GLENCORE

NEWS RELEASE
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2019 Half-Year Report

Highlights

Glencore's Chief Executive Officer, Ivan Glasenberg, commented: "Our performance in the first half reflected a challenging economic backdrop for our commodity mix, as well as operating and cost setbacks within our ramp-up/development assets. Adjusted EBITDA declined 32% to $5.6 billion.

"The rest of our business, however, remained strong and performed well. Excluding our African copper assets and Koniambo, our metals and coal industrial assets delivered robust Adjusted EBITDA mining margins◊ of 39%. In particular, our copper business, excluding African copper, recorded an EBITDA mining margin of 52% and a full unit cash cost of 72c/lb, while our coal business again generated margins in excess of $30/t, basis a $46/t thermal unit cash cost. Similarly, our marketing business is tracking towards the middle of our full year Adjusted EBIT guidance range of $2.2-$3.2 billion, after adjusting for some $350 million of non-cash cobalt losses reported in the first half.

"However, our African copper business did not meet expected operational performance. We have moved to address the challenges at Katanga and Mopani with several management changes as well as overseeing a detailed operational review, targeting multiple improvements to achieve consistent, cost-efficient production at design capacity. Our teams have identified a credible roadmap towards delivering on the significant cashflow generation potential of these assets, at targeted steady state production levels. At Mutanda, we are planning to transition the operation to temporary care and maintenance by year end, reflecting its reduced economic viability in the current market environment, primarily in response to low cobalt prices. We continue to progress studies on the sulphide project, having the potential to extend operations for many years, and anticipate being able to provide an update at our Investor Day in December.

"Looking ahead, we are confident that commodity fundamentals will move in our favour and that our diverse commodity portfolio will continue to play a key role in global growth and the transition to a low-carbon economy. Our asset teams are focussed on delivering the full potential of our business, which together with our promising range of commodities, should see us well positioned for the future. Through continued constructive collaboration, we remain focussed on creating sustainable long-term value for all stakeholders."

US$ million	**H1 2019**	H1 2018	Change %	2018
Key statement of income and cash flows highlights[2]:				
Net income attributable to equity holders	226	2,776	(92)	3,408
Adjusted EBITDA◊	5,582	8,180[1]	(32)	15,767
Adjusted EBIT◊	2,229	5,091[1]	(56)	9,143
Earnings per share (Basic) (US$)	0.02	0.19	(89)	0.24
Funds from operations (FFO)[3◊]	3,516	5,566[1]	(37)	11,595
Cash generated by operating activities before working capital changes	5,409	6,805	(21)	13,210
Net purchase and sale of property, plant and equipment[3]	2,193	2,055[1]	7	4,899

US$ million	**30.06.2019**	31.12.2018	Change %
Key financial position highlights:			
Total assets	127,183	128,672	(1)
Net funding[3◊]	33,238	32,138	3
Net debt[3◊]	16,308	14,710	11
Ratios:			
FFO to Net debt[3,4◊]	58.5%	78.8%	(26)
Net debt to Adjusted EBITDA[4◊]	1.24	0.93	33

1 Restated to present Glencore Agri on a basis consistent with its underlying IFRS treatment (equity accounting), previously proportionately accounted, refer to APMs section for reconciliations and note 2 of the 2018 annual report.

2 Refer to basis of presentation on page 5.

3 Refer to page 9.

4 H1 2019 and H1 2018 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 66 for definition and reconciliations, to note 3 of the financial statements for reconciliation of Adjusted EBIT/EBITDA and to page 18 for reconciliations of Mining Margins.

Healthy cash generation despite significantly lower commodity prices

- H1 2019 Adjusted EBITDA of $5.6 billion, down 32% ($5.9 billion, pre $350 million non-cash cobalt loss)
- Net income attributable to equity holders down to $0.2 billion, mainly driven by lower average period-over-period commodity prices and impairment charges in our Chad oil and African copper portfolios
- Cash generated by operating activities before working capital changes of $5.4 billion, down 21%
- Net purchase and sale of property, plant and equipment of $2.2 billion, up 7%
- Our ramp-up/development assets, comprising Copper Africa and Koniambo, weighed on earnings in H1 2019, with negative Adjusted EBITDA of $0.4 billion. These assets offer significant upside at steady state production levels.

Industry leading cost positions

- First-half operational unit cash cost performance in our key commodities: copper (excluding African copper) 72c/lb, zinc 3c/lb (40c/lb ex-gold), nickel (excluding Koniambo) 329c/lb and thermal coal $46/t at a $32/t margin

Marketing a diversified earnings driver

- Marketing Adjusted EBIT of $1.0 billion, down 35%, but only 13%, excluding a cobalt related loss on an 'involuntary' long cobalt position, against a particularly strong base period

Full year outlook factors…

- On an annualised basis, pre-cobalt Marketing Adjusted EBIT of $1.3 billion tracking towards the middle of our $2.2-$3.2 billion long-term guidance range
- Expected Industrial production weighted towards H2 for each of Copper, Zinc, Nickel, Coal and Oil
- Extensive operational and cost improvement initiatives being undertaken at African Copper and Koniambo

…and balance sheet in strong shape for the medium term

- Debt facilities renewed in March/April. Bond maturities continue to be capped at ~$3 billion in any given year
- Although Net debt of $16.3 billion is at the upper end of our target range, on account of a new lease accounting standard, $1.1 billion of new lease liabilities were recognised during H1 2019, that previously would have been treated as operating leases
- Conservative 1.24x Net debt/Adjusted EBITDA ratio. Intend to manage the balance sheet over the next 6-12 months towards our target of around 1x, in the current uncertain economic cycle backdrop

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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 158,000 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 challenging operating environment

Heightened global trade policy tensions, US dollar strength and volatile interest rate curves, again proved to be the central influences on markets during the half. While US equity markets tested fresh highs, in the absence of other specific drivers, commodity markets struggled amidst increasing fears that actual and potential new tariffs would harm global manufacturing and consumer sentiment, resulting behaviour and with it, global growth expectations.

Our key commodity average price benchmarks were all lower period on period; copper -11%, zinc -16%, lead -20%, nickel -11%, cobalt -58% and GC NEWC coal -14%. Particularly weak were cobalt, with the market in current oversupply, and the Atlantic steam coal market, impacted by weaker European demand and low gas prices. We believe that for most of our commodities, the H1 2019 price moves are not representative of underlying supportive fundamentals. Visible metal stocks in key industrial metals, including copper, zinc and nickel are at relatively low levels, while demand growth is in positive territory and mine supply is underperforming. Furthermore, coal demand in Asian markets continues to be strong.

Corporate governance and sustainability

Year to date, there were tragically eleven fatalities, resulting from eight incidents at Glencore's managed operations. We acknowledge that this performance is unacceptable and have recently restructured our HSEC+HR teams to review our group-wide approach to safety. Where we have identified weakness in approach, we are putting in place the appropriate changes to culture, processes and training to deliver a step change in our performance. The steps we are taking include reviewing and upgrading operating standards, processes and equipment to deliver a consistent approach group-wide and increasing our verification activities to confirm compliance with required operating standards. We remain committed in prioritising safety in our operations and believe that every work-related injury is preventable; our ambition continues to be having fatality and injury-free workplaces at all of our assets.

One of Glencore's key strategic priorities is the integration of sustainability throughout our business. We recognise that only through behaving as a responsible operator and delivering long-term, sustainable benefits to all our stakeholders, can we achieve meaningful success. We act on this commitment through transparently reporting our performance and progress across the broad range of sustainability topics through a number of Group publications. We are pleased to report that we have published, for the first time this year, and in response to increasing interest from stakeholders, standalone human rights and water reports, in addition to our annual sustainability and payments to government reports and modern slavery statement.

In February, we published our climate change position statement, 'Furthering our commitment to the transition to a low-carbon economy'. This statement acknowledges the role that our commodities are playing in the transition to a lower carbon economy and commits the company to reporting on how our material capital expenditure and investments align with the Paris Goals.

2019 First-Half Financial Scorecard

Against a background of lower commodity prices and operational/cost challenges in our African copper portfolio, Adjusted EBITDA declined 32% to $5.6 billion (down 27%, excluding the c.$350 million cobalt loss noted below). Similarly, Net income attributable to equity holders declined from $2.8 billion in H1 2018 to $0.2 billion in H1 2019, reflecting the lower Adjusted EBITDA and $0.9 billion of impairment charges related to our Chad oil and African copper assets.

The decline in Adjusted Marketing EBIT was amplified by an 'involuntary' cobalt long position of c.10kt internally-sourced cobalt (from our own mines), accumulated in the Marketing segment in 2018, that remained broadly the same as at 30 June 2019. Accordingly, a 50% reduction in cobalt prices over the first half of 2019, together with a significant decline in hydroxide payabilities, generated cobalt-related Marketing EBIT losses of c.$350 million on this position. Excluding the impact of these effectively non-cash losses in 2019, Marketing Adjusted EBIT was around $1.3 billion, which on an annualised basis is tracking towards the middle of our $2.2 to $3.2 billion long-term guidance range. Supportive physical market conditions were evident for most of our commodities, particularly in oil, while the weak Atlantic coal market presented challenges for our coal business.

Industrial Adjusted EBITDA decreased by $2.2 billion period over period to $4.5 billion, primarily driven by lower commodity prices. The benefit of a stronger U.S. dollar against many of our key producer currencies during the period was offset by operational and cost challenges in our African copper business and changes to the accounting categorisation of Koniambo on the achievement of 'commercial' production, whereby costs are now expensed (previously capitalised), notwithstanding that it is still in an optimisation phase.

While these copper and nickel assets are in a ramp-up/development phase, with a roadmap towards a materially improved future contribution, to ensure enhanced understanding of results, we have also separately highlighted the balance of our copper and nickel businesses' underlying performance. Indeed, on such basis, our copper assets, excluding Africa, recorded an Industrial EBITDA mining margin of 52% and full unit cash cost of 72c/lb during H1 2019, while our overall Industrial Adjusted EBITDA mining margin in Metals and minerals and Coal assets was 39% for both, compared to 43% and 41% respectively during H1 2018 (27% for Metals and minerals, including the ramp-up/development assets).

Chief Executive Officer's Review
continued

Our Net funding and Net debt increased by $1.1 billion and $1.6 billion respectively during H1 2019 to $33.2 billion and $16.3 billion respectively. The majority of the net increase can be attributed to adoption of the new lease accounting standard on 1 January, which resulted, as at 30 June 2019, in the reporting of $1.1 billion of leases as debt, that previously would have been classified as operating leases. In the current uncertain environment, we are targeting Net debt / Adjusted EBITDA around 1x and therefore plan to manage the business from its current reported ratio (last 12 months' basis) of 1.24x towards 1x within the next 6 to 12 months.

African copper

Our African copper business did not meet its planned operational performance for the period. We have quickly moved to address Katanga's operational, cost and product quality challenges, with several management changes, as well as overseeing a detailed operational review, targeting multiple improvements to achieve consistent, cost-efficient production at design capacity.

At the nearby Mutanda operation, we are planning to transition the facility to temporary care and maintenance by the end of 2019, reflecting reduced economic viability in the current market environment, most notably cobalt related. Mutanda will continue to evaluate its operations and will recommence once economic conditions sufficiently improve. We will continue to progress our studies on the Mutanda sulphide project, which has the potential to provide a long-term life of mine. In Zambia, we are nearing the end of our multi-year site transformation projects, including planned commissioning of a new copper concentrator towards the middle of 2020 and the development of three major new mining shafts. Completion of repairs to Mopani's smelter is expected by the end of 2019. Our African copper assets retain significant potential and are expected to play a key role in the transition to a low carbon economy.

Shareholder returns

In addition to the $2.7 billion base distribution being paid in 2019, we continue to progress the $2 billion buyback announced at the full year results in February, with some $900 million currently remaining. Outside of our base distribution policy, for the balance of equity cash flows, we currently favour buybacks, however any further potential remains subject to currently managing the balance sheet towards a Net debt / Adjusted EBITDA ratio of around 1x, while maintaining RMI at broadly current levels and Net debt within the guidance range of c.$10-$16 billion.

Outlook

Looking ahead, we are confident that our commodity basket's fundamentals will move in our favour and that our diverse portfolio will continue to play a key role in the global economy, with attractive shareholder returns on offer. Through continued constructive collaboration, we strive to create sustainable long-term value for all stakeholders.

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, the Peruvian listed 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.

During the period, key members of the Group's Metals and minerals, Energy products and Agricultural products segments retired and a new position with oversight and responsibility for all of Glencore's industrial assets (Head of Industrial Assets) was created. Internal reporting lines and organisational structures were amended such that Glencore's industrial activities report to the Head of Industrial Assets and all of its marketing activities report to the Head of Marketing (being the Group CEO). The change in oversight and responsibility for the two differing parts of our business (marketing and industrial) and associated remuneration has resulted in a change in the 'chief operating decision makers' reporting and accountability structures and, with it, our reportable segments. Aligning with the new executive structure and respective operational oversight and responsibility, the new reportable segments are – 'Industrial' and 'Marketing' activities.

Comparative 2018 information has been restated for the change in reportable segments.

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 66.

Market conditions

Select average commodity prices

	H1 2019	H1 2018	Change %
S&P GSCI Industrial Metals Index	330	385	(14)
S&P GSCI Energy Index	203	224	(9)
LME (cash) copper price ($/t)	6,167	6,920	(11)
LME (cash) zinc price ($/t)	2,732	3,263	(16)
LME (cash) lead price ($/t)	1,960	2,452	(20)
LME (cash) nickel price ($/t)	12,318	13,871	(11)
Gold price ($/oz)	1,306	1,318	(1)
Silver price ($/oz)	15	17	(12)
Metal Bulletin cobalt standard grade, in-warehouse Rotterdam ($/lb)	17	40	(58)
MB ferrochrome China import charge chrome 50% Cr index, CIF Shanghai, duty unpaid (¢/lb)	81	96	(16)
Iron ore (Platts 62% CFR North China) price ($/DMT)	87	67	30
Coal API4 ($/t)	76	98	(22)
Coal Newcastle (6,000) ($/t)	88	102	(14)
Oil price – Brent ($/bbl)	66	71	(7)

Currency table

	Spot 30 June 2019	Spot 30 June 2018	**Average H1 2019**	Average H1 2018	Change in average %
AUD : USD	0.70	0.74	0.70	0.77	(9)
USD : CAD	1.31	1.31	1.33	1.28	4
USD : COP	3,211	2,932	3,189	2,849	12
EUR : USD	1.14	1.16	1.12	1.20	(6)
GBP : USD	1.27	1.32	1.30	1.37	(5)
USD : CHF	0.98	0.99	1.00	0.97	3
USD : KZT	381	341	379	327	16
USD : ZAR	14.09	13.73	14.20	12.30	15

Financial results

Net income attributable to equity holders decreased from $2,776 million in H1 2018 to $226 million in H1 2019 and EPS decreased from $0.19 per share to $0.02 per share, driven by lower average period-over-period commodity prices (notably cobalt and thermal coal) and impairment charges in our Chad oil and African copper portfolios, owing to the expiration of certain oil exploration licenses and revisions to the Mutanda mine plan as a result of lower cobalt prices.

Adjusted EBITDA was $5,582 million and Adjusted EBIT was $2,229 million over H1 2019, decreases of 32% and 56% respectively compared to H1 2018, mainly driven by lower commodity prices, including a material cobalt reported loss within marketing (refer to page 13), partially offset by a strengthening U.S. dollar (on average) against many of our key producer country currencies, as noted in the tables above. In addition to these net negative macro influences, Adjusted EBITDA/EBIT was further impacted by the continuing operational challenges in our African copper portfolio and that, relative to the comparative period where the ramp-up costs at Koniambo nickel were being capitalised, as of 1 January 2019, such operational costs are now expensed, notwithstanding that it is still in ramp-up mode with significantly higher costs than eventual steady state. Reflecting these particulars, Adjusted EBITDA mining margins were 27% (39%, excluding African Copper and Koniambo) in our metal operations and 40% in our energy operations, compared to 42% and 41% respectively during H1 2018.

Adjusted EBITDA/EBIT◊

Adjusted EBITDA by business segment is as follows:

	H1 2019			H1 2018 Restated[1]			
US$ million	Marketing activities	Industrial activities	Adjusted EBITDA	Marketing activities	Industrial activities	Adjusted EBITDA	Change %
Metals and minerals	380	2,577	2,957	1,238	4,775	6,013	(51)
Energy products	740	2,135	2,875	369	2,217	2,586	11
Corporate and other	(37)	(213)	(250)	(85)	(334)	(419)	(40)
Total	**1,083**	**4,499**	**5,582**	**1,522**	**6,658**	**8,180**	**(32)**

Adjusted EBIT by business segment is as follows:

	H1 2019			H1 2018 Restated[1]			
US$ million	Marketing activities	Industrial activities	Adjusted EBIT	Marketing activities	Industrial activities	Adjusted EBIT	Change %
Metals and minerals	347	535	882	1,226	2,698	3,924	(78)
Energy products	659	947	1,606	359	1,235	1,594	1
Corporate and other	(37)	(222)	(259)	(85)	(342)	(427)	(39)
Total	**969**	**1,260**	**2,229**	**1,500**	**3,591**	**5,091**	**(56)**

1 Adjusted for presenting Glencore Agri on a basis consistent with its underlying IFRS treatment (equity accounting), previously proportionally accounted, refer to APMs section for reconciliations. Corporate and other Marketing activities includes $13 million (2018: $19 million) of Glencore's equity accounted share of Glencore Agri.

Marketing activities

Marketing Adjusted EBITDA and EBIT decreased by 29% and 35% to $1,083 million and $969 million respectively. Excluding the recorded cobalt losses on previously sourced internal Group production of some $350 million, Marketing Adjusted EBITDA and EBIT decreased by a more respectable 6% and 12% to $1,433 million and $1,319 million, respectively. Apart from cobalt, most metals' commodity departments delivered sound results (against a strong H1 2018 base period), whilst the challenges from escalating trade tensions remain. In Energy products, oil delivered a particularly strong result, on the back of supportive physical commodity marketing conditions, comfortably offsetting a lower coal contribution, given its weaker dynamics during the period, particularly in the Atlantic steam coal market.

Industrial activities

Industrial Adjusted EBITDA decreased by 32% to $4,499 million (Adjusted EBIT was $1,260 million, compared to $3,591 million in 2018). As noted above, the decrease was primarily driven by weaker average period-over-period commodity prices and production / operational / cost challenges in our African copper portfolio - Mutanda's copper production was 47% lower compared to the prior period as it re-optimised its mine plan according to updated resource modelling, Katanga, although recording higher cobalt production, had limited sales as it manages through a period of excess uranium content, and Mopani's copper metal production was 31% lower as, in June, it accelerated its major triennial smelter shut down (from the 2020 schedule) and earlier in H1, brought forward various planned maintenance activities by 6 months to address safety-related issues and operational outages (mining and processing).

Financial and Operational Review
continued

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 2019**	H1 2018 Restated[1]
Adjusted EBIT◊	2,229	5,091
Net finance and income tax expense in relevant material associates and joint ventures[2]	(152)	(273)
Proportionate adjustment Volcan[2]	(86)	20
Net finance costs	(862)	(746)
Income tax expense[3]	(210)	(932)
Non-controlling interests	384	133
Income attributable to equity holders of the Parent pre-significant items◊	**1,303**	**3,293**
Earnings per share (Basic) pre-significant items (US$)◊	0.09	0.23
Significant items◊		
Share of Associates' significant items[4]	(85)	–
Movement in unrealised inter-segment profit elimination[5]	504	(43)
(Loss)/gain on disposals and investments[6]	(19)	19
Other expense – net[7]	(122)	(270)
Impairments[8]	(888)	(80)
Income tax expense[3]	(467)	(212)
Non-controlling interests' share of significant items[9]	–	69
Total significant items	**(1,077)**	**(517)**
Income attributable to equity holders of the Parent	**226**	**2,776**
Earnings per share (Basic) (US$)	0.02	0.19

1 Adjusted for presenting Glencore Agri on a basis consistent with its underlying IFRS treatment (equity accounting), previously proportionally accounted, refer to APMs section for reconciliations.
2 Refer to note 3 of the interim financial statements and to APMs section for reconciliations.
3 Refer to other reconciliations section for the allocation of the total income tax expense between pre-significant and significant items.
4 Recognised within share of income from associates and joint ventures, see note 3 of the interim financial statements.
5 Recognised within cost of goods sold, see note 3 of the interim financial statements.
6 Refer to note 5 of the interim financial statements and to APMs section for reconciliations.
7 Recognised within other expense – net, see note 6 of the interim financial statements and to APMs section for reconciliations.
8 Refer to note 7 of the interim financial statements and to APMs section for reconciliations.
9 Recognised within non-controlling interests, refer to APMs section.

