analysis, management evaluates the performance of Volcan under the equity method, reflecting the Group's relatively low 23.3% economic ownership in this fully ring-fenced listed entity, with its stand-alone, independent and separate capital structure. The impact is that we reflect 23.3% of Volcan's net income in the Group's Adjusted EBIT/EBITDA and its results are excluded from all other APM's including production data.

See reconciliation of revenue and relevant material associates' and joint ventures' Adjusted EBIT to "Share of net income from associates and joint ventures" below.

APMs derived from the statement of income

Revenue

Revenue represents revenue by segment (see note 3 of the financial statements), as reported on the face of the statement of income plus the relevant Proportionate adjustments. See reconciliation table below.

US$ million	**H1 2018**	H1 2017
Revenue – Marketing activities	94,461	90,056
Revenue – Industrial activities	21,892	17,974
Revenue	**116,353**	**108,030**
Proportionate adjustment material associates and joint ventures – revenue	(8,236)	(7,743)
Proportionate adjustment Volcan – revenue	437	–
	(7,799)	**(7,743)**
Revenue – reported measure	**108,554**	**100,287**

Alternative performance measures
continued

Share of income from material associates and joint ventures

US$ million	H1 2018	H1 2017
Associates' and joint ventures' Adjusted EBITDA	1,227	1,042
Depreciation and amortisation	(408)	(395)
Associates' and joint ventures' Adjusted EBIT	819	647
Net finance income/(expense)	8	(38)
Income tax expense	(309)	(213)
	(301)	(251)
Share of income from material associates and joint ventures	**518**	**396**
Share of income from other associates	80	32
Share of income from associates and joint ventures[1]	**598**	**428**

1 Comprises share in earnings of $47 million (2017: $64 million) from Marketing activities and $551 million (2017: $364 million) from Industrial activities.

Adjusted EBIT/EBITDA

Adjusted EBIT/EBITDA provide insight into our overall business performance (a combination of cost management, seizing market opportunities and growth), and are the corresponding flow drivers towards our objective of achieving industry-leading returns.

Adjusted EBIT 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 Adjusted EBIT of relevant material associates and joint ventures, which are accounted for internally by means of proportionate consolidation, excluding Significant items, see definition below.

Adjusted EBITDA consists of Adjusted EBIT plus depreciation and amortisation, including the related Proportionate adjustments. See reconciliation table below.

US$ million	H1 2018	H1 2017
Reported measures		
Revenue	108,554	100,287
Cost of goods sold	(103,536)	(96,535)
Selling and administrative expenses	(821)	(660)
Share of income from associates and joint ventures	598	428
	4,795	**3,520**
Adjustments to reported measures		
Share of associates' significant items	–	6
Unrealised intergroup profit elimination	43	99
Mark-to-market valuation on certain coal hedging contracts	–	(75)
Proportionate adjustment material associates and joint ventures – net finance and income tax expense	301	251
Proportionate adjustment Volcan – net finance, income tax expense and non-controlling interests	(20)	–
Adjusted EBIT	**5,119**	**3,801**
Depreciation and amortisation	2,916	2,545
Proportionate adjustment material associates and joint ventures – depreciation	408	395
Proportionate adjustment Volcan – depreciation	(173)	–
Adjusted EBITDA	**8,270**	**6,741**

Alternative performance measures
continued

Significant items

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

Reconciliation of net significant items H1 2018

US$ million	Gross significant charges	Non-controlling interests' share	**Equity holders' share**
Unrealised intergroup profit elimination[1]	(43)	–	(43)
Gains on disposals and investments[2]	19	–	19
Other (expense)/income – net[3]	(350)	69	(281)
Income tax impact from significant items and significant tax items themselves	(212)	–	(212)
Total significant items	**(586)**	**69**	**(517)**

1 See note 3 of the interim financial statements.
2 See note 4 of the interim financial statements.
3 See note 5 of the interim financial statements.

Reconciliation of net significant items H1 2017

US$ million	Gross significant charges	Non-controlling interests' share	**Equity holders' share**
Share of Associates' significant items[1]	(6)	–	(6)
Mark-to-market valuation on certain coal hedging contracts[1]	75	–	75
Unrealised intergroup profit elimination[1]	(99)	–	(99)
Gains on disposals and investments[2]	3	–	3
Other (expense)/income – net[3]	103	–	103
Income tax impact from significant items and significant tax items themselves	27	–	27
Total significant items	**103**	**–**	**103**

1 See note 3 of the interim financial statements.
2 See note 4 of the interim financial statements.
3 See note 5 of the interim financial statements.

Net income attributable to equity shareholder pre-significant items

Net income attributable to equity shareholders pre-significant items is a measure of our ability to generate shareholder returns. The calculation of tax items to be excluded from Net income, includes the tax effect of significant items and significant tax items themselves. Refer to earnings summary in the Financial and Operational Review section and reconciliation of tax expense below.