Financial and Operational Review
continued

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 2019, Glencore recognised a net expense of $1,077 million (2018: $517 million) in significant items comprised primarily of:

- Expenses of $85 million (2018: $Nil) relating to Glencore's share of significant expenses recognised directly by our associates.
- Loss on disposals and investments of $19 million (2018: gain of $19 million) see note 5. In 2019, the loss primarily relates to the revaluation of the existing interest prior to acquisition of a controlling interest in Polymet. In 2018, the gain primarily relates to the disposal of the Tahmoor coal mine in Australia.
- Income tax expense of $467 million (2018: $212 million) – see income taxes below.
- Other expenses – net expenses of $122 million (2018: $270 million) see note 6. Balance primarily comprises:
  - $16 million (2018: gain of $54 million) of mark-to-market losses on equity investments / derivative positions accounted for as held for trading.
  - $56 million loss (2018: gain of $19 million) of net foreign exchange movements.
  - $Nil (2018: $248 million) 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 passed on to Gécamines to maintain its 25% interest in KCC. Also see note 26.
  - $Nil (2018: $56 million) of acquisition related expenses incurred in connection with the acquisition of HVO (see note 20). The expenses are primarily stamp duty / property transfer related taxes.
- Impairments of $888 million (2018: $80 million), see note 7. The 2019 charge primarily relates to writing-off the historical cost allocation to certain oil exploration licences in Chad upon the acquisition of Caracal in 2014, which have recently expired ($538 million) and revisions to Mutanda's mine plan ($300 million). 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.

Net finance costs
Net finance costs were $862 million during H1 2019, a 16% increase compared to $746 million in the comparable reporting period, primarily attributable to higher average base rates (mainly US$ Libor) and additional finance lease interest costs, following the introduction of the new lease accounting standard on 1 January 2019. Interest expense for 2019 was $988 million, up 16% over H1 2018 and interest income was $126 million, up 22% over H1 2019.

Income taxes
An income tax expense of $677 million was recognised during H1 2019, compared to $1,144 million during H1 2018. Adjusting for a $467 million (2018: $212 million) income tax expense related to significant items (primarily impairments, tax losses not recognised and unutilised tax losses), the H1 2019 pre-significant items income tax expense was $210 million (2018: $932 million). The 2019 effective tax rate, pre-significant items, was 28.5%, consistent with the 28.2%, over the comparable period.

Statement of financial position
Current and non-current assets
Total assets were $127,183 million as at 30 June 2019, compared to $128,672 million as at 31 December 2018. Current assets decreased from $44,268 million to $41,674 million, due to a reduction in fair values of our derivatives / hedging instruments (other financial assets), on account of movements in commodity prices and foreign exchange rates, as well as settlement of the Astron exchangeable loan, following the closing of this acquisition in April 2019. Non-current assets increased from $84,404 million to $85,509 million, primarily due the acquisition of Astron Energy (see note 20), capitalisation of lease assets as a result of the adoption of IFRS 16 (see note 2) and mark-to-market adjustments with respect to our investments carried at fair value through other comprehensive income (see note 11). This increase was offset by impairments to property, plant and equipment and intangible assets of $888 million.

Other comprehensive income/(expense)
An income of $212 million was recognised during H1 2019, compared to an expense of $1,131 million during H1 2018, primarily relating to mark-to-market adjustments with respect to our investment in EN+ and Russneft (see note 11) and exchange gains on translation of foreign operations.

Financial and Operational Review
continued

Cash flow and net funding/debt

Net funding

US$ million	30.06.2019	31.12.2018
Total borrowings as per financial statements	35,835	34,994
Proportionate adjustment – net funding[2]	(759)	(810)
Cash and cash equivalents	(1,838)	(2,046)
Net funding◊	**33,238**	**32,138**

Cash and non-cash movements in net funding

US$ million	H1 2019	H1 2018 Restated[1]	H2 2018
Cash generated by operating activities before working capital changes	5,409	6,805	6,405
Proportionate adjustment – Adjusted EBITDA[2]	696	927	966
Share in earnings from other associates included within EBITDA	4	–	(6)
Net interest paid[2]	(784)	(678)	(522)
Tax paid[2]	(1,860)	(1,552)	(854)
Dividends received from associates[2]	51	64	40
Funds from operations◊	**3,516**	**5,566**	**6,029**
Net working capital changes[3]	1,853	330	1,196
Acquisition and disposal of subsidiaries – net[3]	(105)	(1,117)	(1,717)
Exchangeable loan provided for conditional acquisition of an oil refinery/downstream business	–	–	(1,044)
Purchase and sale of investments – net[3]	35	12	(15)
Purchase and sale of property, plant and equipment – net[3]	(2,193)	(2,055)	(2,844)
Net margin receipts/(calls) in respect of financing related hedging activities	569	(211)	(296)
Acquisition of non-controlling interests in subsidiaries	(7)	(59)	1
Distributions paid and transactions of own shares – net	(2,820)	(1,961)	(3,183)
Cash movement in net funding	**848**	**505**	**(1,873)**
Foreign currency revaluation of borrowings and other non-cash items	(1,948)	515	(232)
Total movement in net funding	**(1,100)**	**1,020**	**(2,105)**
Net funding◊, beginning of period	(32,138)	(31,053)	(30,033)
Net funding◊, end of period	**(33,238)**	**(30,033)**	**(32,138)**
Less: Readily marketable inventories[2]	16,930	21,291	17,428
Net debt◊, end of period	**(16,308)**	**(8,742)**	**(14,710)**

1 Adjusted for presenting Glencore Agri on a basis consistent with its underlying IFRS treatment (equity accounting), previously proportionally accounted, refer to APMs section for reconciliations.

2 Refer to APMs section for definition and reconciliations.

3 Refer to Other reconciliations section.

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 2019 increased by $1.1 billion to $33,238 million and net debt (net funding less readily marketable inventories) increased by $1.6 billion over the period to $16,308 million. The major contributor to the increase in both metrics was the adoption of the new lease accounting standard on 1 January 2019, which resulted in $865 million of new lease liabilities being recognised (see note 2), while $228 million of additional new leases were booked as capital expenditures and debt in H1 2019, that previously would have been classified as operating leases. Funds from operations was down 37% compared to H1 2018, owing in large part to the reduction in commodity prices and operational challenges in the African copper operations as noted above, as well as the lag / mismatch effect of higher corporate taxes paid in H1 2019 in respect of 2018 earnings. Despite such macro and other effects, funds from operations comfortably covered the $2,193 million of net capital expenditure (including the $228 million of lease additions) and $77 million of net acquisitions of subsidiaries and investments, the remainder covering a significant portion of the distributions to shareholders and non-controlling interests.

Business and investment acquisitions and disposals
Net outflows from business acquisitions were $77 million (2018: $1,164 million) over the period, comprising primarily the acquisitions of an additional 10% and 2.7% interest in the Ulan and Hail Creek coal operations. The net outflow in 2018 was 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 2019, the following significant financing activities took place:

- In March 2019 (effective May 2019), Glencore signed new one-year revolving credit facilities of $9,775 million, refinancing the $9,085 million one-year revolving facilities signed in March 2018. Funds drawn under the facilities bear interest at US$LIBOR plus a margin of 40 basis points. Glencore also voluntarily reduced the medium term facility size from $5,115 million to $4,650 million, extended the facility to five-years, and replaced the two one-year extension options.

  As at 30 June 2019, the facilities comprise:

  – a $9,775 million one year revolving credit facility with a 12 month borrower's term-out option (to May 2021) and a one-year extension option; and

  – a $4,650 million medium-term revolving credit facility (to May 2024), with two one-year extension options.
- In March 2019, issued a 5 year $1,000 million, 4.125% coupon bond
- In March 2019, issued a 10 year $750 million, 4.875% coupon bond
- In March 2019, issued a 7 year GBP 500 million 3.125% coupon bond
- In April 2019, issued a 7 year EUR 500 million 1.50% coupon bond

Going concern
As at 30 June 2019, Glencore had available committed undrawn credit facilities and cash amounting to $10.1 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 Baa1 (stable outlook) from Moody's and BBB+ (stable) 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. As noted earlier in the year, in the current uncertain economic cycle backdrop, Glencore aims to limit the Net debt/Adjusted EBITDA ratio to around one times, which, given the last 12 months' calculated ratio is 1.24x as of June, will require some targeted management over the next 6-12 months to get this ratio back closer to 1x. It should be noted that June's 1.24x ratio would have been 1.17x, excluding the effect of some $1.1 billion of new debt and lease assets having being recorded as at 30 June 2019 (previously operating lease / chartering commitments – see pages 35 and 48), since the adoption of the new leasing standard on 1 January 2019.

Financial and Operational Review
continued

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 2019 was $32 million, representing less than 0.1% of equity. Average equivalent VaR during the first half of 2018 was $33 million.

Distributions

Earlier in 2019 and approved at the Company's AGM, the Directors recommended a cash distribution, in respect of the 2018 financial year, of $0.20 per share amounting to $2.7 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 distribution of $0.10 per ordinary share amounting to $1,368 million was paid on 23 May 2019. The second tranche of $0.10 per ordinary share is due in September 2019, in accordance with the Company's announcement of the 2019 Distribution timetable made on 20 February 2019.

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 2019, Glencore plc had CHF 30 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 distribution	2019
Applicable exchange rate reference date (Johannesburg Stock Exchange (JSE))	Close of business (UK) 26 August
Applicable exchange rate announced on the JSE	27 August
Last day to effect removal of shares cum distribution between Jersey and JSE registers at commencement of trade	27 August
Last time to trade on JSE to be recorded in the register for distribution	Close of business (SA) 3 September
Ex-distribution date (JSE)	4 September
Ex-distribution date (Jersey)	5 September
Distribution record date for JSE	Close of business (SA) 6 September
Distribution record date in Jersey	Close of business (UK) 6 September
Deadline for return of currency elections form (Shareholders on Jersey Register only)	9 September
Removal of shares between the Jersey and JSE registers permissible from	9 September
Applicable exchange rate reference date (Jersey)	11 September
H2 distribution payment date	24 September

Financial and Operational Review
continued

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 2018 Annual Report on pages 24 to 35, which is available at www.glencore.com, remain appropriate for the remainder of 2019, when read together with the information provided in this report. The DOJ and CFTC investigations are on-going and no liability has been recognised as at 30 June 2019 (see to note 24).

External risks:
- Supply, demand and prices of commodities
- Currency exchange rates
- Geopolitical, permits and licences to operate
- Laws and enforcement
- Liquidity

Business risks:
- Counterparty credit and performance
- Operating
- Cyber

Sustainable development risks:
- Climate change
- Community relations and human rights
- Health, Safety, Environment

Marketing activities

Highlights

Marketing Adjusted EBITDA and EBIT decreased by 29% and 35% to $1,083 million and $969 million, respectively, compared to H1 2018. Excluding the recorded cobalt losses on previously sourced internal Group production of some $350 million (see below), Marketing Adjusted EBITDA and EBIT decreased by a more respectable 6% and 12% to $1,433 million and $1,319 million, respectively. Apart from cobalt, most metals' commodity departments delivered sound results (against a strong H1 2018 base period), whilst the challenges from escalating trade tensions remain. In Energy Products, oil delivered a particularly strong result, on the back of supportive physical commodity marketing conditions, comfortably offsetting a lower coal contribution, given its weaker dynamics during the period, particularly in the Atlantic steam coal market.

As flagged at our Investor Update in December 2018 and discussed again alongside our 2018 full year results in February, our Marketing segment has cobalt purchase commitments from the Group's own mines (primarily in the DRC), against which price risk cannot be perfectly matched, due to the illiquid / immature hedging tools available and / or inadequate depth of the physical forward market. Reflecting our overall Group risk tolerance and appetite, our target cobalt price exposure (within Marketing) is minimal. During any period of market oversupply, however, we could build some 'involuntary' cobalt price exposure, which is what occurred through 2018. In this regard, from a Group perspective, there remains an unrealised profit lag (effectively between our Industrial and Marketing segments) until the final sale of product to an external counterparty. Our net cobalt price exposure was broadly unchanged from 31 December 2018 to 30 June 2019, reflecting a period of solid sales volumes. Based on our carried internally sourced cobalt price exposure of 10.3kt of cobalt, with the Metal Bulletin cobalt price falling 50% during H1 2019 and a significant decline in hydroxide payabilities, a negative net realisable value adjustment of around $350 million was recognised during H1 2019. It is important to note that such reported loss in H1 2019 was principally non-cash, as funding in respect of building the position occurred predominantly in 2018.

US$ million	**Metals and minerals**	**Energy products**	**Corporate and other**	**H1 2019**	Metals and minerals	Energy products	Corporate and other	H1 2018 Restated[1]
Revenue◊	35,766	61,852	–	97,618	37,036	62,626	–	99,662
Adjusted EBITDA◊	380	740	(37)	1,083	1,238	369	(85)	1,522
Adjusted EBIT◊	347	659	(37)	969	1,226	359	(85)	1,500
Adjusted EBITDA margin	1.1%	1.2%	n.m.	1.1%	3.3%	0.6%	n.m.	1.5%

1 Adjusted for presenting Glencore Agri on a basis consistent with its underlying IFRS treatment (equity accounting), previously proportionally accounted, refer to APMs section for reconciliations. Corporate and other Marketing activities includes $13 million (2018: $19 million) of Glencore's equity accounted share of Glencore Agri.

Selected marketing volumes sold

	Units	**H1 2019**	H1 2018	Change %
Copper metal and concentrates[1]	mt	2.1	2.3	(9)
Zinc metal and concentrates[1]	mt	1.5	1.5	–
Lead metal and concentrates[1]	mt	0.4	0.4	–
Gold	moz	965	1,019	(5)
Silver	moz	32.1	40.2	(20)
Nickel	kt	94	112	(16)
Ferroalloys (incl. agency)	mt	5.3	3.9	36
Alumina/aluminium	mt	5.6	4.6	22
Iron ore	mt	34.1	40.4	(16)
Thermal coal[2]	mt	44	48	(8)
Metallurgical coal[2]	mt	3.9	1.3	200
Coke[2]	mt	0.2	0.2	–
Crude oil	mbbl	482	460	5
Oil products	mbbl	366	385	(5)

1 Estimated metal unit contained.

2 Includes agency volumes.

Copper

During H1 2019, the copper price averaged $6,167/t, 11% lower than H1 2018, having reached highs above $6,500/t in mid-April. Following this, continuing uncertainty around trade and tariffs, adversely affected global manufacturing sentiment and growth expectations. Negative mine supply growth in H1 2019 and production disruptions have had no meaningful impact on market sentiment, even though the consensus market balance points to a deficit in 2019. Chinese new year saw the seasonal build of refined copper inventory in Q1 2019, which was then drawn down at the fastest rate in recent years during Q2 2019, with SHFE and Shanghai bonded refined copper inventory ending H1 2019 at similar levels to the start of the year. Increasing smelting capacity in China has resulted in greater demand for imported concentrates, further supported by stricter scrap regulations. As a result, spot treatment and refining charges declined to levels last seen in 2013. Looking forward, it is expected that mine supply growth will continue to be constrained by the limited pipeline of projects available and with a generally positive demand outlook for copper, notwithstanding trade and tariffs disputes, a sustained period of supply deficits for the copper market could continue.

Cobalt

The cobalt price decline experienced in H2 2018 continued during H1 2019. As with other commodities, the negative macro sentiment took hold, which, together with an oversupplied cobalt intermediary market and ample stocks, pushed cobalt prices lower. Metal prices ended H1 around the $30,000/t level, a 50% decline from the beginning of the year, notwithstanding a healthy demand increase due to higher electric vehicle penetration rates.

The recent weak cobalt prices are pressuring margins across the cobalt mining and refining complex, with many operations currently uneconomic. Amongst the first indications of a supply response to lower prices, were a reduction in artisanal sourced cobalt and some industrial projects being delayed. Within our own operations, due to various factors including the weak cobalt prices, Mutanda will transition to temporary care and maintenance at the end of 2019. Ultimately, cobalt medium and long-term fundamentals remain well underpinned by the expected strong structural demand growth arising from electric vehicles.

Zinc

In H2 2018, the zinc price reduced to $2,575 on average, as the market anticipated global mine supply increases in 2019. In practice, a combination of slower than expected rate of metal production pick up and stable zinc metal demand led to a price recovery in H1 2019 to $2,732 on average.

The lower than expected metal production growth was partly driven by environmental controls in China, which limited smelter production in the early part of the year. Metal production in China was slightly lower year-over-year (-0.6% Jan-May, though picking up in June as previously idled capacity was restored), resulting in a 20% increase in imported metal. Rest of the World ("RoW") metal growth also declined by -0.5% from Jan-May 19, with supply disruptions affecting smelters in North America and India, resulting in spot TCs (basis CIF China) jumping on average to $254/dmt over H1 2019 vs $24/dmt over H1 2018.

Combined with stable demand and limited metal supply growth, visible global zinc metal inventories remain low, at just over a week of global consumption in June 2019 vs two weeks in June 2018. The low level of LME stocks resulted in backwardated markets as the market anticipates eventual normalization of prices and stocks, with an average cash to 3-months spread of $67/t during H1 2019, the highest level seen in the last decade. This still failed to attract a significant amount of new metal into LME warehouses, another sign that most non-visible metal stocks have been drawn down.

Looking ahead, as mined supply availability increases in RoW and as Chinese smelters increase capacity utilisation, metal production is expected to increase. As the zinc market has been in a sizeable deficit since 2016, these additional metal units are necessary to balance the market even under conservative demand growth assumptions.

In the case of lead, both mined and metal production have increased in both China and RoW. Spot TCs have remained low ($20/dmt basis CIF China in H1 2019 vs $27/dmt in H1 2018), but such additional production has put pressure on the price.

Nickel

Despite prevalent macro-economic uncertainty, nickel demand during H1 2019 remained positive, primarily driven by strong stainless steel production growth and surging battery market offtake. Of note, advances in China's stainless steel output exceeded 10% and production of higher nickel content 300-series stainless was particularly strong. Meanwhile, electrification in the automotive sector resulted in significant advances in Li-ion battery materials production, supporting accelerating nickel demand in China, Japan and Korea.

On the supply side, a faster than expected increase of nickel pig iron ("NPI") output from Indonesia and China has been partially offset by the widespread underperformance of traditional nickel suppliers, which consistently missed their production targets for H1 2019.

Regardless of a significant increase in our global NPI supply projections for the year, we expect the nickel market to remain in deficit and stocks will continue to be drawn down – albeit at a reduced pace compared to last year. This outlook is underpinned by solid end-use demand for austenitic stainless and the continuing strong growth of nickel usage in batteries. However, if a US-China trade resolution is indefinitely put on hold, there is a downside risk to global growth and nickel offtake.

Ferroalloys

Rising South African chrome ore exports supported record Chinese ferrochrome production during H1 2019. South African ferrochrome exports also increased. Despite strong demand from the stainless steel sector, these increases in ferrochrome supply led to weaker prices during the period. Stainless steel melt rates are expected to remain strong during H2 2019, but macroeconomic headwinds combined with current ferrochrome oversupply are expected to result in challenging market conditions in the near term.

Vanadium prices declined in H1 2019 as the implementation of the new rebar standard in China was below expectation, coupled with continued niobium substitution.

Alumina/Aluminium

After a turbulent 2018, H1 2019 brought a return to a more familiar and stable market environment for both aluminium and alumina.

The aluminium market had seemingly priced in the eventual lifting of US sanctions on the largest ex-China aluminium producer, Rusal, which occurred in January, and with no further news disrupting the market, LME prices traded within a narrow $200/t range averaging around $1,850/t. The main driver for price movements was macro-economic concerns over a US/China trade war, which is weighing on demand. Nevertheless, the Western aluminium market was still in deficit for a sixth consecutive year, causing LME stocks to drop below 1Mt at the end of June.

In May, the 50% production embargo on the largest ex-China alumina refinery, Alunorte, was lifted, and over the six-month period, FOB Australia alumina prices had fallen by over $70/t to end at $323/t.

Due to the lagged pricing nature of most alumina term contracts, smelters will not find immediate reprieve from the price drop. Instead, margins continue to be pressured by relatively low aluminium prices and high alumina input costs, leading to heightened risk for non-integrated and non-diversified producers at the higher end of the cost curve.

Iron ore

Following the Brumadinho dam failure and a series of unprecedented supply disruptions across the globe, the iron ore market has gone into deficit. Prices spiked and as steel profitability declined, quality premiums/discounts narrowed. Following large inventory drawdowns in Q2 the market is starting to settle down, with prices stabilising around $120/t in early July.

Coal

Global seaborne thermal coal demand for H1 2019 is estimated to have grown around 6.3% versus H1 2018 with ongoing strength in Pacific demand growth of 6% or 23Mt, more than offsetting a 6% or 5Mt demand decline in the smaller Atlantic market. Supply growth has come from Russia, Australia and Indonesia, with reductions seen from Colombia, South Africa and USA.

For H1 2019, the highest growth market was India, with imported thermal coal volumes increasing 17% or 14Mt YoY. In the same period, thermal supply to Vietnam was up 113% or 7.3Mt YoY and Japan was up 7.7% or 4.5Mt YoY. During 2018-19, Vietnam will commission 2.3GW of imported coal fired generation capacity and a further 1.8GW is in construction for commissioning by 2021. In Japan, 1.2GW of new capacity is expected to be commissioned by end 2019, with a further 3.9GW by 2021. Elsewhere, ramping up of new coal units in Malaysia and Philippines has contributed to Asian demand growth. In South Korea and Taiwan, coal fired generation plant maintenance and operational restrictions reduced H1 coal import demand, however, with these units having now returned to normal service, H2 coal demand is expected to return to 2018 levels.

During Q1 2019, the Chinese government imposed restrictions on certain end users for the purchase of Australian thermal coal. For H1 2019, these restrictions reduced the flow of Australian thermal coal to China by 14% versus H1 2018. Overall, Chinese customs show total coal imports up 6.2% YoY, with thermal trending flat YoY and Indonesian volumes up 7.3%.

In contrast to the healthy Asian demand story, the increase in European CO_2 pricing and lower global LNG prices contributed to a 10% reduction in Europe's import thermal coal demand versus H1 2018, thereby diverting coal from Colombia and USA East Coast producers towards Pacific markets and leading to API2 prices falling by 43% from the high at the beginning of 2019 to 30 June 2019. High quality South African coal prices as measured by the API4 index fell 32% and the GC Newcastle index by 31% over the same period. Prices for Australian high ash coals at the close of H1 2019 were 16% below their January peak, in strong contrast to the essentially flat Chinese domestic prices and reflecting the impact of import controls.

With coking coal, data to the end of May shows global pig iron production up 5.2% YoY, with China up 9%. The metallurgical coal import countries excluding China reported a 0.2% reduction in pig iron production with declines in Europe (-2.2%), South America (-0.3%) and Japan (-4.7%) offsetting growth in India (1.1%), Korea (3.4%) and Taiwan (9.1%). While coal demand in these countries remained broadly flat, Chinese coking coal imports YTD May were up 25% or 3.1Mt, reflecting an increasing need for imported high coke strength, low sulphur coking coals. Reflecting the above, spot HCC prices rose through Q1 but softened slightly at the end of Q2, with spot prices ending the period in line with January at the mid $190/t levels.

Oil

Oil prices staged a strong recovery at the start of the year, following lows of $50/bbl for Brent in late December, and this strength carried through to April to reach almost $75/bbl. The rally was driven by an improvement in market sentiment across most asset classes and amidst growing optimism that US-China trade talks may result in a deal. Further impetus for oil prices came in the form of tightening global oil supply with numerous planned and unplanned outages, a high rate of compliance by Opec+ on the production cut agreements, initial signs of lower US drilling activity and drawing inventories. Expectations were building for improving global refinery throughput in Q2 and Q3 to meet oil demand during the summer season.

However, midway through Q2, markets hit turbulence fuelled by intensifying trade tensions between the US and China, and other nations, with resulting uncertainty about the world economy, all of which caused the oil bulls to question prospects for global oil demand outlook. Speculators' length unwound rapidly and Brent dropped to below $60 per barrel. Oil implied volatility, which had gradually declined since the start of the year, suddenly spiked in June, with near-dated Brent implied volatility over 40%.

In terms of the oil curve structure, the supply tightness caused the curve to flip from contango into backwardation and the latter continued to strengthen for crude and most product segments as prices rallied. Refining margins recovered from the lows registered in late 2018, buoyed largely by a strong recovery in gasoline cracks. However, in Q2 product cracks moved in a particularly uncoordinated fashion, with naphtha suffering from low petrochemical demand, fuel oil strengthening on lower crude prices and gasoline and middle distillates cracks diverging regionally. Refining margins were generally weaker, especially in Asia where bearish sentiments developed from China granting quotas for sizeable exports of fuel onto the international market, as well as expectations for massive regional refinery capacity expansions coming online in H2.

Industrial activities

Highlights

Industrial Adjusted EBITDA decreased by $2.2 billion period over period, primarily driven by lower commodity prices, partially offset by a strengthening U.S. dollar (on average) against many of our key producer country currencies. In addition to these net negative macro influences, Adjusted EBITDA/EBIT was further impacted by the continuing operational challenges in our African copper portfolio, which recorded an Adjusted EBITDA of negative $319 million, a significant drop compared to the $817 million contribution over H1 2018 (drop in cobalt price was the key driver, however material negative volume and cost variances also prevailed). Mutanda's copper production was 47% lower than H1 2018, as it re-optimised its mine plan, Katanga, although reporting higher cobalt production, had limited sales as it manages through a period of excess uranium content, and Mopani's copper metal production was 31% lower as, in June, it accelerated the major triennial smelter shut down (from 2020 schedule) and earlier in H1, brought forward various planned maintenance activities by 6 months to address safety related issues and operational outages (mining and processing). In addition, Nickel's contribution was down $351 million over the comparable period, owing in large part to the near 60% decrease in the average cobalt prices over the period (impacting primarily Australia) and, relative to the comparative period, where the ongoing ramp-up costs at the Koniambo nickel operations were being capitalised, as of 1 January 2019, such operational costs are now expensed as a traditional production enterprise, notwithstanding that it is still in ramp-up mode with significantly higher costs than eventual steady state. Contribution from the Energy products assets was $2.1 billion, consistent with H1 2018 as a generally weaker H1 2019 coal price environment was offset by increased production from the interests in the HVO and Hail Creek operations, acquired in late H1 2018 and H2 2018, respectively.

Reflecting the above challenges, Adjusted EBITDA mining margins were 27% in our metals operations (but 39%, excluding African Copper and Koniambo) and 40% in our energy operations, down from 42% and in line at 41%, respectively, in H1 2018.

Capex at $2.3 billion was up 10% over the comparable period reflective of the ongoing growth projects (Kazzinc's Zhairem and INO Nickel), the incremental capex from the HVO, Hail Creek and Astron acquisitions and the impact of the new leasing standard.

US$ million	**Metals and minerals**	**Energy products**	**Corporate and other**	**H1 2019**	Metals and minerals	Energy products	Corporate and other	H1 2018 Restated[1]
Revenue◊	13,714	6,774	3	20,491	15,974	5,899	19	21,892
Adjusted EBITDA◊	2,577	2,135	(213)	4,499	4,775	2,217	(334)	6,658
Adjusted EBIT◊	535	947	(222)	1,260	2,698	1,235	(342)	3,591
Adjusted EBITDA mining margin	27%	40%			42%	41%		

1 Adjusted for presenting Glencore Agri on a basis consistent with its underlying IFRS treatment (equity accounting), previously proportionally accounted, refer to APMs section for reconciliations.

Production from own sources – Total[1]

		H1 2019	H1 2018	Change %
Copper - excl. African Copper	*kt*	*475.2*	*501.6*	*(5)*
Copper - African Copper, in development/optimisation phases	*kt*	*187.8*	*194.6*	*(3)*
Copper	kt	663.0	696.2	(5)
Cobalt	kt	21.3	16.7	28
Zinc	kt	535.9	498.2	8
Lead	kt	147.5	115.7	27
Nickel	kt	55.4	62.2	(11)
Gold	koz	423	487	(13)
Silver	koz	15,490	16,704	(7)
Ferrochrome	kt	799	818	(2)
Coal	mt	68.2	62.0	10
Oil (entitlement interest basis)	kbbl	2,240	2,289	(2)

Industrial activities
continued

Financial information

US$ million	H1 2019	H1 2018	Change %
Revenue◊			
Copper assets			
Collahuasi[1]	589	690	(15)
Antamina[1]	515	623	(17)
Other South America (Antapaccay, Lomas Bayas)	899	1,116	(19)
Australia (Mount Isa, Ernest Henry, Townsville, Cobar)	845	862	(2)
Custom metallurgical (Altonorte, Pasar, Horne, CCR)	3,547	3,808	(7)
African Copper (Katanga, Mutanda, Mopani)	1,543	2,125	(27)
Intergroup revenue elimination	(62)	(99)	(37)
Copper	**7,876**	**9,125**	**(14)**
Zinc assets			
Kazzinc	1,346	1,500	(10)
Australia (Mount Isa, McArthur River)	567	698	(19)
European custom metallurgical (Portovesme, San Juan de Nieva, Nordenham, Northfleet)	477	719	(34)
North America (Matagami, Kidd, Brunswick, CEZ Refinery)	1,200	1,337	(10)
Other Zinc (Argentina, Bolivia, Peru)	219	266	(18)
Zinc	**3,809**	**4,520**	**(16)**
Nickel assets			
Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk)	707	818	(14)
Australia (Murrin Murrin)	261	399	(35)
Koniambo	129	–	n.m.
Nickel	**1,097**	**1,217**	**(10)**
Ferroalloys	**932**	**1,110**	**(16)**
Aluminium/Alumina	**–**	**2**	**(100)**
Metals and minerals revenue	**13,714**	**15,974**	**(14)**
Coking Australia	844	559	51
Thermal Australia	3,076	2,862	7
Thermal South Africa	683	829	(18)
Prodeco	349	528	(34)
Cerrejón[1]	275	414	(34)
Coal revenue (own production)	**5,227**	**5,192**	**1**
Coal other revenue (buy-in coal)	**464**	**527**	**(12)**
Oil E&P assets	170	180	(6)
Oil refining assets	913	–	n.m.
Energy products revenue◊	**6,774**	**5,899**	**15**
Corporate and other revenue	**3**	**19**	**(84)**
Total Industrial Activities revenue◊	**20,491**	**21,892**	**(6)**

1 Represents the Group's share of these JVs.

Industrial activities
continued

US$ million	Adjusted EBITDA◊			Adjusted EBIT◊		
	H1 2019	H1 2018	Change %	**H1 2019**	H1 2018	Change %
Copper assets						
Collahuasi[1]	358	436	(18)	223	310	(28)
Antamina[1]	380	493	(23)	252	367	(31)
Other South America	495	520	(5)	235	187	26
Australia	241	249	(3)	81	86	(6)
Custom metallurgical	183	148	24	112	46	143
Copper, excluding African Assets	1,657	1,846	(10)	903	996	(9)
Adjusted EBITDA mining margin[2◊]	*52%*	*52%*				
African Copper	(319)	817	n.m.	(739)	367	n.m.
Copper	**1,338**	**2,663**	**(50)**	**164**	**1,363**	**(88)**
Adjusted EBITDA mining margin[2◊]	*26%*	*46%*				
Zinc assets						
Kazzinc	512	595	(14)	297	389	(24)
Australia	217	309	(30)	81	175	(54)
European custom metallurgical	82	121	(32)	29	75	(61)
North America	94	177	(47)	17	115	(85)
Volcan	(19)	(2)	n.m.	(19)	(2)	n.m.
Other Zinc	28	75	(63)	(24)	39	n.m.
Zinc	**914**	**1,275**	**(28)**	**381**	**791**	**(52)**
Adjusted EBITDA mining margin[2◊]	*36%*	*40%*				
Nickel assets						
Integrated Nickel Operations	258	358	(28)	55	146	(62)
Australia	(20)	125	n.m.	(31)	114	n.m.
Koniambo	(106)	–	n.m	(163)	–	n.m
Nickel	**132**	**483**	**(73)**	**(139)**	**260**	**(153)**
Adjusted EBITDA mining margin◊	*12%*	*40%*				
Adjusted EBITDA mining margin excl. Koniambo◊	*25%*	*40%*				
Ferroalloys	**229**	**349**	**(34)**	**165**	**279**	**(41)**
Aluminium/Alumina	**(35)**	**4**	**n.m.**	**(35)**	**4**	**n.m.**
Iron ore	**(1)**	**1**	**n.m.**	**(1)**	**1**	**n.m.**
Metals and minerals Adjusted EBITDA/EBIT◊	**2,577**	**4,775**	**(46)**	**535**	**2,698**	**(80)**
Adjusted EBITDA mining margin[2◊]	*27%*	*42%*				
Adjusted EBITDA mining margin excl. African Copper and Koniambo[2◊]	*39%*	*43%*				
Coking Australia	456	311	47	341	267	28
Thermal Australia	1,309	1,274	3	690	730	(5)
Thermal South Africa	179	322	(44)	31	171	(82)
Prodeco	41	51	(20)	(65)	(35)	n.m.
Cerrejón[1]	76	189	(60)	(11)	95	n.m.
Coal	**2,061**	**2,147**	**(4)**	**986**	**1,228**	**(20)**
Adjusted EBITDA margin[3◊]	*39%*	*41%*				
Oil E&P assets	90	70	29	–	7	(100)
Oil refining assets	(16)	–	n.m.	(39)	–	n.m.
Energy products Adjusted EBITDA/EBIT◊	**2,135**	**2,217**	**(4)**	**947**	**1,235**	**(23)**
Adjusted EBITDA margin[3◊]	*40%*	*41%*				
Corporate and other	**(213)**	**(334)**	**(36)**	**(222)**	**(342)**	**(35)**
Industrial activities Adjusted EBITDA/EBIT◊	**4,499**	**6,658**	**(32)**	**1,260**	**3,591**	**(65)**

1 Represents the Group's share of these JVs.

2 Adjusted EBITDA mining margin for Metals and Minerals 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.

3 Energy products EBITDA margin is calculated on the basis of Coal operating revenue and excludes the impact of downstream / oil refining asses.

Industrial activities
continued

US$ million	H1 2019 Sustaining	H1 2019 Expansion	H1 2019 Total	H1 2018 Sustaining	H1 2018 Expansion	H1 2018 Total
Capital expenditure◊						
Copper assets						
Collahuasi[1]	103	9	112	106	21	127
Antamina[1]	101	1	102	87	2	89
Other South America	228	9	237	143	11	154
Australia	71	–	71	111	3	114
Custom metallurgical	61	–	61	53	–	53
African copper	164	270	434	208	195	403
Copper	**728**	**289**	**1,017**	**708**	**232**	**940**
Zinc assets						
Kazzinc	97	109	206	86	66	152
Australia	62	–	62	112	–	112
European custom metallurgical	40	–	40	62	–	62
North America	40	2	42	38	8	46
Other Zinc	49	–	49	30	–	30
Zinc	**288**	**111**	**399**	**328**	**74**	**402**
Nickel assets						
Integrated Nickel Operations	73	127	200	66	85	151
Australia	9	–	9	7	–	7
Koniambo	16	–	16	–	60	60
Nickel	**98**	**127**	**225**	**73**	**145**	**218**
Ferroalloys	**55**	**1**	**56**	**77**	**–**	**77**
Aluminium/Alumina	**–**	**–**	**–**	**3**	**–**	**3**
Metals and minerals capital expenditure◊	**1,169**	**528**	**1,697**	**1,189**	**451**	**1,640**
Australia (thermal and coking)	106	61	167	76	40	116
Thermal South Africa	99	12	111	89	18	107
Prodeco	161	–	161	109	–	109
Cerrejón[1]	38	–	38	15	–	15
Total Coal	**404**	**73**	**477**	**289**	**58**	**347**
Oil E&P assets	85	–	85	73	–	73
Oil refining assets	18	–	18	–	–	–
Energy products capital expenditure◊	**507**	**73**	**580**	**362**	**58**	**420**
Corporate and other	**–**	**33**	**33**	**–**	**32**	**32**
Industrial activities capital expenditure◊	**1,676**	**634**	**2,310**	**1,551**	**541**	**2,092**

1 Represents the Group's share of these JVs.

Industrial activities
continued

Production data

Production from own sources – Copper assets[1]

		H1 2019	H1 2018	Change %
Collahuasi[3]				
Copper in concentrates	kt	112.0	115.3	(3)
Silver in concentrates	koz	1,237	1,567	(21)
Antamina[4]				
Copper in concentrates	kt	74.7	72.4	3
Zinc in concentrates	kt	51.4	73.0	(30)
Silver in concentrates	koz	2,523	2,789	(10)
Other South America (Antapaccay, Lomas Bayas)				
Copper metal	kt	40.0	33.8	18
Copper in concentrates	kt	100.5	118.0	(15)
Gold in concentrates and in doré	koz	44	164	(73)
Silver in concentrates and in doré	koz	836	890	(6)
Australia (Mount Isa, Ernest Henry, Townsville, Cobar)				
Copper metal	kt	64.0	62.0	3
Copper in concentrates	kt	22.0	29.5	(25)
Gold	koz	54	24	125
Silver	koz	831	616	35
Copper - excl. African Copper				
Copper	kt	**413.2**	**431.0**	**(4)**
Zinc	kt	**51.4**	**73.0**	**(30)**
Gold	koz	**98**	**188**	**(48)**
Silver	koz	**5,427**	**5,862**	**(7)**
African Copper (Katanga, Mutanda, Mopani)				
Copper metal	kt	183.8	194.6	(6)
Copper in concentrates	kt	4.0	–	n.m.
Cobalt[2]	kt	19.5	14.8	32
Total Copper department				
Copper	**kt**	**601.0**	**625.6**	**(4)**
Cobalt	**kt**	**19.5**	**14.8**	**32**
Zinc	**kt**	**51.4**	**73.0**	**(30)**
Gold	**koz**	**98**	**188**	**(48)**
Silver	**koz**	**5,427**	**5,862**	**(7)**

Production from own sources – Zinc assets[1]

		H1 2019	H1 2018	Change %
Kazzinc				
Zinc metal	kt	89.0	105.7	(16)
Lead metal	kt	19.2	27.2	(29)
Lead in concentrates	kt	2.8	2.1	33
Copper metal[5]	kt	19.2	25.3	(24)
Gold	koz	311	284	10
Silver	koz	1,978	2,936	(33)
Silver in concentrates	koz	92	77	19
Australia (Mount Isa, McArthur River)				
Zinc in concentrates	kt	301.6	214.6	41
Lead in concentrates	kt	109.0	64.3	70
Silver in concentrates	koz	3,774	2,341	61
North America (Matagami, Kidd)				
Zinc in concentrates	kt	52.5	54.2	(3)
Copper in concentrates	kt	18.9	21.0	(10)
Silver in concentrates	koz	693	1,156	(40)
Other Zinc: South America (Argentina, Bolivia, Peru)[6]				
Zinc in concentrates	kt	41.4	50.7	(18)
Lead metal	kt	–	6.6	(100)
Lead in concentrates	kt	16.5	15.5	6
Copper in concentrates	kt	1.8	2.4	(25)
Silver metal	koz	–	375	(100)
Silver in concentrates	koz	3,247	3,723	(13)
Total Zinc department				
Zinc	**kt**	**484.5**	**425.2**	**14**
Lead	**kt**	**147.5**	**115.7**	**27**
Copper	**kt**	**39.9**	**48.7**	**(18)**
Gold	**koz**	**311**	**284**	**10**
Silver	**koz**	**9,784**	**10,608**	**(8)**

Industrial activities
continued

Production from own sources – Nickel assets[1]

		H1 2019	H1 2018	Change %
Integrated Nickel Operations (INO) (Sudbury, Raglan, Nikkelverk)				
Nickel metal	kt	28.8	31.0	(7)
Nickel in concentrates	kt	0.3	0.4	(25)
Copper metal	kt	7.0	7.2	(3)
Copper in concentrates	kt	15.1	14.7	3
Cobalt metal	kt	0.4	0.5	(20)
Gold	koz	14	15	(7)
Silver	koz	279	234	19
Platinum	koz	33	32	3
Palladium	koz	58	66	(12)
Rhodium	koz	2	2	–
Murrin Murrin				
Nickel metal	kt	16.1	17.1	(6)
Cobalt metal	kt	1.4	1.4	–
Koniambo				
Nickel in ferronickel	kt	10.2	13.7	(26)
Total Nickel department				
Nickel	**kt**	**55.4**	**62.2**	**(11)**
Copper	**kt**	**22.1**	**21.9**	**1**
Cobalt	**kt**	**1.8**	**1.9**	**(5)**
Gold	**koz**	**14**	**15**	**(7)**
Silver	**koz**	**279**	**234**	**19**
Platinum	**koz**	**33**	**32**	**3**
Palladium	**koz**	**58**	**66**	**(12)**
Rhodium	**koz**	**2**	**2**	**–**

Production from own sources – Ferroalloys assets[1]

		H1 2019	H1 2018	Change %
Ferrochrome[7]	kt	799	818	(2)
Vanadium Pentoxide	mlb	10.2	9.8	4

Total production – Custom metallurgical assets[1]

		H1 2019	H1 2018	Change %
Copper (Altonorte, Pasar, Horne, CCR)				
Copper metal	kt	223.1	226.9	(2)
Copper anode	kt	260.7	250.8	4
Zinc (Portovesme, San Juan de Nieva, Nordenham, Northfleet)				
Zinc metal	kt	403.8	387.9	4
Lead metal	kt	96.0	89.3	8

Coal assets[1]

		H1 2019	H1 2018	Change %
Australian coking coal	mt	4.3	3.4	26
Australian semi-soft coal	mt	3.3	1.6	106
Australian thermal coal (export)	mt	31.0	29.4	5
Australian thermal coal (domestic)	mt	4.0	4.6	(13)
South African thermal coal (export)	mt	6.7	8.0	(16)
South African thermal coal (domestic)	mt	7.4	4.3	72
Prodeco	mt	7.3	5.5	33
Cerrejón[8]	mt	4.2	5.2	(19)
Total Coal department	**mt**	**68.2**	**62.0**	**10**

Oil assets

		H1 2019	H1 2018	Change %
Glencore entitlement interest basis				
Equatorial Guinea	kbbl	859	963	(11)
Chad	kbbl	1,381	1,326	4
Total Oil department	**kbbl**	**2,240**	**2,289**	**(2)**
Gross basis				
Equatorial Guinea	kbbl	4,164	4,585	(9)
Chad	kbbl	1,888	1,812	4
Total Oil department	**kbbl**	**6,052**	**6,397**	**(5)**

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

Operating highlights

Copper assets

Own sourced copper production of 663,000 tonnes was 33,200 tonnes (5%) lower than H1 2018, mainly reflecting: (i) Alumbrera open-cut depletion and sale of Punitaqui in H2 2018 (together, 15,900 tonnes); (ii) re-bricking of Kazzinc's furnace (6,200 tonnes); and (iii) smelter outages at Mopani culminating in the shutdown of the plant in June, with a major refurbishment programme now underway (5,000 tonnes).