Alternative performance measures
continued

APMs derived from the statement of financial position

Net funding/Net debt and Net debt to Adjusted EBITDA

Net funding/debt demonstrates how our debt is being managed and is an important factor in ensuring we maintain investment grade credit rating status and a competitive cost of capital. Net debt is defined as total current and non-current borrowings less cash and cash equivalents, readily marketable inventories and related Proportionate adjustments. Consistent with the general approach in relation to our internal reporting and evaluation of Volcan, its consolidated net debt has also been adjusted to reflect the Group's relatively low 23.3% economic ownership (compared to its 63.0% voting interest) in this still fully ring-fenced listed entity, with its standalone, independent and separate capital structure. Furthermore, the relationship of Net debt to Adjusted EBITDA provides an indication of financial flexibility. See reconciliation table below.

Readily marketable inventories (RMI)

RMI comprising the core inventories which underpin and facilitate Glencore's marketing activities, represent inventories, that in Glencore's assessment, are readily convertible into cash in the short term due to their liquid nature, widely available markets and the fact that price risk is primarily covered either by a forward physical sale or hedge transaction. Glencore regularly assesses the composition of these inventories and their applicability, relevance and availability to the marketing activities. For the six month ended 30 June 2018 $22,897 million (2017: $22,225 million) of inventories were considered readily marketable. This comprises $17,520 million (2017: $16,649 million) of inventories carried at fair value less costs of disposal and $5,377 million (2017: $5,576 million) carried at the lower of cost or net realisable value. Total readily marketable inventories includes $1,777 million related to the relevant material associates and joint ventures (see note 3) presented under the proportionate consolidation method, comprising $1,455 million of inventory carried at fair value less cost of disposal and $322 million carried at lower of cost or net realisable value. 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.

Net funding/net debt at 30 June 2018

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Non-current borrowings	24,095	344	(600)	23,839
Current borrowings	8,926	1,676	(200)	10,402
Total borrowings	33,021	2,020	(800)	**34,241**
Less: cash and cash equivalents	(2,180)	(264)	97	(2,347)
Net funding	30,841	1,756	(703)	**31,894**
Less: Readily marketable inventories	(21,120)	(1,777)	–	(22,897)
Net debt	9,721	(21)	(703)	**8,997**

Net funding/net debt at 31 December 2017

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Non-current borrowings	24,532	356	(629)	24,259
Current borrowings	9,402	1,650	(177)	10,875
Total borrowings	33,934	2,006	(806)	**35,134**
Less: cash and cash equivalents	(2,124)	(214)	102	(2,236)
Net funding	31,810	1,792	(704)	**32,898**
Less: Readily marketable inventories	(20,666)	(1,559)	–	(22,225)
Net debt	11,144	233	(704)	**10,673**

Alternative performance measures
continued

APMs derived from the statement of cash flows

Capital expenditure ("Capex")

Capital expenditure is cash expenditure on property, plant and equipment. For internal reporting and analysis, Capex includes related Proportionate adjustments. See reconciliation table below.

US$ million	H1 2018	H1 2017
Capital expenditure – Marketing activities	73	87
Capital expenditure – Industrial activities	2,092	1,592
Capital expenditure	**2,165**	**1,679**
Proportionate adjustment material associates and joint ventures – capital expenditure	(278)	(232)
Proportionate adjustment Volcan – capital expenditure	80	–
	(198)	(232)
Capital expenditure – reported measure	**1,967**	**1,447**

Funds from operations (FFO) and FFO to Net debt

FFO is a measure that reflects our ability to generate cash for investment, debt servicing and distributions to shareholders. It comprises cash provided by operating activities before working capital changes, less tax and net interest payments plus dividends received, related Proportionate adjustments and Significant items, as appropriate. Furthermore, the relationship of FFO to net debt is an indication of our financial flexibility and strength. See reconciliation table below.

Six months ended 30 June 2018 US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Cash generated by operating activities before working capital changes	6,805	–	–	6,805
Addback EBITDA of relevant material associates and joint ventures	–	1,227	(191)	1,036
Share in earnings from associates included in EBITDA	–	2	–	2
Adjusted cash generated by operating activities before working capital changes	6,805	1,229	(191)	7,843
Income taxes paid	(1,105)	(509)	37	(1,577)
Interest received	83	5	–	88
Interest paid	(780)	(37)	19	(798)
Dividends received from associates and joint ventures	568	(499)	–	69
Funds from operations (FFO)	5,571	189	(135)	**5,625**

Last Twelve Months ("LTM") key ratios calculation 2018

US$ million	FFO	Adjusted EBITDA	Net interest
Full year 2017	11,556	14,762	1,451
Less: H1 2017	(5,201)	(6,741)	(759)
H2 2017	6,355	8,021	692
Add: H1 2018	5,625	8,270	746
LTM	**11,980**	**16,291**	**1,438**

Net debt at 30 June 2018	**8,997**
FFO to Net debt	**133.2%**
Net debt to Adjusted EBITDA	**0.55x**