Katanga's ramp-up and Mutanda's updated mine plan largely offset each other.

Q2 2019 own sourced copper production was 21,600 tonnes (7%) higher than Q1 2019, reflecting the recovery of Mount Isa's integrated operations, following severe weather disruption in February.

Collahuasi

Attributable copper production of 112,000 tonnes was in line with H1 2018.

Antamina

Attributable copper production of 74,700 tonnes was in line with H1 2018. Zinc production of 51,400 tonnes was down 21,600 tonnes (30%) reflecting the expected mine plan progression, following historically high zinc production in 2017-18.

Other South America

Copper production of 140,500 tonnes was 11,300 tonnes lower than H1 2018, mainly reflecting the depletion of Alumbrera in Q3 2018 and sale of Punitaqui in Q4 2018.

Australia

Own sourced copper production of 86,000 tonnes was 5,500 tonnes (6%) lower than H1 2018, mainly reflecting severe weather impact on the rail connection from Mount Isa to the Townsville refinery in Q1 2019. With such damage since repaired, metal production in Q2 was in line with historical levels.

Custom metallurgical assets

Copper cathode production of 223,100 tonnes and copper anode production of 260,700 tonnes were in line with H1 2018.

African Copper – in development/optimisation phases

Own sourced copper production of 187,800 tonnes was 6,800 tonnes (3%) lower than H1 2018, mainly reflecting the offsetting impacts of Katanga's ramp up and Mutanda's updated mine plan.

Following accelerated smelter integrity issues at Mopani, the plant was shut down in June (ahead of a scheduled major shutdown in 2020), while a major refurbishment programme gets carried out. Completion is expected around November 2019. The smelter shutdown has no impact on the continuing investment in the new mining shafts.

Cobalt production of 19,500 tonnes was 4,700 tonnes higher than H1 2018, reflecting a full, albeit limited, six-month period of operation of Katanga's cobalt circuit (started in Q2 2018) and improved recoveries at Mutanda. Katanga continues to apply technical solutions, which seek to maximise cobalt hydroxide production within acceptable uranium limits resulting in it selling 1,200 tonnes of the 6,100 tonnes produced in H1 2019.

Industrial activities
continued

Zinc assets
Own sourced zinc production of 535,900 tonnes was 37,700 tonnes (8%) higher than H1 2018, reflecting the contribution of Lady Loretta mine (Mount Isa) and a stronger performance at McArthur River, partly offset by expected reductions at Antamina, reduced activity in Argentina and the impact of a safety-related stoppage at Kazzinc.

Kazzinc
Own sourced zinc production of 89,000 tonnes was 16,700 tonnes (16%) down on H1 2018, mainly reflecting the impact of a safety-related stoppage at Tishinsky mine. The investigation is now complete and the mining plan has been reoptimised. In the meantime, third-party concentrates were acquired and smelted, such that total zinc production of 150,800 tonnes was broadly comparable with the base period.

Own sourced lead production of 22,000 tonnes was 7,300 tonnes (25%) down on H1 2018, due to using more complex feeds from the Uzhynzal mine and a level of opportunistic processing of third-party concentrates at attractive margins.

Own sourced copper production of 19,200 tonnes was 6,100 tonnes (24%) down on H1 2018 due to planned re-bricking of the Isa furnace in May 2019.

Own sourced gold production of 311,000 ounces was 27,000 ounces (10%) higher than H1 2018, due to contribution of the Dolinnoe mine.

Australia
Zinc production of 301,600 tonnes was 87,000 tonnes (41%) higher than H1 2018, reflecting the restart of Lady Loretta mine (Mount Isa) in 2018 and an increased contribution from McArthur River. Lead production of 109,000 tonnes was 44,700 tonnes (70%) higher than H1 2018, mainly related to Lady Loretta.

North America
Zinc production of 52,500 tonnes was 1,700 tonnes (3%) lower than H1 2018, mainly relating to expected reductions at Kidd. Similarly, copper production of 18,900 tonnes was 2,100 tonnes (10%) lower.

South America
Zinc production of 41,400 tonnes was 9,300 tonnes (18%) lower than H1 2018, mainly relating to temporarily restricted access to certain levels of the Aguilar mine in Argentina and industrial action. Lead production of 16,500 tonnes was down 5,600 tonnes (25%), also related to Aguilar.

European custom metallurgical assets
Zinc metal production of 403,800 tonnes was 15,900 tonnes (4%) higher than H1 2018, due to upgrades and operational improvements completed in 2018.

Lead metal production of 96,000 tonnes was 6,700 tonnes (8%) higher than H1 2018, where the base period was affected by maintenance.

Nickel assets
Own sourced nickel production of 55,400 tonnes was 6,800 tonnes (11%) lower than H1 2018, reflecting maintenance at Murrin and Koniambo, and the feed mix delivered to the INO refinery in Norway favouring third-party material (expected to reverse in H2 2019).

Integrated Nickel Operations (INO)
Own sourced nickel production of 29,100 tonnes was 2,300 tonnes (7%) lower than H1 2018, reflecting the mix of material delivered to the refinery in Norway, i.e. a timing difference unrelated to underlying mine production.

Murrin Murrin
Own sourced nickel production of 16,100 tonnes was 1,000 tonnes (6%) lower than H1 2018, mainly due to scheduled maintenance on the acid plant. Own sourced cobalt production of 1,400 tonnes was in line with H1 2018.

Koniambo
Production of 10,200 tonnes was 3,500 tonnes (26%) lower than H1 2018, primarily due to increased maintenance downtime.

Ferroalloys assets
Attributable ferrochrome production of 799,000 tonnes was broadly in line with H1 2018.

Coal assets
Coal production of 68.2 million tonnes was 6.2 million tonnes (10%) higher than in H1 2018, reflecting the contribution of interests in HVO and Hail Creek acquired during 2018, higher production at Prodeco, following a period of increased mine development, a strong operational performance in South Africa, partly offset by lower Cerrejón production to meet air quality requirements (control of dust emissions).

Australian coking
Production of 4.3 million tonnes was 0.9 million tonnes (26%) higher than H1 2018, mainly reflecting the contribution of Glencore's interest in Hail Creek (acquired August 2018) and ramp-up at Collinsville.

Industrial activities
continued

Australian thermal and semi-soft
Production of 38.3 million tonnes was 2.7 million tonnes (8%) higher than H1 2018, mainly reflecting the additional tonnes from HVO and Hail Creek.

South African thermal
Production of 14.1 million tonnes was 1.8 million tonnes (15%) higher than H1 2018, reflecting a strong operating performance at the main complexes and an increased contribution from the Zonnebloem and Hlagisa mines.

Prodeco
Production of 7.3 million tonnes was 1.8 million tonnes (33%) higher than H1 2018, reflecting a greater focus on mine development work in the base period.

Cerrejón
Glencore's attributable share of production was 4.2 million tonnes, down 1.0 million tonnes (19%) on H1 2018 due to reduced mining activity to comply with air quality standards.

Oil assets
Exploration and production
Oil entitlement interest production of 2.2 million barrels was broadly in line with H1 2018, reflecting expected natural declines in Equatorial Guinea, offset by increases in Chad as the current drilling campaign delivers incremental production.

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

6 August 2019

Independent review report to Glencore plc

We have been engaged by Glencore plc ("the Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 (the "2019 Half-Year Report"), which comprises the condensed consolidated statement of income, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the statement of changes in equity, the condensed consolidated statement of cash flows and related notes 1 to 26. We have read the other information contained in the 2019 Half-Year 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 2019 Half-Year Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the 2019 Half-Year Report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

The annual financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and as issued by the International Accounting Standards Board ("IASB"). The condensed set of financial statements included in the 2019 Half-Year Report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the 2019 Half-Year 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 Financial Reporting Council 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 2019 Half-Year Report for the six months ended 30 June 2019 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

Deloitte LLP
Recognised Auditor

London, United Kingdom

6 August 2019

Condensed consolidated statement of income

For the six months ended 30 June (unaudited)

US$ million	Notes	**2019**	2018
Revenue	4	107,098	108,554
Cost of goods sold		(104,320)	(103,536)
Selling and administrative expenses		(649)	(821)
Share of income from associates and joint ventures	11	253	598
(Loss)/gain on disposals and investments	5	(19)	19
Other expense – net	6	(122)	(270)
Impairments of non-current assets	7	(888)	(80)
Dividend income	11	28	–
Interest income		126	103
Interest expense		(988)	(849)
Income before income taxes		**519**	**3,718**
Income tax expense	8	(677)	(1,144)
(Loss)/income for the period		**(158)**	**2,574**
Attributable to:			
Non-controlling interests		(384)	(202)
Equity holders of the Parent		226	2,776
Earnings per share:			
Basic (US$)	16	0.02	0.19
Diluted (US$)	16	0.02	0.19

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	2019	2018
(Loss)/income for the period		(158)	2,574
Other comprehensive income			
Items not to be reclassified to the statement of income in subsequent periods:			
Defined benefit plan actuarial (losses)/gains, net of tax of $23 million (2018: $16 million)		(72)	45
Gain/(loss) on equity investments accounted for at fair value through other comprehensive income	11	240	(667)
Gain due to changes in credit risk on financial liabilities accounted for at fair value through profit and loss		24	11
Net items not to be reclassified to the statement of income in subsequent periods		**192**	**(611)**
Items that have or may be reclassified to the statement of income in subsequent periods:			
Exchange gain/(loss) on translation of foreign operations		88	(494)
(Losses)/gains on cash flow hedges, net of tax of $Nil (2018: $Nil)		(31)	25
Share of other comprehensive loss from associates and joint ventures	11	(26)	(62)
Items recycled to the statement of income	20	(11)	11
Net items that are or may be reclassified to the statement of income in subsequent periods		**20**	**(520)**
Other comprehensive income/(loss)		**212**	**(1,131)**
Total comprehensive income		**54**	**1,443**
Attributable to:			
Non-controlling interests		(384)	(232)
Equity holders of the Parent		438	1,675

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

Condensed consolidated statement of financial position

As at 30 June 2019 and 31 December 2018

US$ million	Notes	**2019 (unaudited)**	2018 (audited)
Assets			
Non-current assets			
Property, plant and equipment	9	57,411	56,770
Intangible assets	10	7,056	6,971
Investments in associates and joint ventures	11	13,712	13,909
Other investments	11	2,280	2,067
Advances and loans	12	2,875	2,555
Other financial assets	21	48	51
Inventories	13	546	353
Deferred tax assets		1,581	1,728
		85,509	**84,404**
Current assets			
Inventories	13	20,405	20,564
Accounts receivable	14	16,477	17,787
Other financial assets	21	2,603	3,482
Prepaid expenses		351	389
Cash and cash equivalents		1,838	2,046
		41,674	**44,268**
Total assets		**127,183**	**128,672**
Equity and liabilities			
Capital and reserves – attributable to equity holders			
Share capital	15	146	146
Reserves and retained earnings		42,021	45,592
		42,167	**45,738**
Non-controlling interests	26	(621)	(355)
Total equity		**41,546**	**45,383**
Non-current liabilities			
Borrowings	18	29,479	26,424
Deferred income		2,383	2,301
Deferred tax liabilities		6,581	6,839
Other financial liabilities	21	512	529
Provisions including post-retirement benefits		7,050	6,824
		46,005	**42,917**
Current liabilities			
Borrowings	18	6,356	8,570
Accounts payable	19	28,837	26,484
Deferred income		414	412
Provisions		463	554
Other financial liabilities	21	3,022	3,243
Income tax payable		540	1,109
		39,632	**40,372**
Total equity and liabilities		**127,183**	**128,672**

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	**2019**	2018
Operating activities			
Income before income taxes		519	3,718
Adjustments for:			
Depreciation and amortisation		3,226	2,916
Share of income from associates and joint ventures	11	(253)	(598)
Streaming revenue and other non-current provisions		(206)	(141)
Loss/(gain) on disposals and investment	5	19	(19)
Unrealised mark-to-market movements on other investments	6	16	(54)
Impairments	7	888	80
Other non-cash items – net[1]		338	157
Interest expense – net		862	746
Cash generated by operating activities before working capital changes		**5,409**	**6,805**
Working capital changes			
Decrease in accounts receivable[2]		741	249
Decrease/(increase) in inventories		385	(270)
Increase in accounts payable[3]		617	151
Total working capital changes		**1,743**	**130**
Income taxes paid		(1,522)	(1,105)
Interest received		101	83
Interest paid		(903)	(780)
Net cash generated by operating activities		**4,828**	**5,133**
Investing activities			
Net cash used in acquisition of subsidiaries	20	(105)	(1,143)
Net cash (used)/received from disposal of subsidiaries	20	(1)	26
Purchase of investments		(14)	(7)
Proceeds from sale of investments		49	19
Purchase of property, plant and equipment		(2,109)	(1,946)
Proceeds from sale of property, plant and equipment		90	37
Dividends received from associates and joint ventures	11	447	568
Net cash used by investing activities		**(1,643)**	**(2,446)**

1 Includes certain non-cash items as disclosed in note 6, share based remuneration and inventory net realisable value adjustments.
2 Includes movements in other financial assets, prepaid expenses and long-term advances and loans.
3 Includes movements in other financial liabilities, provisions and deferred income. In 2019, Glencore entered into cobalt and palladium supply arrangements in exchange for upfront payments totalling $300 million, which will be physically settled over a five-year period.

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	**2019**	2018
Financing activities[1]			
Proceeds from issuance of capital market notes[2]		2,953	–
Proceeds from issuance of non-dilutive convertible bonds[2]		–	465
Purchase of call options on non-dilutive convertible bonds		–	(79)
Repayment of capital market notes		(2,264)	(1,920)
(Repayment of)/proceeds from revolving credit facility		(91)	1,983
(Repayment of)/proceeds from other non-current borrowings		(293)	41
Repayment of finance lease obligations under IAS 17		–	(37)
Repayment of lease liabilities under IFRS 16		(136)	–
Margin receipts/(calls) in respect of financing related hedging activities		569	(211)
(Repayment of)/proceeds from current borrowings		(1,399)	129
Proceeds from/(repayment of) from U.S. commercial papers		93	(949)
Acquisition of non-controlling interests in subsidiaries		(7)	(59)
Return of capital/distributions to non-controlling interests		(232)	(241)
Purchase of own shares		(1,226)	(321)
Disposal of own shares		6	28
Distributions paid to equity holders of the Parent	17	(1,368)	(1,427)
Net cash used by financing activities		**(3,395)**	**(2,598)**
(Decrease)/increase in cash and cash equivalents		(210)	89
Effect of foreign exchange rate changes		2	(48)
Cash and cash equivalents, beginning of period		2,046	2,147
Cash and cash equivalents, end of period		**1,838**	**2,188**

1 Refer to note 18 for reconciliation of movement in borrowings.
2 Net of issuance costs relating to capital market notes of $14 million (2018: $2 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)

	Retained earnings	Share premium	Other reserves	Own shares	Total reserves and retained earnings	Share capital	Total equity attributable to equity holders	Non-controlling interests (Note 26)	Total equity
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[2]	–	–	(1,203)	–	(1,203)	–	(1,203)	1,123	(80)
Acquisition/disposal of business[3]	–	–	11	–	11	–	11	21	32
Reclassifications	(12)	–	12	–	–	–	–	–	–
Distributions declared[4]	–	(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**

	Retained earnings	Share premium	Other reserves	Own shares	Total reserves and retained earnings	Share capital	Total equity attributable to equity holders	Non-controlling interests (Note 26)	Total equity
1 January 2019	**5,343**	**48,504**	**(4,937)**	**(3,318)**	**45,592**	**146**	**45,738**	**(355)**	**45,383**
Income for the period	226	–	–	–	226	–	226	(384)	(158)
Other comprehensive income	(109)	–	321	–	212	–	212	–	212
Total comprehensive income	**117**	**–**	**321**	**–**	**438**	**–**	**438**	**(384)**	**54**
Own share disposal[1]	(115)	–	–	199	84	–	84	–	84
Own share purchases[1]	–	–	–	(1,226)	(1,226)	–	(1,226)	–	(1,226)
Equity-settled share-based expenses	(43)	–	–	–	(43)	–	(43)	–	(43)
Change in ownership interest in subsidiaries[2]	–	–	(24)	–	(24)	–	(24)	(21)	(45)
Acquisition/disposal of business[3]	–	–	–	–	–	–	–	371	371
Reclassifications	25	–	(25)	–	–	–	–	–	–
Distributions declared[4]	–	(2,800)	–	–	(2,800)	–	(2,800)	(232)	(3,032)
30 June 2019	**5,327**	**45,704**	**(4,665)**	**(4,345)**	**42,021**	**146**	**42,167**	**(621)**	**41,546**

1 See note 15.
2 See note 26.
3 See note 20.
4 See note 17.

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 and energy 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 and oil. 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.

These unaudited condensed interim consolidated financial statements for the six months ended 30 June 2019 were authorised for issue in accordance with a Directors' resolution on 6 August 2019.

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 2019. These unaudited condensed interim consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the audited 2018 Annual Report of Glencore plc and subsidiaries (2018 Annual Report) available at www.glencore.com. These financial statements for the six months ended 30 June 2019 and 2018, and financial information for the year ended 31 December 2018 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 2018 Annual Report and audited financial statements for the year ended 31 December 2018 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 2019 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 2018 Annual Report, except for the adoption of a number of new and revised accounting pronouncements, that became effective as of 1 January 2019 and have been adopted by the Group.

(i) IFRS 16 – Leases

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 superseded IAS 17 Leases and its associated interpretative guidance. The Group applied the modified retrospective approach. Under this approach, the Group did not restate prior-year amounts reported and applied the practical expedient to retain the classification of existing contracts as leases under the previous accounting standard (i.e. IAS 17) instead of reassessing whether existing contracts are/or contain a lease at the date of initial application provided these contracts are ending within 12 months of the date of initial application.

The Group has elected to apply the following other transitional reliefs available under the standard:

- The application of a single discount rate for portfolios of leases with reasonably similar characteristics;
- The use of hindsight for determination of the lease term as of the date of initial applications;
- The use of onerous provision assessment under IAS 37 immediately prior to the date of initial application rather than impairment assessment of right-of-use assets under IAS 36;

2. Accounting policies continued

- The exclusion of initial direct costs of obtaining a lease from the measurement of right-of-use assets at the date of initial application; and
- Leases with a remaining lease term of less than 12 months from the date of initial application have not been recognised under IFRS 16 and will remain accounted for as operating expenditures.

Upon adoption of IFRS 16, right-of-use assets of $792 million (net of $9 million of previously recognised onerous lease provisions), lease receivables of $64 million and lease liabilities of $865 million were recognised as at 1 January 2019. The reconciliation between the operating lease commitments as at 31 December 2018 and the opening balance for the lease liabilities as at 1 January 2019 is as follows:

US$ million	
Operating lease commitments at 31 December 2018	1,052
Vessels/chartering commitments at 31 December 2018	335
Total lease commitments at 31 December 2018	**1,387**
Leases not yet commenced	(72)
Leases of low-value assets	(31)
Short-term leases	(163)
Effect of discounting	(256)
Total additional lease liabilities recognised on adoption of IFRS 16	**865**
Existing finance lease obligations at 31 December 2018	387
Total lease liabilities at 1 January 2019	**1,252**
Of which:	
Current lease liabilities	149
Non-current lease liabilities	1,103

The lease liabilities were discounted using asset and company specific incremental borrowing rates as at 1 January 2019. The weighted-average discount rate was 7.5%. In order to calculate the incremental borrowing rates, reference interest rates were derived from the yields of corporate bonds in major countries and currencies, for a period up to 10 years. The reference interest rates were supplemented by a leasing risk premium, depending on the asset class.

Accounting policies under IFRS 16 Leases

The Group applies IFRS 16 as follows:

- Assesses whether a contract is or contains a lease, at inception of the contract;
- Recognises right-of use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;
- Recognises depreciation of right-of-use assets based on the contract term, presented within Cost of goods sold in the statement of income;
- Recognises interest on lease liabilities based on implied interest rate, presented within interest expense in the statement of income;
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows; and
- For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This lease expense is presented within Cost of goods sold and selling and administrative expenses in the statement of income.

(ii) IFRIC 23 – Uncertainty over income tax treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. Due to its global reach, including operating in high-risk jurisdictions, the Group is subject to enhanced complexity and uncertainty, which may lead to uncertain tax treatments and the corresponding recognition and measurement of current and deferred taxes. The judgements and estimates made to separately recognise and measure the effect of each uncertain tax treatment are re-assessed whenever circumstances change or when there is new information that affects those judgments. The Group has re-assessed its global tax exposure and the key estimates taken in determining the positions recorded to adopt IFRIC 23. As of 1 January 2019, the global tax exposure has been determined by referencing to the uncertainty that the tax authority may not accept the Group's proposed treatment of tax positions. The adoption of the interpretation had no material impact on the Group.

Several other amendments to existing standards apply for the first time in 2019, but do not have an impact on the interim condensed financial statements of the Group.

3. Segment information

Changes in segmental reporting

During the period, key members of the Group's Metals and minerals, Energy products and Agricultural products segments retired and a new position with oversight and responsibility for all of Glencore's industrial assets (Head of Industrial Assets) was created. Internal reporting lines and organisational structures were amended such that Glencore's industrial activities report to the Head of Industrial Assets and all of its marketing activities report to the Head of Marketing (being the Group CEO). This change in oversight and responsibility for the two differing parts of our business (marketing and industrial) and associated remuneration has resulted in a change in the 'chief operating decision makers' reporting and accountability structures and, with it, our reportable segments. Aligning with the new executive structure and respective operational oversight and responsibility, the new reportable segments are – 'Industrial' and 'Marketing' activities.

Comparative 2018 information has been restated for the change in reportable segments.

Segment information

Glencore is organised and operates on a worldwide basis in two core business segments – Marketing activities and Industrial activities, reflecting the reporting lines and structure used by Glencore's Management to allocate resources and assess the performance of Glencore.

The business segments' contributions to the Group are primarily derived from a) the net margin or premium earned from physical Marketing activities (net sale and purchase of physical commodities) and the provision of marketing and related value-add services and b) 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). Due to similar economic characteristics of the operating segments within the Marketing activities and Industrial activities, these operating segments have been aggregated under the two reportable segments.

Corporate and other: consolidated statement of income amount represents Group related income and expenses (including share of Glencore Agri earnings and certain variable bonus charges). Statement of financial position amounts represent Group related balances.

The financial performance of the operating 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.

During 2018, the Glencore Agri joint venture continued its transition to a fully independent stand-alone group through bedding down of its independent governance structure and the firm establishment of its own stand-alone capital structure and credit profile, including the removal of the majority of the Group's legacy guarantee arrangements. As a result of its increasing independence and Glencore's management evaluating the former segment's financial performance on a net return basis as opposed to an Adjusted EBIT basis, the financial results of Glencore Agri are no longer adjusted and presented on a proportionate consolidation basis, but rather are presented on a basis consistent with its underlying IFRS treatment (equity accounting) as a component of the 'Corporate and other' section of the Marketing segment. Applicable comparative segment balances have been adjusted to reflect these changes.

The accounting policies of the operating segments are the same as those described in note 2 with the exception of relevant material associates, the Collahuasi joint venture 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) is considered to be a joint venture. Associates and joint ventures are required to be accounted for in Glencore's financial statements under the equity method. For internal reporting and analysis, Glencore evaluates the performance of these investments under the proportionate consolidation method, reflecting Glencore's proportionate share of the revenues, expenses, assets and liabilities of the investments. 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

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 2019

US$ million	Marketing activities	Industrial activities	Inter-segment eliminations	Total
Revenue				
Metals and minerals	35,766	13,714	(8,357)	41,123
Energy products	61,852	6,774	(1,650)	66,976
Corporate and other	–	3	–	3
Revenue	**97,618**	**20,491**	**(10,007)**	**108,102**
Proportionate adjustment – revenue[1]	–	(1,004)	–	(1,004)
Revenue – reported measure	**97,618**	**19,487**	**(10,007)**	**107,098**
Metals and minerals				
Adjusted EBITDA	380	2,577	–	2,957
Depreciation and amortisation	(33)	(2,002)	–	(2,035)
Proportionate adjustment – depreciation[1]	–	(40)	–	(40)
Adjusted EBIT	**347**	**535**	**–**	**882**
Energy products				
Adjusted EBITDA	740	2,135	–	2,875
Depreciation and amortisation	(81)	(1,101)	–	(1,182)
Proportionate adjustment – depreciation[1]	–	(87)	–	(87)
Adjusted EBIT	**659**	**947**	**–**	**1,606**
Corporate and other[2]				
Adjusted EBITDA	(37)	(213)	–	(250)
Depreciation and amortisation	–	(9)	–	(9)
Adjusted EBIT	**(37)**	**(222)**	**–**	**(259)**
Total Adjusted EBITDA	**1,083**	**4,499**	**–**	**5,582**
Total depreciation and amortisation	(114)	(3,112)	–	(3,226)
Total depreciation proportionate adjustment	–	(127)	–	(127)
Total Adjusted EBIT	**969**	**1,260**	**–**	**2,229**
Share of associates' significant items[1,3]				(85)
Movement in unrealised inter-segment profit elimination adjustments[4]				504
Loss on disposals and investments				(19)
Other (expense)/income – net				(122)
Impairments				(888)
Interest expense – net				(862)
Income tax expense				(677)
Proportionate adjustment – net finance and income tax expense[1]				(238)
Loss for the period				**(158)**
Total assets (as at 30 June 2019)	**43,081**	**84,102**	**–**	**127,183**
Capital expenditure				
Metals and minerals	38	1,697	–	1,735
Energy products	164	580	–	744
Corporate and other	–	33	–	33
Capital expenditure (30 June 2019)	**202**	**2,310**	**–**	**2,512**
Proportionate adjustment – capital expenditure[1]	–	(169)	–	(169)
Capital expenditure – reported measure (30 June 2019)	**202**	**2,141**	**–**	**2,343**

1 Refer to APMs section for definition.
2 Includes $13 million of Glencore's equity accounted share of Glencore Agri.
3 Share of associates' significant items comprise Glencore's share of significant charges booked directly by various associates.
4 Represents the required adjustment to eliminate unrealised profit or losses arising on inter-segment 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.

Notes to the unaudited condensed interim consolidated financial statements
continued

3. Segment information continued

Six months ended 30 June 2018

US$ million	Marketing activities[1]	Industrial activities	Inter-segment eliminations	Total Restated[1]
Revenue				
Metals and minerals	37,036	15,974	(10,172)	42,838
Energy products	62,626	5,899	(1,538)	66,987
Corporate and other[1]	–	19	–	19
Revenue	**99,662**	**21,892**	**(11,710)**	**109,844**
Proportionate adjustment – revenue[2]	–	(1,290)	–	(1,290)
Revenue – reported measure	**99,662**	**20,602**	**(11,710)**	**108,554**
Metals and minerals				
Adjusted EBITDA	1,238	4,775	–	6,013
Depreciation and amortisation	(12)	(1,998)	–	(2,010)
Proportionate adjustment – depreciation[2]	–	(79)	–	(79)
Adjusted EBIT	**1,226**	**2,698**	**–**	**3,924**
Energy products				
Adjusted EBITDA	369	2,217	–	2,586
Depreciation and amortisation	(10)	(888)	–	(898)
Proportionate adjustment – depreciation[2]	–	(94)	–	(94)
Adjusted EBIT	**359**	**1,235**	**–**	**1,594**
Corporate and other[1]				
Adjusted EBITDA	(85)	(334)	–	(419)
Depreciation and amortisation	–	(8)	–	(8)
Adjusted EBIT	**(85)**	**(342)**	**–**	**(427)**
Total Adjusted EBITDA	**1,522**	**6,658**	**–**	**8,180**
Total depreciation and amortisation	(22)	(2,894)	–	(2,916)
Total depreciation proportionate adjustment	–	(173)	–	(173)
Total Adjusted EBIT	**1,500**	**3,591**	**–**	**5,091**
Movement in unrealised inter-segment profit elimination adjustments[3]				(43)
Gain on disposals and investments				19
Other (expense)/income – net				(270)
Impairments				(80)
Interest expense – net				(746)
Income tax expense				(1,144)
Proportionate adjustment – net finance and income tax expense[2]				(253)
Income for the period				**2,574**
Total assets (as at 30 June 2018)	**51,734**	**82,730**	**–**	**134,464**
Capital expenditure				
Metals and minerals	14	1,640	–	1,654
Energy products	12	420	–	432
Corporate and other[1]	–	32	–	32
Capital expenditure (30 June 2018)	**26**	**2,092**	**–**	**2,118**
Proportionate adjustment – capital expenditure[2]	–	(151)	–	(151)
Capital expenditure – reported measure (30 June 2018)	**26**	**1,941**	**–**	**1,967**

1 Adjusted for presenting Glencore Agri on a basis consistent with its underlying IFRS treatment (equity accounting). Corporate Adjusted EBITDA includes $19 million of Glencore's equity accounted share of Glencore Agri.

2 Refer to APMs section for definition.

3 Represents the required adjustment to eliminate unrealised profit or losses arising on inter-segment 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.

4. Revenue

US$ million	**H1 2019**	H1 2018
Sale of commodities	105,784	107,169
Freight, storage and other services	1,314	1,385
Total	**107,098**	**108,554**

Revenue is derived principally from the sale of commodities, recognised once the control of the goods has transferred from Glencore to the buyer. Revenue derived from freight, storage and other services is recognised over time as the service is rendered. Revenue is measured based on consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties. This is consistent with the revenue information disclosed for each reportable segment (see note 3).

5. (Loss)/gain on disposals and investments

US$ million	Notes	**H1 2019**	H1 2018
Revaluation of previously held interest in newly acquired business (Polymet)	20	(38)	–
Gain on sale of Terminales Portuarios Chancay S.A.	20	23	–
Net (loss)/gain on sale of other investments/operations		(21)	24
Gain/(loss) on disposal of property, plant and equipment		17	(5)
Total		**(19)**	**19**

Polymet

In June 2019, Glencore concluded the acquisition of an additional 42.9% interest in Polymet Mining Corp. Prior to acquisition, Glencore owned a 28.8% interest in Polymet which was accounted for as an associate. The revaluation of the existing interest at the date of acquisition resulted in a reported loss of $38 million (see note 20).

6. Other expense – net

US$ million	Notes	H1 2019	H1 2018
Net changes in mark-to-market valuations on investments		(16)	54
Net foreign exchange gains/(losses)		(56)	19
Legal related costs		(45)	–
KCC debt restructuring	26	–	(248)
Acquisition related costs	20	–	(56)
Other expenses – net[1]		(5)	(39)
Total		**(122)**	**(270)**

1 "Other expenses – net" for the six months ended 30 June 2018 mainly comprised a non-current asset valuation provision of $21 million.

Together with foreign exchange movements and mark-to-market movements on investments, other expense includes other items that, due to their variable financial impact or infrequency of the events giving rise to these items, 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 11) and the ARM Coal non-discretionary dividend obligation (see note 21) carried at fair value.

Legal related costs
Comprises various investigations (legal, expert and compliance) related costs of $45 million (2018: $Nil)(see note 24).

7. Impairments

US$ million	Notes	H1 2019	H1 2018
Property, plant and equipment and intangible assets		(888)	(80)
Total impairments		**(888)**	**(80)**

2019
Property, plant and equipment and intangible assets

- Following the sharp further decline in cobalt prices over the period and in response thereof, significant updates were made to Mutanda's mine plans, culminating in the decision to place the operations on temporary care and maintenance commencing by year end, for future restart, once the current weak and oversupplied cobalt market sufficiently recovers. As a result, the Mutanda operations were impaired by $300 million to its estimated recoverable amount of $2,801 million, including continued value recognition for the long-term copper sulphide resource potential.

  The recoverable amounts of the property, plant and equipment were measured based on fair value less costs of disposal, determined by discounted cash flow techniques and a valuation multiple approach. The discounted cash flows are based on the most recent business plans, reserve and resource estimates, relevant cost assumptions generally based on past experience and where possible, market forecasts of commodity price and foreign exchange rate assumptions discounted using an operation specific discount rate of 13.5%. The valuation remains sensitive to price and a prolonged temporary care and maintenance scenario. The short to long-term copper and cobalt price assumptions were $6,500/mt and $20.00 – $27.00/lb, respectively. Should the copper and cobalt assumptions fall by 10% (across the curve) and/or it be determined that the temporary care and maintenance scenario be prolonged for an additional 2 years, a further impairment ranging between $365 million and $470 million would be recognised.

- During the period, Glencore's exploration licenses in Chad East expired and Glencore entered into discussions with the Government of the Republic of Chad with a view to extending the exploration licenses on terms acceptable to both parties. To date, the discussions have not resulted in any agreement to extend the licenses. As a result, the full carrying value pertaining to the acreage held under exploration licenses ($538 million) was impaired. The expiry of the exploration licences has no impact on Glencore's current production and development assets in the Mangara, Badila and Krim fields (Chad West), which are held under exploitation licences.

- During the period, challenging warehousing conditions persisted and as a result, the remaining goodwill of $50 million related to the Access World warehousing business was impaired.

2018
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 Industrial activities segment.

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8. Income taxes

Income taxes consist of the following:

US$ million	H1 2019	H1 2018
Current income tax expense	(818)	(1,140)
Adjustments in respect of prior year income tax	(14)	(5)
Deferred income tax credit	167	6
Adjustments in respect of prior year deferred income tax	(12)	(5)
Total tax expense reported in the statement of income	**(677)**	**(1,144)**
Current income tax (expense)/credit recognised directly in other comprehensive income	–	–
Deferred income tax credit/(expense) recognised directly in other comprehensive income	23	(16)
Total tax credit/(expense) recognised directly in other comprehensive income	**23**	**(16)**

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 2019	H1 2018
Income before income taxes and attribution	519	3,718
Less: Share of income from associates and joint ventures	(253)	(598)
Parent Company's and subsidiaries' income before income tax and attribution	**266**	**3,120**
Income tax expense calculated at the Swiss income tax rate of 15% (2018: 15%)	(40)	(468)
Tax effects of:		
Different tax rates from the standard Swiss income tax rate	(128)	(292)
Tax-exempt income ($90 million (2018: $190 million) from recurring items and $29 million (2018: $18 million) from non-recurring items)	119	208
Items not tax deductible ($325 million (2018: $286 million) from recurring items and $26 million (2018: $59 million) from non-recurring items)	(351)	(345)
Foreign exchange fluctuations	(14)	(14)
Changes in tax rates	–	(1)
Utilisation and changes in recognition of tax losses and temporary differences	(61)	(18)
Tax losses not recognised	(188)	(206)
Adjustments in respect of prior years	(14)	(8)
Income tax expense	**(677)**	**(1,144)**

The non-tax deductible items of $351 million (2018: $345 million) primarily relate to financing costs, impairments and various other expenses. The impact of tax-exempt income of $119 million (2018: $208 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.

DRC related income tax judgements

The losses carried forward in the DRC have an unlimited carry forward period, but are subject to an annual utilisation limitation. Katanga Mining resumed processing operations in December 2017 and is expected to generate taxable profits in the future. Should this potential fully materialise, up to $750 million (2018: $705 million) of unrecognised tax effected losses are available to be recognised.

During 2018, the DRC parliament adopted a new mining code ("2018 Mining Code") introducing wide-ranging reforms including the introduction of higher royalties, a new Super Profits Tax regime and further regulatory controls. This triggered a re-assessment of our tax positions in the DRC. Based on the potential challenge of historical tax positions and uncertainties of the 2018 Mining Code, specifically, the application and interpretation of the Super Profits Tax, which cannot be offset by carry forward income tax losses, consideration was given to the range of possible outcomes to determine the expected value of the tax available for future offset; including to what extent previously incurred tax losses would be available to offset future taxable profits. Any adverse challenge by the DRC tax authorities could significantly impact the currently recognised tax losses.

Notes to the unaudited condensed interim consolidated financial statements
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9. Property, plant and equipment

US$ million	Notes	Freehold land and buildings	Plant and equipment	Right-of-use assets[3]	Mineral and petroleum rights	Exploration and evaluation	Deferred mining costs	**Total**
Net book value:								
1 January 2019		4,405	21,887	–	20,929	595	8,954	56,770
Impact of adoption of IFRS 16	2	–	–	792	–	–	–	792
Restatement[1]	20	2	(7)	–	–	–	–	(5)
1 January 2019 (restated)		4,407	21,880	792	20,929	595	8,954	57,557
Business combination	20	86	872	148	109	–	371	1,586
Disposal of subsidiaries	20	(58)	–	–	–	–	–	(58)
Additions		37	1,435	234	32	–	599	2,337
Disposals		(5)	(63)	(1)	(7)	–	(13)	(89)
Depreciation		(172)	(1,430)	(159)	(810)	(2)	(590)	(3,163)
Impairment	7	–	(6)	–	(300)	(532)	–	(838)
Effect of foreign currency exchange movements		3	33	–	33	–	4	73
Reclassifications[2]		–	(531)	531	–	–	–	–
Other movements		31	(159)	–	248	30	(144)	6
Net book value 30 June 2019		**4,329**	**22,031**	**1,545**	**20,234**	**91**	**9,181**	**57,411**

1 Adjustment to provisionally reported purchase price allocation in relation to Ale.
2 Finance lease arrangements previously presented within plant and equipment have been reclassified to the right-of-use asset heading. There has been no change in the amount recognised.
3 The net book value of recognised right-of-use assets relates to land and buildings ($588 million) and plant and equipment ($957 million).

During the period ended 30 June 2018, Glencore added property, plant and equipment with a cost of $1,955 million and disposed of property, plant and equipment with net book value of $39 million.

10. Intangible assets

US$ million	Notes	Goodwill	Port allocation rights	Licences, trademarks and software	Customer relationships and other	**Total**
Net book value:						
1 January 2019		5,050	1,177	166	578	6,971
Restatement[1]	20	–	–	87	(240)	(153)
1 January 2019 (restated)		5,050	1,177	253	338	6,818
Business combination	20	–	–	–	359	359
Disposal of subsidiaries	20	–	–	–	(33)	(33)
Additions		–	–	–	6	6
Amortisation		–	(17)	(19)	(27)	(63)
Impairment	7	(50)	–	–	–	(50)
Effect of foreign currency exchange movements		–	19	–	6	25
Other movements		–	–	(6)	–	(6)
Net book value 30 June 2019		**5,000**	**1,179**	**228**	**649**	**7,056**

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

11. Investments in associates, joint ventures and other investments

Investments in associates and joint ventures

US$ million	Notes	2019
1 January 2019		13,909
Additions		4
Disposals		(51)
Share of income from associates and joint ventures		253
Share of other comprehensive income from associates and joint ventures		(26)
Transfer of previously equity accounted investment to subsidiary	20	(36)
Fair value of retained interest in Terminales Portuarios Chancay S.A.	20	150
Dividends received		(447)
Other movements		(44)
30 June 2019		**13,712**
Of which:		
Investments in associates		7,529
Investments in joint ventures		6,183

As at 30 June 2019, $95 million (2018: $101 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 $75 million (2018: $90 million)(see note 18).

Terminales Portuarios Chancay S.A.

In April 2019, Glencore disposed of a 60% interest in Terminales Portuarios Chancay S.A. for $11 million (see note 20), subsequently accounting for its remaining share of 40% using the equity method.

Other investments

US$ million	as at 30.06.2019	as at 31.12.2018
Fair value through other comprehensive income[1]		
United Company Rusal plc[2]	–	440
EN+ GROUP PLC[2]	510	–
OAO NK Russneft[3]	935	744
Yancoal	185	233
OSJC Rosneft	399	376
Other	188	207
	2,217	2,000
Fair value through profit and loss		
Century Aluminum Company cash-settled equity swaps	63	67
	63	67
Total	**2,280**	**2,067**

1 Fair value through other comprehensive income includes net disposals of $23 million for the period.
2 In January 2019, Glencore agreed to exchange its interest in United Company Rusal plc into a 10.6% interest in EN+ GROUP PLC.
3 Glencore's investment in OAO NK Russneft is secured under a loan facility issued to OAO NK Russneft.