Six months ended 30 June 2017 US$ million	Reported measure	Proportionate adjustment	**Adjusted measure**
Cash generated by operating activities before working capital changes	5,599	–	5,599
Addback EBITDA of relevant material associates and joint ventures	–	1,042	1,042
Share in earnings from associates included in EBITDA	–	(13)	(13)
Adjusted cash generated by operating activities before working capital changes	5,599	1,029	6,628
Coal related hedging included above (via statement of income – refer to note 2)	(75)	–	(75)
Income taxes paid	(351)	(258)	(609)
Interest received	53	1	54
Interest paid	(777)	(34)	(811)
Dividends received from associates and joint ventures	413	(399)	14
Funds from operations (FFO)	4,862	339	**5,201**

Other reconciliations

Other reconciliations

Available committed liquidity[1]

US$ million	as at 30.06.2018	as at 31.12.2017
Cash and cash equivalents – reported	2,180	2,124
Proportionate adjustment – cash and cash equivalents	167	214
Headline committed syndicated revolving credit facilities	14,200	12,760
Amount drawn under syndicated revolving credit facilities	(2,970)	(994)
Amounts drawn under U.S. commercial paper programme	(281)	(1,230)
Total	**13,296**	**12,874**

1 Presented on an adjusted measured basis.

Cash flow related adjustments H1 2018

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Funds from operations (FFO)	5,571	189	(135)	5,625
Working capital changes	130	100	50	280
Net cash used in acquisitions of subsidiaries	(1,143)	(1)	–	(1,144)
Net cash received from disposal of subsidiaries	26	20	–	46
Purchase of investments	(7)	(11)	–	(18)
Proceeds from sale of investments	19	9	–	28
Purchase of property, plant and equipment	(1,946)	(273)	80	(2,139)
Proceeds from sale of property, plant and equipment	37	–	–	37
Margin payments in respect of financing related hedging activities	(211)	–	–	(211)
Acquisition of additional interests in subsidiaries	(59)	–	–	(59)
Return of capital/distributions to non-controlling interests	(241)	–	–	(241)
Purchase of own shares	(321)	–	–	(321)
Disposal of own shares	28	–	–	28
Distributions paid to equity holders of the Parent	(1,427)	–	–	(1,427)
Cash movement in net funding	456	33	(5)	**484**

Cash flow related adjustments H1 2017

US$ million	Reported measure	Proportionate adjustment	**Adjusted measure**
Funds from operations (FFO)	4,862	339	5,201
Working capital changes	380	140	520
Net cash used in acquisitions of subsidiaries	–	(57)	(57)
Net cash received from disposal of subsidiaries	–	1	1
Purchase of investments	(3)	(7)	(10)
Proceeds from sale of investments	38	–	38
Purchase of property, plant and equipment	(1,441)	(232)	(1,673)
Proceeds from sale of property, plant and equipment	55	6	61
Margin receipts in respect of financing related hedging activities	895	–	895
Acquisition of additional interests in subsidiaries	(562)	–	(562)
Return of capital/distributions to non-controlling interests	(126)	(1)	(127)
Disposal of own shares	6	–	6
Distributions paid to equity holders of the Parent	(499)	–	(499)
Coal related hedging	75	–	75
Cash movement in net funding	3,680	189	**3,869**

Other reconciliations
continued

Reconciliation of tax expense H1 2018

US$ million	Total
Adjusted EBIT, pre-significant items	5,119
Net finance costs	(746)
Adjustments for:	
Net finance income from material associates and joint ventures	8
Net finance expense from Volcan	20
Share of income from other associates pre-significant items	(80)
Profit on a proportionate consolidation basis before tax and pre-significant items	**4,321**
Income tax expense, pre-significant items	(932)
Adjustments for:	
Tax expense from material associates and joint ventures	(309)
Tax expense from Volcan	8
Tax expense on a proportionate consolidation basis	**(1,233)**
Applicable tax rate	**28.5%**

US$ million	Pre-significant tax expense	Significant items tax[1]	Total tax expense
Tax expense on a proportionate consolidation basis	1,233	212	1,445
Adjustment in respect of material associates and joint ventures – tax	(309)	–	(309)
Adjustment in respect of Volcan – tax	8	–	8
Tax expense on the basis of the income statement	**932**	**212**	**1,144**

1 Represents the tax impact on current period significant items and tax significant items in their own right, such as foreign exchange fluctuations ($14 million) and tax losses not recognised ($206 million) (see note 6).

Reconciliation of tax expense H1 2017

US$ million	Total
Adjusted EBIT, pre-significant items	3,801
Net finance costs	(759)
Adjustments for:	
Net finance expense from material associates and joint ventures	(38)
Share of income from other associates pre-significant items	(38)
Profit on a proportionate consolidation basis before tax and pre-significant items	**2,966**
Income tax expense, pre-significant items	(660)
Adjustments for:	
Tax expense from material associates and joint ventures	(213)
Tax expense on a proportionate consolidation basis	**(873)**
Applicable tax rate	**29.4%**

US$ million	Pre-significant tax expense	Significant items tax[1]	Total tax expense
Tax expense/(credit) on a proportionate consolidation basis	873	(27)	846
Adjustment in respect of material associates and joint ventures – tax	(213)	–	(213)
Tax expense/(credit) on the basis of the income statement	**660**	**(27)**	**633**

1 Represents the tax impact on current period significant items and tax significant items in their own right, such as foreign exchange fluctuations ($15 million tax benefit) and tax losses not recognised ($Nil) (see note 6).