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 fair value through other comprehensive income amounted to $28 million for the period ended as at 30 June 2019.

Notes to the unaudited condensed interim consolidated financial statements
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12. Advances and loans

US$ million	as at 30.06.2019	as at 31.12.2018
Financial assets at amortised cost		
Loans to associates	333	275
Other non-current receivables and loans	570	376
Rehabilitation trust fund	140	120
Financial assets at fair value through profit and loss		
Other non-current receivables and loans	155	155
Non-financial instruments		
Pension surpluses	41	41
Advances repayable with product[1]	1,458	1,387
Other non-current receivables	178	201
Total	**2,875**	**2,555**

1 Net of $1,145 million (2018: $1,142 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 (at amortised cost) 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	Loans to associates	Other non-current receivables and loans	Total
Gross carrying value 30 June 2019	365	897	**1,262**
Loss allowances			
1 January 2019	27	323	350
Released during the period	–	–	–
Charged during the period	5	4	9
30 June 2019	32	327	**359**
Net carrying value 30 June 2019	**333**	**570**	**903**

13. Inventories

Current inventory

Inventories of $20,405 million (2018: $20,564 million) comprise $10,250 million (2018: $11,449 million) of inventories carried at fair value less costs of disposal and $10,155 million (2018: $9,115 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 $96,162 million (2018: $96,567 million).

Fair value of inventories is a Level 2 fair value measurement (see note 22) 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 18). As at 30 June 2019, the total amount of inventory secured under such facilities was $67 million (2018: $562 million). The proceeds received and recognised as current borrowings were $45 million (2018: $366 million) and $80 million (2018: $139 million) as non-current borrowings.

Non-current inventory

$546 million (2018: $353 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.

Notes to the unaudited condensed interim consolidated financial statements
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14. Accounts receivable

US$ million	Notes	as at 30.06.2019	as at 31.12.2018
Financial assets at amortised cost			
Trade receivables		4,098	4,163
Trade advances		68	321
Margin calls paid[1]		1,157	1,388
Associated companies		418	546
Other receivables[2]		414	422
Financial assets at fair value through profit and loss			
Trade receivables containing provisional pricing features	21	6,386	6,471
Exchangeable loan (see below)		–	1,044
Finance lease receivable	21	21	–
Non-financial instruments			
Advances repayable with product[3]		1,653	1,535
Income tax receivable		364	203
Other tax and related receivables		1,898	1,694
Total		**16,477**	**17,787**

1 Includes $664 million (2018: $1,041 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 $219 million (2018: $104 million).
3 Includes advances, net of $1,130 million (2018: $1,136 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 2019	Not past due	<30	31 – 60	61 – 90	>90	Total
Gross carrying amount	3,498	367	77	32	138	4,112
Expected credit loss rate	0.25%	0.50%	0.75%	1.01%	2.14%	
Lifetime expected credit loss	(9)	(2)	(1)	–	(2)	(14)
Total	**3,489**	**365**	**76**	**32**	**136**	**4,098**

The movement in allowance for doubtful accounts is detailed below:

US$ million	H1 2019
1 January 2019	317
Released during the period	(20)
Charged during the period	30
Utilised during the period	(43)
30 June 2019	**284**

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 18). As at 30 June 2019, the total amount of trade receivables secured was $465 million (2018: $1,943 million) and proceeds received and classified as current borrowings amounted to $388 million (2018: $1,539 million) and $Nil (2018: $126 million) as non-current borrowings.

Exchangeable loan

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. OTS's acquisition from Chevron closed on 1 October 2018, at which time Glencore advanced $1,044 million to OTS under an exchangeable loan arrangement. The transaction completed on 6 April 2019, whereby the loan advanced was exchanged into the shares in the underlying businesses (see note 20).

15. Share capital and reserves

	Number of shares (thousand)	Share capital (US$ million)	Share premium (US$ million)
Authorised:			
30 June 2019 and 31 December 2018 Ordinary shares with a par value of $0.01 each	50,000,000		
Issued and fully paid up:			
1 January 2019 and 31 December 2018 – Ordinary shares	**14,586,200**	**146**	**48,504**
Distributions declared (see notes 17 and 19)	–	–	(2,800)
30 June 2019 – Ordinary shares	**14,586,200**	**146**	**45,704**

	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 2019	**583,572**	**(2,483)**	**170,130**	**(835)**	**753,702**	**(3,318)**
Own shares purchased during the period	322,085	(1,226)	–	–	322,085	(1,226)
Own shares disposed during the period	–	–	(40,137)	199	(40,137)	199
30 June 2019	**905,657**	**(3,709)**	**129,993**	**(636)**	**1,035,650**	**(4,345)**

Own shares

Own shares comprise shares acquired under the Company's share buy-back programmes 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 Trusts are expensed in the period in which they are incurred.

As at 30 June 2019, 1,035,648,574 shares (2018: 753,702,088 shares), equivalent to 7.10% (2018: 5.17%) of the issued share capital were held at a cost of $4,345 million (2018: $3,318 million) and market value of $3,595 million (2018: $2,798 million).

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16. Earnings per share

US$ million	H1 2019	H1 2018
Income attributable to equity holders of the Parent for basic earnings per share	**226**	**2,776**
Weighted average number of shares for the purposes of basic earnings per share (thousand)	13,709,712	14,278,227
Effect of dilution:		
Equity-settled share-based payments (thousand)	69,076	112,921
Weighted average number of shares for the purposes of diluted earnings per share (thousand)	13,778,788	14,391,148
Basic earnings per share (US$)	**0.02**	**0.19**
Diluted earnings per share (US$)	**0.02**	**0.19**

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 2019	H1 2018
Income attributable to equity holders of the Parent for basic earnings per share	226	2,776
Net gain on disposals[1]	19	(19)
Net gain on disposals - non-controlling interest	4	–
Net gain on disposals – tax	11	6
Impairments[2]	888	80
Impairments – non-controlling interest	–	(10)
Impairments – tax	(90)	(10)
Headline and diluted earnings for the period	**1,058**	**2,823**
Headline earnings per share (US$)	**0.08**	**0.20**
Diluted headline earnings per share (US$)	**0.08**	**0.20**

1 See note 5.
2 Comprises impairments of property, plant and equipment and intangible assets, see note 7.

17. Distributions

The first tranche of the 2018 distribution of $0.10 per ordinary share (2018: $0.10 per share) amounting to $1,368 million (2018: $1,427 million) was paid on 23 May 2019 and the second tranche of $0.10 per ordinary share is expected to be paid in September 2019.

18. Borrowings

US$ million	Notes	as at 30.06.2019	as at 31.12.2018
Non-current borrowings			
Capital market notes		21,991	19,804
Committed syndicated revolving credit facilities		5,542	5,623
Finance lease obligations under IAS 17		–	277
Lease liabilities under IFRS 16		1,093	–
Other bank loans		853	720
Total non-current borrowings		**29,479**	**26,424**
Current borrowings			
Secured inventory/receivables/other facilities	11/13/14	508	1,995
U.S. commercial paper		689	596
Capital market notes		1,608	2,775
Finance lease obligations under IAS 17		–	110
Lease liabilities under IFRS 16		404	–
Other bank loans[1]		3,147	3,094
Total current borrowings		**6,356**	**8,570**
Total borrowings		**35,835**	**34,994**

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

Reconciliation of cash flow to movement in borrowings

US$ million	H1 2019	H1 2018	H2 2018
Cash related movements in borrowings[1]			
Proceeds from issuance of capital market notes	2,953	–	185
Proceeds from issuance of non-dilutive convertible bond	–	465	111
Repayment of capital market notes	(2,264)	(1,920)	(1,730)
(Repayment of)/proceeds from revolving credit facilities	(91)	1,983	2,641
(Repayment of)/proceeds from other non-current borrowings	(293)	41	(26)
Repayment of finance lease obligations under IAS 17	–	(37)	(35)
Repayment of lease liabilities under IFRS 16	(136)	–	–
Proceeds from/(repayment of) U.S. commercial papers	93	(949)	315
(Repayment of)/proceeds from current borrowings	(1,399)	129	310
	(1,137)	(288)	1,771
Non-cash related movements in borrowings			
Borrowings acquired/(disposed) in business combinations	261	–	263
Reclassification of the derivative component of the non-dilutive convertible bond	–	(79)	(16)
Foreign exchange movements	223	(341)	(216)
Fair value hedge movements	384	(232)	89
Impact of adoption of IFRS 16	865	–	–
Change in finance lease obligations under IAS 17	–	22	68
Change in lease liabilities under IFRS 16	234	–	–
Interest on convertible bonds	9	4	8
Other non-cash movements	2	1	6
	1,978	(625)	202
Increase/(decrease) in borrowings for the period	**841**	**(913)**	**1,973**
Total borrowings – opening	34,994	33,934	33,021
Total borrowings – closing	**35,835**	**33,021**	**34,994**

1 See consolidated statement of cash flows

2019 Bond activities

- In March, issued a 5 year $1,000 million, 4.125% coupon bond
- In March, issued a 10 year $750 million, 4.875% coupon bond
- In March, issued a 7 year GBP 500 million 3.125% coupon bond
- In April, issued a 7 year EUR 500 million 1.50% coupon bond

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18. Borrowings continued

Committed syndicated revolving credit facilities

In March 2019 (effective May 2019), Glencore signed new one-year revolving credit facilities of $9,775 million, refinancing the $9,085 million one-year revolving facilities signed in March 2018. Funds drawn under the facilities bear interest at US$LIBOR plus a margin of 40 basis points. Glencore also voluntarily reduced the medium term facility size from $5,115 million to $4,650 million, extended the facility to five-years, and replaced the two one-year extension options.

As at 30 June 2019, the active facilities comprise:

- a $9,775 million one year revolving credit facility with a one-year borrower's term-out option (to May 2021) and a one-year extension option; and
- a $4,650 million medium-term revolving credit facility (to May 2024), with two one-year extension options.

19. Accounts payable

US$ million	Notes	as at 30.06.2019	as at 31.12.2018
Financial liabilities at amortised cost			
Trade payables		6,639	7,569
Margin calls received[1]		413	753
Associated companies		793	824
Other payables and accrued liabilities		1,587	1,710
Financial liabilities at fair value through profit and loss			
Trade payables containing provisional pricing features	21	17,138	15,073
Non-financial instruments			
Advances settled in product		396	251
Shareholder distribution payable	17	1,432	–
Other tax and related payables		439	304
Total		**28,837**	**26,484**

1 Includes $331 million (2018: $139 million) of cash collateral receipts under margin arrangements related to cross currency swaps held to hedge non-U.S. dollar denominated bonds.

As at 30 June 2019, trade payables include $6,242 million (2018: $5,152 million) of liabilities arising from supplier financing arrangements, the weighted average of which have extended the settlement of the original payable to 71 days (2018: 59 days) after physical supply and are due for settlement 36 days (2018: 29 days) after period end.

Notes to the unaudited condensed interim consolidated financial statements
continued

20. Acquisition and disposal of subsidiaries and other entities

2019 Acquisitions
In 2019, Glencore acquired a 75% controlling interest in Chevron South Africa Proprietary Limited and a 100% interest in Chevron Botswana Proprietary Limited (together "Astron Energy"), a 42.9% additional interest in Polymet Mining Corp ("Polymet") and increased its interest in Ulan and Hail Creek.

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	Astron Energy	Polymet	Ulan	Hail Creek	**Total**
Non-current assets					
Property, plant and equipment	993	420	133	40	1,586
Intangible assets	335	24	–	–	359
Advances and loans[1]	7	12	–	–	19
	1,335	**456**	**133**	**40**	**1,964**
Current assets					
Inventories	584	–	3	3	590
Accounts receivable[1]	294	2	8	3	307
Cash and cash equivalents	50	6	1	1	58
	928	**8**	**12**	**7**	**955**
Non-controlling interest	**(260)**	**(111)**	**–**	**–**	**(371)**
Non-current liabilities					
Borrowings	(131)	–	–	–	(131)
Deferred tax liabilities	(199)	–	–	–	(199)
Provisions including post-retirement benefits	(48)	(63)	(5)	(2)	(118)
	(378)	**(63)**	**(5)**	**(2)**	**(448)**
Current liabilities					
Borrowings	(130)	–	–	–	(130)
Accounts payable	(487)	(7)	(16)	(5)	(515)
Provisions	(3)	(4)	–	(1)	(8)
	(620)	**(11)**	**(16)**	**(6)**	**(653)**
Total fair value of net assets acquired	**1,005**	**279**	**124**	**39**	**1,447**
Less: cash and cash equivalents acquired	(50)	(6)	(1)	(1)	(58)
Less: amounts previously recognised as exchangeable loan	(1,005)	–	–	–	(1,005)
Less: amounts previously recognised as investments	–	(36)	–	–	(36)
Less: amounts previously recognised as non-current loan	–	(243)	–	–	(243)
Net cash (received)/used in acquisition of subsidiaries	**(50)**	**(6)**	**123**	**38**	**105**

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

Astron Energy
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 (together the "Astron Energy") following closing of OTS's exercise of its pre-emptive right to acquire Astron Energy from the Chevron group. OTS's acquisition from Chevron closed on 1 October 2018, at which time Glencore advanced $1,044 million to OTS under an exchangeable loan arrangement. On 8 April 2019, the loan was exchanged into the 75% stake in Chevron SA and the 100% stake in Chevron Botswana acquired by OTS. 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 Astron Energy using the full consolidation method in accordance with IFRS 10.

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 intangible assets, plant and equipment, deferred taxes and provisions.

If the acquisition had taken place effective 1 January 2019, the operation would have contributed additional revenue of $1,914 million and additional attributable net loss of $1 million. From the date of acquisition, the operation contributed $913 million of revenue and $31 million of attributable net loss, including the need to have recorded inventories at market value as at acquisition date.

20. Acquisition and disposal of subsidiaries and other entities continued

Polymet

On 26 June 2019, Glencore concluded the acquisition (via a rights issue) of an additional 42.9% interest in Polymet Mining Corp ("Polymet"), a company in the early stages of developing the NorthMet polymetallic (copper, nickel and precious metals) deposit in Minnesota for a total consideration of $243 million. Polymet is listed on the Toronto and New York stock exchanges. As noted, the consideration was satisfied through Glencore's participation in Polymet's rights issue, in which the proceeds raised were used to repay loans previously extended to Polymet by Glencore. As such, Glencore did not commit any new funds to Polymet. Following the capital raise, Glencore's voting interest increased from 28.8% to 71.7%.

As Glencore holds the majority of the voting rights, providing it the ability to appoint a controlling number of directors to the board, Glencore is required to account for Polymet using the full consolidation method in accordance with IFRS 10.

Prior to acquisition, Glencore owned a 28.8% interest in Polymet which was accounted for as an associate. In accordance with IFRS 3: Business Combinations, this equity interest is required to be revalued, at the date of acquisition, to its fair value with any resulting gain or loss recognised in the statement of income. The fair value of the existing interest was determined to be $36 million, by reference to the Polymet share price on the date of acquisition and as a result, a loss of $38 million was recognised in loss on disposals and investments.

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 intangible assets, plant and equipment, deferred taxes and provisions.

If the acquisition had taken place effective 1 January 2019, the operation would have contributed additional revenue of $Nil and additional attributable net loss of $3 million. From the date of acquisition, the operation contributed $Nil of revenue and $Nil of attributable net income.

Ulan/Hail Creek

In January 2019, Glencore completed the acquisition of an additional 10% of Ulan and 2.7% of Hail Creek for a net consideration of $124 million and $39 million respectively, increasing Glencore's interest in Ulan and Hail Creek to 100% and 84.7%, respectively.

Notes to the unaudited condensed interim consolidated financial statements
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20. Acquisition and disposal of subsidiaries and other entities continued

2018 Acquisitions

In 2018, Glencore acquired a 49% interest in Hunter Valley operations coal mine in New South Wales ("HVO"), an 82% interest in Hail Creek coal mine as well as a 71% interest in the Valeria coal resource in Queensland ("Hail Creek"), a 78% interest in ALE Combustiveis ("Ale"), a Brazilian fuel distributor and other businesses, none of which are individually material. The net cash used in the acquisition of subsidiaries and the fair value of assets acquired and liabilities assumed on the acquisition date are detailed below:

US$ million	Ale provisional fair values as reported at 31 December 2018	Fair value adjustments to the provisional allocation in 2019	Total Ale fair values	HVO	Hail Creek	Other	**Total**
Non-current assets							
Property, plant and equipment	46	(5)	41	1,402	1,701	8	3,152
Intangible assets	426	(153)	273	–	–	1	274
Investments in associates and joint ventures	–	–	–	32	77	–	109
Advances and loans[1]	54	–	54	14	5	–	73
Deferred tax assets	–	14	14	–	–	–	14
	526	**(144)**	**382**	**1,448**	**1,783**	**9**	**3,622**
Current assets							
Inventories	90	7	97	50	68	–	215
Accounts receivable[1]	100	–	100	69	114	2	285
Cash and cash equivalents	90	–	90	11	23	1	125
	280	**7**	**287**	**130**	**205**	**3**	**625**
Non-controlling interest	**(41)**	**–**	**(41)**	**–**	**–**	**–**	**(41)**
Non-current liabilities							
Borrowings	(189)	–	(189)	–	–	–	(189)
Deferred income	–	–	–	(200)	–	–	(200)
Deferred tax liabilities	(140)	137	(3)	–	–	(2)	(5)
Provisions	(41)	–	(41)	(66)	(69)	–	(176)
	(370)	**137**	**(233)**	**(266)**	**(69)**	**(2)**	**(570)**
Current liabilities			–				
Borrowings	(74)	–	(74)	–	–	–	(74)
Accounts payable	(98)	–	(98)	(52)	(166)	–	(316)
Deferred income	–	–	–	(20)	–	–	(20)
Provisions	–	–	–	(9)	(2)	–	(11)
	(172)	**–**	**(172)**	**(81)**	**(168)**	**–**	**(421)**
Total fair value of net assets acquired	**223**	**–**	**223**	**1,231**	**1,751**	**10**	**3,215**
Less: cash and cash equivalents acquired	(90)	–	(90)	(11)	(23)	(1)	(125)
Less: deferred consideration	(82)	–	(82)	(82)	–	(4)	(168)
Net cash used in acquisition of subsidiaries	**51**	**–**	**51**	**1,138**	**1,728**	**5**	**2,922**
Acquisition related costs	–	–	–	59	83	–	142

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

ALE Combustiveis

On 31 August 2018, Glencore completed the acquisition of a 78% interest in ALE Combusitveis, a Brazilian fuel distributor, for a cash consideration of $141 million on closing and $82 million due over six years. The investment provides Glencore with a strong platform to participate in the expected significant domestic growth opportunities across the fuels sector in Brazil with the majority of the demand increase expected to be met by imports. 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 ALE 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 intangible asset and fixed asset classes and deferred taxes. The acquisition accounting for Ale has now been finalised.

If the acquisition had taken place effective 1 January 2018, the operation would have contributed additional revenue of $2,439 million and additional attributable net loss of $15 million for the year ended 31 December 2018. From the date of acquisition, the operation contributed $969 million of revenue and $2 million of attributable net loss for the year ended 31 December 2018.

20. Acquisition and disposal of subsidiaries and other entities continued

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 $1,231 million, comprising $1,149 million cash and $82 million of deferred consideration payable over 5 years, $61 million of which is contingent on future coal prices. Under the coal price contingent royalty arrangement, a production based royalty amount is due should actual prevailing prices be in excess of a royalty trigger price of $75/mt, commencing in September 2020 and lasting for a period of 10 years. The contingent portion of the deferred consideration is a level 3 fair value measurement, and was determined using forecasted production estimates and assumed actual coal prices higher than the royalty trigger price over the royalty period. Should production volumes increase/decrease by 10%, the contingent consideration due would increase/decrease by $6 million and for any given quarter should prevailing coal prices be lower than $75/mt (escalating by CPI), no amounts would be due under the price contingent royalty arrangement. 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, $59 million of stamp duty and related costs were incurred. The acquisition accounting for HVO has now been finalised, with no adjustments to the previously reported provisional fair values.

If the acquisition had taken place effective 1 January 2018, the operation would have contributed additional revenue of $192 million and additional attributable net income of $29 million for the year ended 31 December 2018. From the date of acquisition, the operation contributed $611 million of revenue and $118 million of attributable net income for the year ended 31 December 2018.

Hail Creek coal mine

On 1 August 2018, Glencore completed the acquisition of an 82% interest in the Hail Creek coal mine and adjacent coal resources, as well as a 71% interest in the Valeria coal resource in central Queensland for a total cash consideration of $1,751 million. Hail Creek is a large-scale, long-life and low-cost mine producing two-thirds premium quality hard coking coal and one-third thermal coal for export. The investment is structured as an unincorporated joint venture with each party's exposure equating to its rights to the assets and obligations for the liabilities of Hail Creek. However, the key decision making powers do not require unanimous consent of the participants. As there is neither control nor joint control over the entire arrangement, Hail Creek is considered a deemed separate entity under IFRS 10 and is accounted for by recognising the Group's share of Hail Creek's assets, liabilities, revenue and expenses as prescribed by IFRS 10. In conjunction with the acquisition, $83 million of stamp duty and related costs were incurred. The acquisition accounting for Hail Creek has now been finalised, with no adjustments to the previously reported provisional fair values.

If the acquisition had taken place effective 1 January 2018, the operation would have contributed additional revenue of $639 million and additional attributable net income of $149 million for the year ended 31 December 2018. From the date of acquisition, the operation contributed $345 million of revenue and $95 million of attributable net income for the year ended 31 December 2018.

20. Acquisition and disposal of subsidiaries and other entities continued

2019 Disposals

In 2019, Glencore disposed of its controlling interest in Terminales Portuarios Chancay S.A.. The carrying value of the assets and liabilities over which control was lost and the net cash received from the disposal are detailed below:

US$ million	Terminales Portuarios Chancay
Non-current assets	
Property, plant and equipment	58
Intangible assets	33
Advances and loans	2
Deferred tax asset	1
	94
Current assets	
Accounts receivable	44
Cash and cash equivalents	1
	45
Current liabilities	
Accounts payable	(1)
	(1)
Carrying value of net assets disposed	**138**
Retained interest recognised as investment	(150)
Future consideration	(11)
Net gain on disposal	**(23)**
Cash and cash equivalents received	–
Less: cash and cash equivalents disposed	(1)
Net cash used from disposal	**(1)**

Terminales Portuarios Chancay

In April 2019, Glencore disposed of a 60% interest in Terminales Portuarios Chancay S.A., a Peruvian port, for cash consideration of $11 million. Glencore is no longer able to unilaterally direct the key strategic, operating and capital decisions of Terminales Portuarios Chancay S.A. 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 share using the equity method in accordance with IAS 28 (see note 11).

20. Acquisition and disposal of subsidiaries and other entities 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.

Mototolo

On 1 November 2018, Glencore disposed of its 40% interest of the Mototolo joint venture, a Platinum mine in South Africa, for a cash consideration of $68 million.

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	Mototolo	Glencore Manganese and Tahmoor Coal	Others	**Total**
Non-current assets				
Property, plant and equipment	68	87	39	194
	68	**87**	**39**	**194**
Current assets				
Inventories	3	27	4	34
Accounts receivable	34	39	6	79
Cash and cash equivalents	7	32	3	42
	44	**98**	**13**	**155**
Non-controlling interest	**(19)**	**–**	**(1)**	**(20)**
Non-current liabilities				
Deferred tax liabilities	–	–	(3)	(3)
Provisions	(4)	(37)	(28)	(69)
	(4)	**(37)**	**(31)**	**(72)**
Current liabilities				
Accounts payable	(20)	(85)	(24)	(129)
Provisions	(4)	–	–	(4)
	(24)	**(85)**	**(24)**	**(133)**
Carrying value of net assets disposed	**65**	**63**	**(4)**	**124**
Cash and cash equivalents received	(68)	(48)	(14)	(130)
Intangible assets (offtake agreement)	–	(36)	–	(36)
Items recycled to the statement of income	197	14	7	218
Future consideration	(57)	–	–	(57)
Transaction costs	–	3	–	3
Net loss/(gain) on disposal	**137**	**(4)**	**(11)**	**122**
Cash and cash equivalents received	68	48	14	130
Less: cash and cash equivalents disposed	(7)	(32)	(3)	(42)
Net cash received from disposal	**61**	**16**	**11**	**88**

Notes to the unaudited condensed interim consolidated financial statements
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21. 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 $35,835 million (2018: $34,994 million) of borrowings, the fair value of which at 30 June 2019 was $36,287 million (2018: $34,863 million) based on observable market prices applied to the borrowing portfolio (a Level 2 fair value measurement).

As at 30 June 2019

US$ million	Amortised cost	FVTPL[1]	FVTOCI[2]	**Total**
Assets				
Other investments[3]	–	63	2,217	2,280
Non-current other financial assets (see note 22)	–	48	–	48
Advances and loans	1,043	155	–	1,198
Accounts receivable	6,155	6,407	–	12,562
Other financial assets (see note 22)	–	2,603	–	2,603
Cash and cash equivalents	1,838	–	–	1,838
Total financial assets	**9,036**	**9,276**	**2,217**	**20,529**
Liabilities				
Borrowings	35,835	–	–	35,835
Non-current other financial liabilities (see note 22)	174	338	–	512
Accounts payable	9,432	17,138	–	26,570
Other financial liabilities (see note 22)	–	3,022	–	3,022
Total financial liabilities	**45,441**	**20,498**	**–**	**65,939**

1 FVTPL – Fair value through profit and loss.

2 FVTOCI – Fair value through other comprehensive income.

3 Other investments of $2,182 million are classified as Level 1 measured using quoted market prices with the remaining balance of $98 million being investments in private companies, classified as Level 2 measured using discounted cash flow models.

As at 31 December 2018

US$ million	Amortised cost	FVTPL[1]	FVTOCI[2]	Total
Assets				
Other investments[3]	–	67	2,000	2,067
Non-current other financial assets	–	51	–	51
Advances and loans	771	155	–	926
Accounts receivable	6,840	7,515	–	14,355
Other financial assets (see note 22)	–	3,482	–	3,482
Cash and cash equivalents	2,046	–	–	2,046
Total financial assets	**9,657**	**11,270**	**2,000**	**22,927**
Liabilities				
Borrowings	34,994	–	–	34,994
Non-current other financial liabilities (see note 22)	189	340	–	529
Accounts payable	10,856	15,073	–	25,929
Other financial liabilities (see note 22)	–	3,243	–	3,243
Total financial liabilities	**46,039**	**18,656**	**–**	**64,695**

1 FVTPL – Fair value through profit and loss.

2 FVTOCI – Fair value through other comprehensive income.

3 Other investments of $1,979 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.

21. Financial instruments continued

Offsetting of financial assets and liabilities

In accordance with IAS 32 the Group reports financial assets and liabilities on a net basis in the consolidated statement of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements as at 30 June 2019 and 31 December 2018 were as follows:

As at 30 June 2019	Amounts eligible for set off under netting agreements			Related amounts not set off under netting agreements				
US$ million	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]	11,176	(9,727)	**1,449**	(380)	(386)	683	**1,154**	**2,603**
Derivative liabilities[1]	(10,977)	9,727	**(1,250)**	380	507	(363)	**(1,772)**	**(3,022)**

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

As at 31 December 2018	Amounts eligible for set off under netting agreements			Related amounts not set off under netting agreements				
US$ million	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]	17,135	(14,823)	**2,312**	(341)	(719)	1,253	**1,170**	**3,482**
Derivative liabilities[1]	(16,577)	14,823	**(1,754)**	341	914	(499)	**(1,489)**	**(3,243)**

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.

22. 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.

22. Fair value measurements continued

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 2019 and 31 December 2018. Other assets and liabilities which are measured at fair value on a recurring basis are marketing inventories, other investments, cash and cash equivalents. There are no non-recurring fair value measurements.

Financial assets

As at 30 June 2019

US$ million	Level 1	Level 2	Level 3	**Total**
Accounts receivable	–	6,407	–	**6,407**
Other financial assets				
Commodity related contracts				
Futures	492	113	–	**605**
Options	2	83	1	**86**
Swaps	121	192	–	**313**
Physical forwards	–	722	421	**1,143**
Financial contracts				
Cross currency swaps	–	212	–	**212**
Foreign currency and interest rate contracts	–	244	–	**244**
Current other financial assets	**615**	**1,566**	**422**	**2,603**
Non-current other financial assets				
Purchased call options over Glencore shares[1]	–	48	–	**48**
Non-current other financial assets	**–**	**48**	**–**	**48**
Total	**615**	**8,021**	**422**	**9,058**

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

As at 31 December 2018

US$ million	Level 1	Level 2	Level 3	Total
Accounts receivable	–	6,471	–	**6,471**
Other financial assets				
Commodity related contracts				
Futures	1,353	79	–	**1,432**
Options	15	–	–	**15**
Swaps	149	483	–	**632**
Physical forwards	–	598	552	**1,150**
Financial contracts				
Cross currency swaps	–	219	–	**219**
Foreign currency and interest rate contracts	–	34	–	**34**
Current other financial assets	**1,517**	**1,413**	**552**	**3,482**
Non-current other financial assets				
Purchased call options over Glencore shares[1]	–	51	–	**51**
Non-current other financial assets	**–**	**51**	**–**	**51**
Total	**1,517**	**7,935**	**552**	**10,004**

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

Notes to the unaudited condensed interim consolidated financial statements
continued

22. Fair value measurements continued

Financial liabilities

As at 30 June 2019

US$ million	Level 1	Level 2	Level 3	Total
Accounts payable	–	17,138	–	**17,138**
Other financial liabilities				
Commodity related contracts				
Futures	419	66	–	**485**
Options	136	56	5	**197**
Swaps	52	247	–	**299**
Physical forwards	–	751	228	**979**
Financial contracts				
Cross currency swaps	–	1,048	–	**1,048**
Foreign currency and interest rate contracts	–	14	–	**14**
Current other financial liabilities	**607**	**2,182**	**233**	**3,022**
Non-current other financial liabilities				
Non-discretionary dividend obligation[1]	–	–	195	**195**
Option over non-controlling interest in Ale[2]	–	–	36	**36**
Deferred consideration	–	–	59	**59**
Embedded call options over Glencore shares[3]	–	48	–	**48**
Non-current other financial liabilities	**–**	**48**	**290**	**338**
Total	**607**	**19,368**	**523**	**20,498**

As at 31 December 2018

US$ million	Level 1	Level 2	Level 3	Total
Accounts payable	–	15,073	–	**15,073**
Other financial liabilities				
Commodity related contracts				
Futures	318	72	–	**390**
Options	93	–	3	**96**
Swaps	45	432	–	**477**
Physical forwards	–	615	247	**862**
Financial contracts				
Cross currency swaps	–	1,349	–	**1,349**
Foreign currency and interest rate contracts	–	69	–	**69**
Current other financial liabilities	**456**	**2,537**	**250**	**3,243**
Non-current other financial liabilities				
Non-discretionary dividend obligation[1]	–	–	188	**188**
Option over non-controlling interest in Ale[2]	–	–	40	**40**
Deferred consideration[2]	–	–	61	**61**
Embedded call options over Glencore shares[3]	–	51	–	**51**
Non-current other financial liabilities	**–**	**51**	**289**	**340**
Total	**456**	**17,661**	**539**	**18,656**

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 30 June 2019) and has no fixed repayment date and is not cancellable within 12 months.

2 See note 20.

3 Embedded call option bifurcated from the 2025 convertible bond.

Notes to the unaudited condensed interim consolidated financial statements
continued

22. 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 2019	305	(3)	(289)	**13**
Total gain/(loss) recognised in cost of goods sold	(81)	(4)	6	**(79)**
Non-discretionary dividend obligation	–	–	(7)	**(7)**
Realised	(31)	3	–	**(28)**
30 June 2019	**193**	**(4)**	**(290)**	**(101)**

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.

22. Fair value measurements continued

Fair value of financial assets/financial liabilities

US$ million			As at 30.06.2019	As at 31.12.2018
Futures – Level 1		Assets	**492**	1,353
		Liabilities	**(419)**	(318)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Futures – Level 2		Assets	**113**	79
		Liabilities	**(66)**	(72)
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	**2**	15
		Liabilities	**(136)**	(93)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Options – Level 2		Assets	**83**	–
		Liabilities	**(56)**	–
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	**1**	–
		Liabilities	**(5)**	(3)
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	**121**	149
		Liabilities	**(52)**	(45)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Swaps – Level 2		Assets	**192**	483
		Liabilities	**(247)**	(432)
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			

22. Fair value measurements continued

US$ million			As at 30.06.2019	As at 31.12.2018
Physical Forwards – Level 2		Assets	**722**	598
		Liabilities	**(751)**	(615)
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	**421**	552
		Liabilities	**(228)**	(247)
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	**212**	219
		Liabilities	**(1,048)**	(1,349)
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	**244**	34
		Liabilities	**(14)**	(69)
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	**48**	51
		Liabilities	**(48)**	(51)
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			

22. Fair value measurements continued

US$ million			As at 30.06.2019	As at 31.12.2018
Accounts receivable and payable – Level 2		Assets	**6,407**	6,471
		Liabilities	**(17,138)**	(15,073)
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			
Non-discretionary dividend obligation – Level 3		Assets	**–**	–
		Liabilities	**(195)**	(188)
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 $111 million adjustment to the current carrying value.			
Option over non-controlling interest in Ale – Level 3		Assets	**–**	–
		Liabilities	**(36)**	(40)
Valuation techniques and key inputs:	Discounted cash flow model			
Significant unobservable inputs:	The resultant liability is the value of the remaining minority stake in the subsidiary, measured as the higher value of the acquisition date valuation of the shares, and a discounted future earnings based valuation. The valuation is additionally sensitive to movement in the spot exchange rates between the Brazilian Real and US Dollar.			

23. 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 2019, $1,328 million (2018: $1,321 million), of which 86 % (2018: 88 %) 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 2019, $115 million (2018: $86 million) of such development expenditures are to be incurred, of which 30 % (2018: 20 %) are for commitments to be settled over the next year.

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 2019, $10,303 million (2018: $10,842 million) of procurement and $4,030 million (2018: $3,692 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 and rehabilitation and pension obligations.

Astron related commitments

As part of the regulatory approval process pertaining to the acquisition of a 75% shareholding in Astron Energy, Glencore and Astron Energy entered into certain commitments (subject to variation for good cause) with the South Africa Competition Tribunal and the South African Economic Development Department. These commitments include investment expenditure of up to ZAR 6.5 billion ($462 million) over the period to 2024 so as to debottleneck and improve the performance of the Cape Town oil refinery, contribute to the rebranding of certain retail sites and establish a development fund to support small and black-owned businesses in Astron Energy's value chain. In addition, Glencore has agreed to increase the level of BEE shareholding in Astron Energy from 25% to 35% in tranches up to 2026 which will include a minimum additional 3% held by qualifying employee stock ownership plans in 2021.

24. 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 appropriate an estimate is made of the potential financial impact on the Group. As at 30 June 2019 and 31 December 2018, it was not feasible to make such an assessment.

Legal and regulatory proceedings

The Group is subject to an investigation by the U.S. Department of Justice (the "DOJ") with respect to compliance with the FCPA and United States money laundering statutes related to the Group's business in certain overseas jurisdictions, from 2007. In addition, the Group is subject to an investigation by the U.S. Commodity Futures Trading Commission ("CFTC") as to whether the Group and its subsidiaries may have violated certain provisions of the Commodity Exchange Act of 1936 and/or CFTC regulations through corrupt practices in connection with commodities.

The Group has been named in a securities class action suit in connection with the announcement of the DOJ investigation.

The Group has engaged external legal counsel and forensic experts to assist the Group in responding to the DOJ and CFTC's investigations and to perform additional investigations at the request of the Investigations Committee covering various aspects of the Group's business.

The timing and amount of any future financial obligations (such as fines, penalties or damages, which could be material) or other consequences arising from any of the various investigations and the class actions suits are unable to be reliably measured 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.

24. Contingent liabilities continued

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 reasonable 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.

25. 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 12, 14 and 19). 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 2019, sales and purchases with associates and joint ventures amounted to $1,672 million (2018: $816 million) and $4,459 million (2018: $4,409 million) respectively.

26. Principal subsidiaries with material non-controlling interests

Non-controlling interest is comprised of the following:

US$ million	as at 30.06.2019	as at 31.12.2018
Volcan	1,543	1,608
Kazzinc	1,230	1,356
Koniambo	(3,407)	(3,177)
Katanga (see KCC debt restructuring note below)	(116)	11
Astron Energy	245	–
Other[1]	(116)	(153)
Total	**(621)**	**(355)**

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") in this regard, 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 transferred from 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 transferred portion of the converted debt resulted in a $1,207 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.

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) and Collahuasi copper mine (44% owned) under the proportionate consolidation method reflecting Glencore's proportionate share of the revenues, expenses, assets and liabilities of these investments.

During 2018, the Glencore Agri joint venture continued its transition to a fully independent stand-alone group through bedding down of its independent governance structure and the firm establishment of its own stand-alone capital structure and credit profile. As a result of its increasing independence and Glencore's management evaluating the former segment's financial performance on a net return basis as opposed to an Adjusted EBIT basis, the financial results of Glencore Agri are no longer adjusted and presented on a proportionate consolidation basis, but rather are presented on a basis consistent with its underlying IFRS treatment (equity accounting). Applicable comparative balances have been adjusted to reflect these changes.

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.

Alternative performance measures
continued

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 2019**	H1 2018 Restated[1]	Glencore Agri[1]	H1 2018 Previously reported
Revenue – Marketing activities	97,618	99,662	(6,509)	106,171
Revenue – Industrial activities	20,491	21,892	–	21,892
Intersegment eliminations	(10,007)	(11,710)	–	(11,710)
Revenue	**108,102**	**109,844**	**(6,509)**	**116,353**
Proportionate adjustment material associates and joint ventures– revenue	(1,379)	(1,727)	6,509	(8,236)
Proportionate adjustment Volcan – revenue	375	437	–	437
Revenue – reported measure	**107,098**	**108,554**	**–**	**108,554**

1 Adjusted for presenting Glencore Agri on a basis consistent with its underlying IFRS treatment (equity accounting).

Share of income from material associates and joint ventures

US$ million	**H1 2019**	H1 2018 Restated[1]	Glencore Agri[1]	H1 2018 Previously reported
Associates' and joint ventures' Adjusted EBITDA	814	1,118	(109)	1,227
Depreciation and amortisation	(350)	(346)	62	(408)
Associates' and joint ventures' Adjusted EBIT	464	772	(47)	819
Net finance costs	(1)	8	–	8
Income tax expense	(151)	(281)	28	(309)
	(152)	(273)	28	(301)
Share of income from relevant material associates and joint ventures	**312**	**499**	**(19)**	**518**
Share of income from other associates	(59)	99	19	80
Share of income from associates and joint ventures[2]	**253**	**598**	**–**	**598**

1 Adjusted for presenting Glencore Agri on a basis consistent with its underlying IFRS treatment (equity accounting).
2 Comprises share in losses of $4 million (2018: $47 million) from Marketing activities and share in earnings of $257 million (2018: $551 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.

Alternative performance measures
continued

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

US$ million	H1 2019	H1 2018 Restated[1]	Glencore Agri[1]	H1 2018 Previously reported
Reported measures				
Revenue	107,098	108,554	–	108,554
Cost of goods sold	(104,320)	(103,536)	–	(103,536)
Selling and administrative expenses	(649)	(821)	–	(821)
Share of income from associates and joint ventures	253	598	–	598
Dividend income	28	–	–	–
	2,410	**4,795**	**–**	**4,795**
Adjustments to reported measures				
Share of associates' significant items	85	–	–	–
Movement in unrealised inter-segment profit elimination	(504)	43	–	43
Proportionate adjustment material associates and joint ventures – net finance and income tax expense	152	273	(28)	301
Proportionate adjustment Volcan – net finance, income tax expense and non-controlling interests	86	(20)	–	(20)
Adjusted EBIT	**2,229**	**5,091**	**(28)**	**5,119**
Depreciation and amortisation	3,226	2,916	–	2,916
Proportionate adjustment material associates and joint ventures – depreciation	350	346	(62)	408
Proportionate adjustment Volcan – depreciation	(223)	(173)	–	(173)
Adjusted EBITDA	**5,582**	**8,180**	**(90)**	**8,270**

1 Adjusted for presenting Glencore Agri on a basis consistent with its underlying IFRS treatment (equity accounting).

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 2019

US$ million	Gross significant charges	Non-controlling interests' share	**Equity holders' share**
Share of Associates' significant items[1]	(85)	–	(85)
Movement in unrealised inter-segment profit elimination[1]	504	–	504
(Loss)/gain on disposals and investments[2]	(19)	–	(19)
Other expense – net[3]	(122)	–	(122)
Impairments[4]	(888)	–	(888)
Income tax impact from significant items and significant tax items themselves	(467)	–	(467)
Total significant items	**(1,077)**	**–**	**(1,077)**

1 See note 3 of the interim financial statements.
2 See note 5 of the interim financial statements.
3 See note 6 of the interim financial statements.
4 See note 7 of the interim financial statements.

Reconciliation of net significant items H1 2018

US$ million	Gross significant charges	Non-controlling interests' share	**Equity holders' share**
Movement in unrealised inter-segment profit elimination[1]	(43)	–	(43)
(Loss)/gain on disposals and investments[2]	19	–	19
Other expense – net[3]	(270)	61	(209)
Impairments[4]	(80)	8	(72)
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 5 of the interim financial statements.
3 See note 6 of the interim financial statements.
4 See note 7 of the interim financial statements.