Production by quarter – Q2 2017 to Q2 2018

Metals and minerals

Production from own sources – Total[1]

		Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	**H1 2018**	H1 2017	Change H1 18 vs H1 17 %	Change Q2 18 vs Q2 17 %
Copper	kt	318.8	303.6	363.2	345.4	350.8	696.2	642.9	8	10
Cobalt	kt	6.4	7.1	7.6	7.0	9.7	16.7	12.7	31	52
Zinc	kt	291.6	256.6	262.8	242.7	255.5	498.2	570.8	(13)	(12)
Lead	kt	70.3	71.5	61.8	57.4	58.3	115.7	139.2	(17)	(17)
Nickel	kt	26.3	29.5	28.4	30.1	32.1	62.2	51.2	21	22
Gold	koz	265	247	262	231	256	487	524	(7)	(3)
Silver	koz	10,215	9,298	8,935	8,296	8,408	16,704	19,510	(14)	(18)
Ferrochrome	kt	397	271	424	409	409	818	836	(2)	3

Production from own sources – Copper assets[1]

			Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	**H1 2018**	H1 2017	Change H1 18 vs H1 17 %	Change Q2 18 vs Q2 17 %
African Copper (Katanga, Mutanda, Mopani)											
Katanga	Copper metal	kt	–	–	2.2	27.7	35.6	63.3	–	n.m.	n.m.
	Copper in concentrates	kt	–	–	2.7	–	–	–	–	n.m.	n.m.
	Cobalt[2]	kt	–	–	–	0.5	2.5	3.0	–	n.m.	n.m.
Mutanda	Copper metal	kt	47.7	44.1	51.5	50.8	51.1	101.9	96.5	6	7
	Cobalt[2]	kt	5.5	6.0	6.7	5.6	6.2	11.8	11.2	5	13
Mopani	Copper metal	kt	6.9	11.7	15.0	14.4	15.0	29.4	15.0	96	117
African Copper – total production including third party feed											
Mopani	*Copper metal*	*kt*	*12.5*	*23.7*	*40.8*	*33.0*	*28.2*	61.2	*34.4*	*78*	*126*
	Total Copper metal	**kt**	**54.6**	**55.8**	**68.7**	**92.9**	**101.7**	**194.6**	111.5	75	86
	Total Copper in concentrates	**kt**	**–**	**–**	**2.7**	**–**	**–**	**–**	–	n.m.	n.m.
	Total Cobalt[2]	**kt**	**5.5**	**6.0**	**6.7**	**6.1**	**8.7**	**14.8**	11.2	32	58
Collahuasi[3]	**Copper in concentrates**	**kt**	**51.0**	**58.4**	**63.5**	**60.6**	**54.7**	**115.3**	108.6	6	7
	Silver in concentrates	**koz**	**748**	**766**	**815**	**812**	**755**	**1,567**	1,522	3	1
Antamina[4]	**Copper in concentrates**	**kt**	**40.0**	**37.2**	**35.1**	**36.5**	**35.9**	**72.4**	70.3	3	(10)
	Zinc in concentrates	**kt**	**34.5**	**34.5**	**34.6**	**30.3**	**42.7**	**73.0**	59.0	24	24
	Silver in concentrates	**koz**	**1,882**	**1,772**	**1,480**	**1,321**	**1,468**	**2,789**	3,327	(16)	(22)

Production by quarter – Q2 2017 to Q2 2018
continued

Metals and minerals

Production from own sources – Copper assets[1] continued

			Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	**H1 2018**	H1 2017	Change H1 18 vs H1 17 %	Change Q2 18 vs Q2 17 %
Other South America (Alumbrera, Lomas Bayas, Antapaccay, Punitaqui)											
Alumbrera	Copper in concentrates	kt	9.1	7.3	5.5	6.5	7.5	14.0	20.5	(32)	(18)
	Gold in concentrates and in doré	koz	49	53	38	39	51	90	97	(7)	4
	Silver in concentrates and in doré	koz	79	64	44	55	71	126	198	(36)	(10)
Lomas Bayas	Copper metal	kt	20.7	19.9	17.2	17.1	16.7	33.8	41.0	(18)	(19)
Antapaccay	Copper in concentrates	kt	50.1	47.3	62.7	48.9	53.2	102.1	96.5	6	6
	Gold in concentrates	koz	26	34	50	33	38	71	55	29	46
	Silver in concentrates	koz	324	359	446	348	387	735	650	13	19
Punitaqui	Copper in concentrates	kt	1.2	1.4	1.3	1.1	0.8	1.9	2.8	(32)	(33)
	Gold in concentrates	koz	6	4	6	1	2	3	11	(73)	(67)
	Silver in concentrates	koz	17	14	11	14	15	29	35	(17)	(12)
	Total Copper metal	**kt**	**20.7**	**19.9**	**17.2**	**17.1**	**16.7**	**33.8**	**41.0**	**(18)**	**(19)**
	Total Copper in concentrates	**kt**	**60.4**	**56.0**	**69.5**	**56.5**	**61.5**	**118.0**	**119.8**	**(2)**	**2**
	Total Gold in concentrates and in doré	**koz**	**81**	**91**	**94**	**73**	**91**	**164**	**163**	**1**	**12**
	Total Silver in concentrates and in doré	**koz**	**420**	**437**	**501**	**417**	**473**	**890**	**883**	**1**	**13**
Australia (Mount Isa, Ernest Henry, Townsville, Cobar)											
Mount Isa, Ernest	Copper metal	kt	42.5	27.0	46.6	32.7	29.3	62.0	91.0	(32)	(31)
Henry, Townsville	Copper in concentrates	kt	–	7.4	5.1	1.9	4.7	6.6	–	n.m.	n.m.
	Gold	koz	21	9	20	17	7	24	38	(37)	(67)
	Silver	koz	196	387	252	235	118	353	457	(23)	(40)
	Silver in concentrates	koz	–	38	23	2	23	25	–	n.m.	n.m.
Mount Isa, Ernest Henry, Townsville – total production including third party feed											
	Copper metal	*kt*	*62.8*	*49.2*	*60.6*	*45.1*	*37.3*	*82.4*	*117.6*	*(30)*	*(41)*
	Copper in concentrates	*kt*	*-*	*7.4*	*5.1*	*1.9*	*4.7*	*6.6*	*-*	*n.m.*	*n.m.*
	Gold	*koz*	*43*	*33*	*39*	*29*	*16*	*45*	*89*	*(49)*	*(63)*
	Silver	*koz*	*432*	*447*	*253*	*267*	*150*	*417*	*781*	*(47)*	*(65)*
	Silver in concentrates	*koz*	*–*	*38*	*23*	*2*	*23*	*25*	*–*	*n.m.*	*n.m.*
Cobar	Copper in concentrates	kt	12.7	12.3	15.7	13.2	9.7	22.9	25.4	(10)	(24)
	Silver in concentrates	koz	156	134	146	133	105	238	284	(16)	(33)
	Total Copper	**kt**	**42.5**	**27.0**	**46.6**	**32.7**	**29.3**	**62.0**	**91.0**	**(32)**	**(31)**
	Total Copper in concentrates	**kt**	**12.7**	**19.7**	**20.8**	**15.1**	**14.4**	**29.5**	**25.4**	**16**	**13**
	Total Gold	**koz**	**21**	**9**	**20**	**17**	**7**	**24**	**38**	**(37)**	**(67)**
	Total Silver	**koz**	**352**	**559**	**421**	**370**	**246**	**616**	**741**	**(17)**	**(30)**
Total Copper department											
	Copper	**kt**	**281.9**	**274.0**	**324.1**	**311.4**	**314.2**	**625.6**	**567.6**	**10**	**11**
	Cobalt	**kt**	**5.5**	**6.0**	**6.7**	**6.1**	**8.7**	**14.8**	**11.2**	**32**	**58**
	Zinc	**kt**	**34.5**	**34.5**	**34.6**	**30.3**	**42.7**	**73.0**	**59.0**	**24**	**24**
	Gold	**koz**	**102**	**100**	**114**	**90**	**98**	**188**	**201**	**(6)**	**(4)**
	Silver	**koz**	**3,402**	**3,534**	**3,217**	**2,920**	**2,942**	**5,862**	**6,473**	**(9)**	**(14)**

Production by quarter – Q2 2017 to Q2 2018
continued

Metals and minerals

Production from own sources – Zinc assets[1]

			Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	**H1 2018**	H1 2017	Change H1 18 vs H1 17 %	Change Q2 18 vs Q2 17 %
Kazzinc											
	Zinc metal	**kt**	**54.1**	**54.9**	**53.4**	**49.8**	**55.9**	**105.7**	**102.2**	**3**	**3**
	Lead metal	**kt**	**13.8**	**16.1**	**11.7**	**14.0**	**13.2**	**27.2**	**25.1**	**8**	**(4)**
	Lead in concentrates	**kt**	**1.6**	**0.8**	**–**	**–**	**2.1**	**2.1**	**3.9**	**(46)**	**31**
	Copper metal[5]	**kt**	**15.2**	**6.3**	**15.5**	**12.0**	**13.3**	**25.3**	**27.9**	**(9)**	**(13)**
	Gold	**koz**	**156**	**138**	**141**	**133**	**151**	**284**	**306**	**(7)**	**(3)**
	Silver	**koz**	**1,702**	**1,591**	**1,335**	**1,388**	**1,548**	**2,936**	**2,854**	**3**	**(9)**
	Silver in concentrates	**koz**	**51**	**19**	**7**	**–**	**77**	**77**	**106**	**(27)**	**51**
Kazzinc – total production including third party feed											
	Zinc metal	*kt*	*77.2*	*81.9*	*82.4*	*80.1*	*76.6*	*156.7*	*152.5*	*3*	*(1)*
	Lead metal	*kt*	*36.9*	*38.4*	*34.5*	*38.8*	*37.3*	*76.1*	*73.4*	*4*	*1*
	Lead in concentrates	*kt*	*1.6*	*0.8*	*–*	*–*	*2.1*	*2.1*	*3.9*	*(46)*	*31*
	Copper metal	*kt*	*18.9*	*7.8*	*20.8*	*15.3*	*18.3*	*33.6*	*34.1*	*(1)*	*(3)*
	Gold	*koz*	*187*	*169*	*184*	*179*	*226*	*405*	*359*	*13*	*21*
	Silver	*koz*	*6,396*	*5,201*	*5,483*	*5,007*	*5,730*	*10,737*	*11,968*	*(10)*	*(10)*
	Silver in concentrates	*koz*	*51*	*19*	*7*	*–*	*77*	*77*	*106*	*(27)*	*51*
Australia (Mount Isa, McArthur River)											
Mount Isa	Zinc in concentrates	kt	64.0	51.3	42.0	50.1	52.1	102.2	132.7	(23)	(19)
	Lead in concentrates	kt	30.1	27.2	22.5	21.1	21.4	42.5	61.9	(31)	(29)
	Silver in concentrates	koz	1,539	1,251	1,046	829	759	1,588	3,197	(50)	(51)
McArthur River	Zinc in concentrates	kt	38.2	45.6	79.3	60.1	52.3	112.4	85.1	32	37
	Lead in concentrates	kt	8.3	10.8	17.0	11.5	10.3	21.8	17	28	24
	Silver in concentrates	koz	269	400	674	411	342	753	546	38	27
	Total Zinc in concentrates	**kt**	**102.2**	**96.9**	**121.3**	**110.2**	**104.4**	**214.6**	**217.8**	**(1)**	**2**
	Total Lead in concentrates	**kt**	**38.4**	**38.0**	**39.5**	**32.6**	**31.7**	**64.3**	**78.9**	**(19)**	**(17)**
	Total Silver in concentrates	**koz**	**1,808**	**1,651**	**1,720**	**1,240**	**1,101**	**2,341**	**3,743**	**(37)**	**(39)**
North America (Matagami, Kidd, Brunswick)											
Matagami	Zinc in concentrates	kt	14.0	13.2	13.1	8.9	9.1	18.0	25	(28)	(35)
	Copper in concentrates	kt	2.1	1.3	2.0	1.5	1.3	2.8	4.1	(32)	(38)
Kidd	Zinc in concentrates	kt	22.2	11.4	14.8	17.2	19.0	36.2	46.2	(22)	(14)
	Copper in concentrates	kt	9.2	9.1	11.3	8.9	9.3	18.2	19.5	(7)	1
	Silver in concentrates	koz	842	379	387	601	555	1,156.0	1,505	(23)	(34)
	Total Zinc in concentrates	**kt**	**36.2**	**24.6**	**27.9**	**26.1**	**28.1**	**54.2**	**71.2**	**(24)**	**(22)**
	Total Copper in concentrates	**kt**	**11.3**	**10.4**	**13.3**	**10.4**	**10.6**	**21.0**	**23.6**	**(11)**	**(6)**
	Total Silver in concentrates	**koz**	**842**	**379**	**387**	**601**	**555**	**1,156**	**1,505**	**(23)**	**(34)**
North America – total production including third party feed											
Brunswick Smelter	*Lead metal*	*kt*	*16.5*	*17.6*	*12.7*	*16.5*	*18.4*	*34.9*	*32.2*	*8*	*12*
	Silver metal	*koz*	*3,480*	*5,025*	*3,689*	*3,668*	*3,400*	*7,068*	*7,712*	*(8)*	*(2)*

Production by quarter – Q2 2017 to Q2 2018
continued

Metals and minerals

Production from own sources – Zinc assets[1] continued

		Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	**H1 2018**	H1 2017	Change H1 18 vs H1 17 %	Change Q2 18 vs Q2 17 %
Other Zinc: South America (Argentina, Bolivia, Peru)[6]										
Zinc in concentrates	kt	26.3	23.0	25.6	26.3	24.4	**50.7**	51.2	(1)	(7)
Lead metal	kt	3.6	3.5	3.9	2.6	4.0	**6.6**	6.2	6	11
Lead in concentrates	kt	11.4	11.8	6.7	8.2	7.3	**15.5**	22.7	(32)	(36)
Copper in concentrates	kt	0.6	1.0	1.3	1.1	1.3	**2.4**	1.1	118	117
Silver metal	koz	182	155	192	158	217	**375**	290	29	19
Silver in concentrates	koz	2,011	1,764	1,919	1,879	1,844	**3,723**	4,092	(9)	(8)
Other Zinc: Africa (Rosh Pinah, Perkoa)										
Zinc in concentrates	kt	38.3	22.7	–	–	–	**–**	69.4	(100)	(100)
Lead in concentrates	kt	1.5	1.3	–	–	–	**–**	2.4	(100)	(100)
Silver in concentrates	koz	74	36	–	–	–	**–**	121	(100)	(100)
Total Zinc department										
Zinc	kt	257.1	222.1	228.2	212.4	212.8	**425.2**	511.8	(17)	(17)
Lead	kt	70.3	71.5	61.8	57.4	58.3	**115.7**	139.2	(17)	(17)
Copper	kt	27.1	17.7	30.1	23.5	25.2	**48.7**	52.6	(7)	(7)
Gold	koz	156	138	141	133	151	**284**	306	(7)	(3)
Silver	koz	6,670	5,595	5,560	5,266	5,342	**10,608**	12,711	(17)	(20)

Production by quarter – Q2 2017 to Q2 2018
continued

Metals and minerals

Production from own sources – Nickel assets[1]

		Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	**H1 2018**	H1 2017	Change H1 18 vs H1 17 %	Change Q2 18 vs Q2 17 %
Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk)										
Nickel metal	kt	15.5	14.0	13.6	15.0	16.0	**31.0**	29.4	5	3
Nickel in concentrates	kt	0.1	0.1	0.1	0.1	0.3	**0.4**	0.3	33	200
Copper metal	kt	4.2	3.9	3.6	3.6	3.6	**7.2**	8.1	(11)	(14)
Copper in concentrates	kt	5.6	8.0	5.4	6.9	7.8	**14.7**	14.6	1	39
Cobalt metal	kt	0.3	0.2	0.2	0.2	0.3	**0.5**	0.4	25	–
Gold	koz	7	8	7	8	7	**15**	17	(12)	–
Silver	koz	143	169	158	110	124	**234**	326	(28)	(13)
Platinum	koz	13	20	19	19	13	**32**	36	(11)	–
Palladium	koz	27	38	34	39	27	**66**	64	3	–
Rhodium	koz	1	1	2	1	1	**2**	3	(33)	–
Integrated Nickel Operations – total production including third party feed										
Nickel metal	*kt*	*21.2*	*21.4*	*21.3*	*21.4*	*22.8*	*44.2*	*43.8*	*1*	*8*
Nickel in concentrates	*kt*	*0.1*	*0.1*	*0.2*	*0.2*	*0.1*	*0.3*	*0.3*	*–*	*–*
Copper metal	*kt*	*5.9*	*5.9*	*5.0*	*5.1*	*4.8*	*9.9*	*11.8*	*(16)*	*(19)*
Copper in concentrates	*kt*	*6.5*	*9.6*	*6.7*	*7.7*	*9.5*	*17.2*	*16.7*	*3*	*46*
Cobalt metal	*kt*	*1.0*	*0.8*	*0.9*	*1.0*	*0.9*	*1.9*	*1.8*	*6*	*(10)*
Gold	*koz*	*9*	*11*	*10*	*10*	*11*	*21*	*22*	*(5)*	*22*
Silver	*koz*	*211*	*258*	*232*	*157*	*193*	*350*	*486*	*(28)*	*(9)*
Platinum	*koz*	*19*	*29*	*25*	*24*	*20*	*44*	*49*	*(10)*	*5*
Palladium	*koz*	*41*	*62*	*58*	*67*	*47*	*114*	*91*	*25*	*15*
Rhodium	*koz*	*2*	*1*	*2*	*2*	*1*	*3*	*4*	*(25)*	*(50)*
Murrin Murrin										
Total Nickel metal	kt	7.3	11.1	9.5	8.4	8.7	**17.1**	13.5	27	19
Total Cobalt metal	kt	0.6	0.9	0.7	0.7	0.7	**1.4**	1.1	27	17
Murrin Murrin – total production including third party feed										
Total Nickel metal	*kt*	*9.5*	*13.0*	*11.3*	*9.0*	*10.3*	*19.3*	*17.7*	*9*	*8*
Total Cobalt metal	*kt*	*0.8*	*0.9*	*0.8*	*0.7*	*0.8*	*1.5*	*1.3*	*15*	*–*
Koniambo **Nickel in ferronickel**	kt	3.4	4.3	5.2	6.6	7.1	**13.7**	8.0	71	109
Total Nickel department										
Nickel	kt	26.3	29.5	28.4	30.1	32.1	**62.2**	51.2	21	22
Copper	kt	9.8	11.9	9.0	10.5	11.4	**21.9**	22.7	(4)	16
Cobalt	kt	0.9	1.1	0.9	0.9	1.0	**1.9**	1.5	27	11
Gold	koz	7	8	7	8	7	**15**	17	(12)	–
Silver	koz	143	169	158	110	124	**234**	326	(28)	(13)
Platinum	koz	13	20	19	19	13	**32**	36	(11)	–
Palladium	koz	27	38	34	39	27	**66**	64	3	–
Rhodium	koz	1	1	2	1	1	**2**	3	(33)	–

Production by quarter – Q2 2017 to Q2 2018
continued

Metals and minerals

Production from own sources – Ferroalloys assets[1]

		Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	**H1 2018**	H1 2017	Change H1 18 vs H1 17 %	Change Q2 18 vs Q2 17 %
Ferrochrome[7]	kt	397	271	424	409	409	818	836	(2)	3
Vanadium pentoxide	mlb	4.4	6.1	5.3	5.3	4.5	9.8	9.5	3	2

Total production – Custom metallurgical assets[1]

		Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	**H1 2018**	H1 2017	Change H1 18 vs H1 17 %	Change Q2 18 vs Q2 17 %
Copper (Altonorte, Pasar, Horne, CCR)										
Copper metal	kt	131.3	132.1	135.2	117.0	109.9	226.9	259.5	(13)	(16)
Copper anode	kt	124.6	139.5	131.9	126.5	124.3	250.8	264.3	(5)	–
Zinc (Portovesme, San Juan de Nieva, Nordenham, Northfleet)										
Zinc metal	kt	198.0	196.6	196.2	190.0	197.9	387.9	395.2	(2)	–
Lead metal	kt	46.5	44.1	49.9	52.7	36.6	89.3	99.8	(11)	(21)
Silver	koz	4,222	2,890	3,301	2,907	2,409	5,316	7,465	(29)	(43)

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis, except as stated.
2 Cobalt contained in concentrates and hydroxides.
3 The Group's pro-rata share of Collahuasi production (44%).
4 The Group's pro-rata share of Antamina production (33.75%).
5 Copper metal includes copper contained in copper concentrates and blister.
6 South American production excludes Volcan Compania Minera.
7 The Group's attributable 79.5% share of the Glencore-Merafe Chrome Venture.

Production by quarter – Q2 2017 to Q2 2018
continued

Energy products

Production from own sources – Coal assets[1]

		Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	**H1 2018**	H1 2017	Change H1 18 vs H1 17 %	Change Q2 18 vs Q2 17 %
Australian coking coal	mt	1.0	1.8	1.6	1.6	1.8	3.4	2.7	26	80
Australian semi-soft coal	mt	1.2	1.0	0.8	0.6	1.0	1.6	2.2	(27)	(17)
Australian thermal coal (export)	mt	13.4	11.2	11.7	14.2	15.2	29.4	26.2	12	13
Australian thermal coal (domestic)	mt	1.7	1.6	2.6	2.4	2.2	4.6	3.3	39	29
South African thermal coal (export)	mt	4.5	5.4	4.6	4.0	4.0	8.0	8.7	(8)	(11)
South African thermal coal (domestic)	mt	2.2	2.7	2.5	2.5	1.8	4.3	4.8	(10)	(18)
Prodeco	mt	3.8	3.7	2.9	3.0	2.5	5.5	8.0	(31)	(34)
Cerrejón[2]	mt	2.4	2.5	2.9	2.4	2.8	5.2	5.2	–	17
Total Coal department	**mt**	**30.2**	**29.9**	**29.6**	**30.7**	**31.3**	**62.0**	**61.1**	**1**	**4**

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

Oil assets

		Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	**H1 2018**	H1 2017	Change H1 18 vs H1 17 %	Change Q2 18 vs Q2 17 %
Glencore entitlement interest basis										
Equatorial Guinea	kbbl	642	622	574	517	446	963	1,333	(28)	(31)
Chad	kbbl	633	624	593	639	687	1,326	1,307	1	9
Total Oil department	kbbl	**1,275**	**1,246**	**1,167**	**1,156**	**1,133**	**2,289**	**2,640**	**(13)**	**(11)**
Gross basis										
Equatorial Guinea	kbbl	3,048	2,896	2,721	2,395	2,190	4,585	6,297	(27)	(28)
Chad	kbbl	866	853	810	873	939	1,812	1,787	1	8
Total Oil department	kbbl	**3,914**	**3,749**	**3,531**	**3,268**	**3,129**	**6,397**	**8,084**	**(21)**	**(20)**

Full year 2018 production guidance

		Actual FY 2016	Actual FY 2017	**Actual H1 2018**	**Guidance FY 2018**	2018 Weighting **H1**	2018 Weighting H2
Copper	kt	1,426	1,310	**696**	**1,465 ± 25**	48%	52% [1]
Cobalt	kt	28.3	27.4	**17**	**39 ± 2.5**	44%	56% [1]
Zinc	kt	1,094	1,090	**498**	**1,090 ± 25**	46%	54% [2]
Lead	kt	295	273	**116**	**285 ± 10**	41%	59% [2,3]
Nickel	kt	115	109	**62**	**132 ± 4**	47%	53%
Ferrochrome	kt	1,523	1,531	**818**	**1,600 ± 25**	51%	49%
Coal	mt	125	121	**62**	**132 ± 3**	47%	53% [3]
Oil	mbbl	7.5	5.1	**2.3**	**4.9 ± 0.2**	47%	53%

Guidance ranges have been narrowed, reflecting only six months remaining

1. 2018 guidance includes ~150kt of copper and ~11kt of cobalt attributable to Katanga, since commissioning of phase 1 of its whole ore leach project in December 2017.
2. Excludes Volcan.
3. Changes to production guidance as follows:
   - Lead: down 15kt (5%) to 285kt (± 10kt) – mine planning changes in South America
   - Coal: down 2mt (1%) to 132mt (± 3mt) – weather and other operational challenges across the portfolio

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