Alternative performance measures

continued

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.

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 2019 $16,930 million (2018: $17,428 million) of inventories were considered readily marketable. This comprises $10,250 million (2018: $11,449 million) of inventories carried at fair value less costs of disposal and $6,680 million (2018: $5,979 million) carried at the lower of cost or net realisable value. Total readily marketable inventories includes $193 million (2018: $171 million) related to the relevant material associates and joint ventures (see note 3) presented under the proportionate consolidation method, comprising inventory 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 2019

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Non-current borrowings	29,479	98	(594)	28,983
Current borrowings	6,356	17	(214)	6,159
Total borrowings	**35,835**	**115**	**(808)**	**35,142**
Less: cash and cash equivalents	(1,838)	(118)	52	(1,904)
Net funding	**33,997**	**(3)**	**(756)**	**33,238**
Less: Readily marketable inventories	(16,737)	(193)	–	(16,930)
Net debt	**17,260**	**(196)**	**(756)**	**16,308**

Net funding/net debt at 31 December 2018

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Non-current borrowings	26,424	91	(588)	25,927
Current borrowings	8,570	16	(193)	8,393
Total borrowings	**34,994**	**107**	**(781)**	**34,320**
Less: cash and cash equivalents	(2,046)	(199)	63	(2,182)
Net funding	**32,948**	**(92)**	**(718)**	**32,138**
Less: Readily marketable inventories	(17,257)	(171)	–	(17,428)
Net debt	**15,691**	**(263)**	**(718)**	**14,710**

Alternative performance measures
continued

Net funding/net debt at 30 June 2018

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure Previously reported**	Glencore Agri[1]	**Adjusted measure Restated[1]**
Non-current borrowings	24,095	344	(600)	23,839	(271)	23,568
Current borrowings	8,926	1,676	(200)	10,402	(1,666)	8,736
Total borrowings	**33,021**	**2,020**	**(800)**	**34,241**	**(1,937)**	**32,304**
Less: cash and cash equivalents	(2,180)	(264)	97	(2,347)	76	(2,271)
Net funding	**30,841**	**1,756**	**(703)**	**31,894**	**(1,861)**	**30,033**
Less: Readily marketable inventories	(21,120)	(1,777)	–	(22,897)	1,606	(21,291)
Net debt	**9,721**	**(21)**	**(703)**	**8,997**	**(255)**	**8,742**

1 Adjusted for presenting Glencore Agri on a basis consistent with its underlying IFRS treatment (equity accounting).

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 2019**	H1 2018 Restated[1]	Glencore Agri[1]	H1 2018 Previously reported
Capital expenditure – Marketing activities	202	26	(47)	73
Capital expenditure – Industrial activities	2,310	2,092	–	2,092
Capital expenditure	**2,512**	**2,118**	**(47)**	**2,165**
Proportionate adjustment material associates and joint ventures – capital expenditure	(252)	(231)	47	(278)
Proportionate adjustment Volcan – capital expenditure	83	80	–	80
Capital expenditure – reported measure	**2,343**	**1,967**	**–**	**1,967**

1 Adjusted for presenting Glencore Agri on a basis consistent with its underlying IFRS treatment (equity accounting).

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 2019

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	5,409	–	–	5,409
Addback EBITDA of relevant material associates and joint ventures	–	814	(118)	696
Share in earnings from associates included in EBITDA	–	4	–	4
Adjusted cash generated by operating activities before working capital changes	5,409	818	(118)	6,109
Income taxes paid	(1,522)	(352)	14	(1,860)
Interest received	101	1	–	102
Interest paid	(903)	(3)	20	(886)
Dividends received from associates and joint ventures	447	(396)	–	51
Funds from operations (FFO)	**3,532**	**68**	**(84)**	**3,516**

Alternative performance measures
continued

Last Twelve Months ("LTM") key ratios calculation 2019

US$ million	FFO	Adjusted EBITDA	Net interest
Full year 2018	11,595	15,767	1,514
Less: H1 2018	(5,566)	(8,180)	(746)
H2 2018	6,029	7,587	768
Add: H1 2019	3,516	5,582	862
LTM	**9,545**	**13,169**	**1,630**
Net debt at 30 June 2019			**16,308**
FFO to Net debt			**58.5%**
Net debt to Adjusted EBITDA			**1.24**

Six months ended 30 June 2018

US$ million	Reported measure	Proportionate adjustment	**Adjusted measure Previously reported**	Glencore Agri[1]	**Adjusted measure Restated[1]**
Cash generated by operating activities before working capital changes	6,805	–	6,805	–	6,805
Addback EBITDA of relevant material associates and joint ventures	–	1,036	1,036	(109)	927
Share in earnings from associates included in EBITDA	–	2	2	(2)	–
Adjusted cash generated by operating activities before working capital changes	6,805	1,038	7,843	(111)	7,732
Income taxes paid	(1,105)	(472)	(1,577)	25	(1,552)
Interest received	83	5	88	(2)	86
Interest paid	(780)	(18)	(798)	34	(764)
Dividends received from associates and joint ventures	568	(499)	69	(5)	64
Funds from operations (FFO)	**5,571**	**54**	**5,625**	**(59)**	**5,566**

1 Adjusted for presenting Glencore Agri on a basis consistent with its underlying IFRS treatment (equity accounting).

Other reconciliations

Available committed liquidity[1]

US$ million	as at 30.06.2019	as at 31.12.2018
Cash and cash equivalents – reported	1,838	2,046
Proportionate adjustment – cash and cash equivalents	66	136
Headline committed syndicated revolving credit facilities	14,425	14,200
Amount drawn under syndicated revolving credit facilities	(5,542)	(5,623)
Amounts drawn under U.S. commercial paper programme	(689)	(596)
Total	**10,098**	**10,163**

1 Presented on an adjusted measured basis.

Cash flow related adjustments H1 2019

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Funds from operations (FFO)	3,532	68	(84)	3,516
Working capital changes	1,743	116	(6)	1,853
Net cash used in acquisitions of subsidiaries	(105)	–	–	(105)
Net cash (used)/received from disposal of subsidiaries	(1)	–	1	–
Purchase of investments	(14)	–	–	(14)
Proceeds from sale of investments	49	–	–	49
Purchase of property, plant and equipment	(2,109)	(250)	75	(2,284)
Proceeds from sale of property, plant and equipment	90	1	–	91
Margin receipt in respect of financing related hedging activities	569	–	–	569
Acquisition of non-controlling interests in subsidiaries	(7)	–	–	(7)
Return of capital/distributions to non-controlling interests	(232)	–	–	(232)
Purchase of own shares	(1,226)	–	–	(1,226)
Disposal of own shares	6	–	–	6
Distributions paid to equity holders of the Parent	(1,368)	–	–	(1,368)
Cash movement in net funding	**927**	**(65)**	**(14)**	**848**

Cash flow related adjustments H1 2018

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	**Adjusted measure previously reported**	Glencore Agri[1]	**Adjusted measure Restated[1]**
Funds from operations (FFO)	5,571	54	5,625	(59)	5,566
Working capital changes	130	150	280	50	330
Net cash used in acquisitions of subsidiaries	(1,143)	(1)	(1,144)	1	(1,143)
Net cash received from disposal of subsidiaries	26	20	46	(20)	26
Purchase of investments	(7)	(11)	(18)	11	(7)
Proceeds from sale of investments	19	9	28	(9)	19
Purchase of property, plant and equipment	(1,946)	(193)	(2,139)	47	(2,092)
Proceeds from sale of property, plant and equipment	37	–	37	–	37
Margin payments in respect of financing related hedging activities	(211)	–	(211)	–	(211)
Acquisition of non-controlling interests in subsidiaries	(59)	–	(59)	–	(59)
Return of capital/distributions to non-controlling interests	(241)	–	(241)	–	(241)
Purchase of own shares	(321)	–	(321)	–	(321)
Disposal of own shares	28	–	28	–	28
Distributions paid to equity holders of the Parent	(1,427)	–	(1,427)	–	(1,427)
Cash movement in net funding	**456**	**28**	**484**	**21**	**505**

1 Adjusted for presenting Glencore Agri on a basis consistent with its underlying IFRS treatment (equity accounting).

Other reconciliations
continued

Reconciliation of tax expense H1 2019

US$ million	Total
Adjusted EBIT, pre-significant items	2,229
Net finance costs	(862)
Adjustments for:	
Net finance income from material associates and joint ventures	(1)
Proportional adjustment and net finance costs - Volcan	23
Share of income from other associates pre-significant items	(26)
Profit on a proportionate consolidation basis before tax and pre-significant items	**1,363**
Income tax expense, pre-significant items	(210)
Adjustments for:	
Tax expense from material associates and joint ventures	(151)
Tax credit from Volcan	(28)
Tax expense on a proportionate consolidation basis	**(389)**
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	389	467	856
Adjustment in respect of material associates and joint ventures – tax	(151)	–	(151)
Adjustment in respect of Volcan – tax	(28)	–	(28)
Tax expense on the basis of the income statement	**210**	**467**	**677**

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), tax losses not recognised ($188 million) and unutilised tax losses ($112 million)(see note 8).

Reconciliation of tax expense H1 2018

US$ million	Total Restated[1]
Adjusted EBIT, pre-significant items	5,091
Net finance costs	(746)
Adjustments for:	
Net finance income from material associates and joint ventures	8
Proportional adjustment and net finance costs - Volcan	24
Share of income from other associates pre-significant items	(99)
Profit on a proportionate consolidation basis before tax and pre-significant items	**4,278**
Income tax expense, pre-significant items	(932)
Adjustments for:	
Tax expense from material associates and joint ventures	(281)
Tax expense from Volcan	8
Tax expense on a proportionate consolidation basis	**(1,205)**
Applicable tax rate	**28.2%**

US$ million	Pre-significant tax expense Restated[1]	Significant items tax[2]	Total tax expense Restated[1]
Tax expense on a proportionate consolidation basis	1,205	212	1,417
Adjustment in respect of material associates and joint ventures – tax	(281)	–	(281)
Adjustment in respect of Volcan – tax	8	–	8
Tax expense on the basis of the income statement	**932**	**212**	**1,144**

1 Adjusted for presenting Glencore Agri on a basis consistent with its underlying IFRS treatment (equity accounting).

2 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 8).

Production by quarter – Q2 2018 to Q2 2019

Metals and minerals

Production from own sources – Total[1]

		Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	**H1 2019**	H1 2018	Change H1 19 vs H1 18 %	Change Q2 19 vs Q2 18 %
Copper	kt	350.8	366.9	390.6	320.7	342.3	663.0	696.2	(5)	(2)
Cobalt	kt	9.7	11.8	13.7	10.9	10.4	21.3	16.7	28	7
Zinc	kt	255.5	287.8	282.1	262.3	273.6	535.9	498.2	8	7
Lead	kt	58.3	80.8	76.8	73.9	73.6	147.5	115.7	27	26
Nickel	kt	32.1	28.7	32.9	27.1	28.3	55.4	62.2	(11)	(12)
Gold	koz	256	287	229	202	221	423	487	(13)	(14)
Silver	koz	8,408	9,635	8,541	7,620	7,870	15,490	16,704	(7)	(6)
Ferrochrome	kt	409	327	435	402	397	799	818	(2)	(3)

Production from own sources – Copper assets[1]

			Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	**H1 2019**	H1 2018	Change H1 19 vs H1 18 %	Change Q2 19 vs Q2 18 %
Collahuasi[3]	**Copper in concentrates**	**kt**	**54.7**	**61.5**	**69.2**	**57.3**	**54.7**	**112.0**	**115.3**	**(3)**	**–**
	Silver in concentrates	**koz**	**755**	**784**	**893**	**699**	**538**	**1,237**	**1,567**	**(21)**	**(29)**
Antamina[4]	**Copper in concentrates**	**kt**	**35.9**	**38.3**	**39.9**	**35.9**	**38.8**	**74.7**	**72.4**	**3**	**8**
	Zinc in concentrates	**kt**	**42.7**	**36.3**	**28.8**	**24.7**	**26.7**	**51.4**	**73.0**	**(30)**	**(37)**
	Silver in concentrates	**koz**	**1,468**	**1,452**	**1,309**	**1,180**	**1,343**	**2,523**	**2,789**	**(10)**	**(9)**
Other South America (Antapaccay, Lomas Bayas)											
Antapaccay	Copper in concentrates	kt	53.2	51.0	52.3	47.0	53.5	100.5	102.1	(2)	1
	Gold in concentrates	koz	38	34	27	18	26	44	71	(38)	(32)
	Silver in concentrates	koz	387	382	406	381	455	836	735	14	18
Lomas Bayas	Copper metal	kt	16.7	19.2	19.8	19.9	20.1	40.0	33.8	18	20
Alumbrera	Copper in concentrates	kt	7.5	3.4	–	–	–	–	14.0	(100)	(100)
	Gold in concentrates and in doré	koz	51	30	–	–	–	–	90	(100)	(100)
	Silver in concentrates and in doré	koz	71	30	–	–	–	–	126	(100)	(100)
Punitaqui	Copper in concentrates	kt	0.8	0.9	0.3	–	–	–	1.9	(100)	(100)
	Gold in concentrates	koz	2	1	–	–	–	–	3	(100)	(100)
	Silver in concentrates	koz	15	10	4	–	–	–	29	(100)	(100)
	Total Copper metal	**kt**	**16.7**	**19.2**	**19.8**	**19.9**	**20.1**	**40.0**	**33.8**	**18**	**20**
	Total Copper in concentrates	**kt**	**61.5**	**55.3**	**52.6**	**47.0**	**53.5**	**100.5**	**118.0**	**(15)**	**(13)**
	Total Gold in concentrates and in doré	**koz**	**91**	**65**	**27**	**18**	**26**	**44**	**164**	**(73)**	**(71)**
	Total Silver in concentrates and in doré	**koz**	**473**	**422**	**410**	**381**	**455**	**836**	**890**	**(6)**	**(4)**

Production by quarter – Q2 2018 to Q2 2019
continued

Metals and minerals

Production from own sources – Copper assets[1] continued

			Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	**H1 2019**	H1 2018	Change H1 19 vs H1 18 %	Change Q2 19 vs Q2 18 %
Australia (Mount Isa, Ernest Henry, Townsville, Cobar)											
Mount Isa, Ernest Henry, Townsville, Cobar											
	Copper metal	kt	29.3	45.5	44.0	23.8	40.2	64.0	62.0	3	37
	Copper in concentrates	kt	4.7	–	4.3	–	–	–	6.6	(100)	(100)
	Gold	koz	7	28	22	27	27	54	24	125	286
	Silver	koz	118	264	237	284	321	605	353	71	172
	Silver in concentrates	koz	23	4	21	–	–	–	25	(100)	(100)
Mount Isa, Ernest Henry, Townsville – total production including third party feed											
	Copper metal	*kt*	*37.3*	*66.7*	*57.5*	*38.1*	*60.3*	*98.4*	*82.4*	*19*	*62*
	Copper in concentrates	*kt*	*4.7*	–	*4.3*	–	–	–	*6.6*	*(100)*	*(100)*
	Gold	*koz*	*16*	*47*	*43*	*34*	*34*	*68*	*45*	*51*	*113*
	Silver	*koz*	*150*	*394*	*329*	*296*	*335*	*631*	*417*	*51*	*123*
	Silver in concentrates	*koz*	*23*	*4*	*21*	–	–	–	*25*	*(100)*	*(100)*
Cobar	Copper in concentrates	kt	9.7	12.9	12.2	10.4	11.6	22.0	22.9	(4)	20
	Silver in concentrates	koz	105	134	123	106	120	226	238	(5)	14
	Total Copper metal	**kt**	**29.3**	**45.5**	**44.0**	**23.8**	**40.2**	**64.0**	**62.0**	**3**	**37**
	Total Copper in concentrates	**kt**	**14.4**	**12.9**	**16.5**	**10.4**	**11.6**	**22.0**	**29.5**	**(25)**	**(19)**
	Total Gold	**koz**	**7**	**28**	**22**	**27**	**27**	**54**	**24**	**125**	**286**
	Total Silver	**koz**	**246**	**402**	**381**	**390**	**441**	**831**	**616**	**35**	**79**
Total Copper department - excl. African Copper											
	Copper	**kt**	**212.5**	**232.7**	**242.0**	**194.3**	**218.9**	**413.2**	**431.0**	**(4)**	**3**
	Zinc	**kt**	**42.7**	**36.3**	**28.8**	**24.7**	**26.7**	**51.4**	**73.0**	**(30)**	**(37)**
	Gold	**koz**	**98**	**93**	**49**	**45**	**53**	**98**	**188**	**(48)**	**(46)**
	Silver	**koz**	**2,942**	**3,060**	**2,993**	**2,650**	**2,777**	**5,427**	**5,862**	**(7)**	**(6)**
African Copper (Katanga, Mutanda, Mopani)											
Katanga	Copper metal	kt	35.6	39.3	49.8	57.2	52.5	109.7	63.3	73	47
	Cobalt[2]	kt	2.5	3.5	4.6	3.5	2.6	6.1	3.0	103	4
Mutanda	Copper metal	kt	51.1	50.2	46.9	28.0	25.7	53.7	101.9	(47)	(50)
	Cobalt[2]	kt	6.2	7.4	8.1	6.4	7.0	13.4	11.8	14	13
Mopani	Copper metal	kt	15.0	13.8	16.1	10.1	10.3	20.4	29.4	(31)	(31)
	Copper in concentrates	kt	–	–	–	–	4.0	4.0	–	n.m.	n.m.
African Copper – total production including third party feed											
Mopani	*Copper metal*	*kt*	*28.2*	*27.2*	*31.1*	*21.3*	*27.5*	*48.8*	*61.2*	*(20)*	*(2)*
	Copper in concentrates	*kt*	–	–	–	–	*4.0*	*4.0*	–	*n.m.*	*n.m.*
	Total Copper metal	**kt**	**101.7**	**103.3**	**112.8**	**95.3**	**88.5**	**183.8**	**194.6**	**(6)**	**(13)**
	Total Copper in concentrates	**kt**	–	–	–	–	**4.0**	**4.0**	–	**n.m.**	**n.m.**
	Total Cobalt[2]	**kt**	**8.7**	**10.9**	**12.7**	**9.9**	**9.6**	**19.5**	**14.8**	**32**	**10**
Total Copper department											
	Copper	**kt**	**314.2**	**336.0**	**354.8**	**289.6**	**311.4**	**601.0**	**625.6**	**(4)**	**(1)**
	Cobalt	**kt**	**8.7**	**10.9**	**12.7**	**9.9**	**9.6**	**19.5**	**14.8**	**32**	**10**
	Zinc	**kt**	**42.7**	**36.3**	**28.8**	**24.7**	**26.7**	**51.4**	**73.0**	**(30)**	**(37)**
	Gold	**koz**	**98**	**93**	**49**	**45**	**53**	**98**	**188**	**(48)**	**(46)**
	Silver	**koz**	**2,942**	**3,060**	**2,993**	**2,650**	**2,777**	**5,427**	**5,862**	**(7)**	**(6)**

Production by quarter – Q2 2018 to Q2 2019
continued

Metals and minerals

Production from own sources – Zinc assets[1]

			Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	**H1 2019**	H1 2018	Change H1 19 vs H1 18 %	Change Q2 19 vs Q2 18 %
Kazzinc											
	Zinc metal	**kt**	**55.9**	**53.6**	**41.9**	**40.3**	**48.7**	**89.0**	**105.7**	**(16)**	**(13)**
	Lead metal	**kt**	**13.2**	**10.1**	**9.6**	**7.9**	**11.3**	**19.2**	**27.2**	**(29)**	**(14)**
	Lead in concentrates	**kt**	**2.1**	**3.8**	**2.8**	**2.8**	**–**	**2.8**	**2.1**	**33**	**(100)**
	Copper metal[5]	**kt**	**13.3**	**13.0**	**14.1**	**11.1**	**8.1**	**19.2**	**25.3**	**(24)**	**(39)**
	Gold	**koz**	**151**	**186**	**173**	**150**	**161**	**311**	**284**	**10**	**7**
	Silver	**koz**	**1,548**	**1,917**	**1,357**	**959**	**1,019**	**1,978**	**2,936**	**(33)**	**(34)**
	Silver in concentrates	**koz**	**77**	**128**	**98**	**88**	**4**	**92**	**77**	**19**	**(95)**
Kazzinc – total production including third party feed											
	Zinc metal	*kt*	*76.6*	*76.1*	*76.9*	*74.5*	*76.3*	*150.8*	*156.7*	*(4)*	*–*
	Lead metal	*kt*	*37.3*	*37.6*	*35.8*	*32.4*	*35.5*	*67.9*	*76.1*	*(11)*	*(5)*
	Lead in concentrates	*kt*	*2.1*	*3.8*	*2.8*	*2.8*	*–*	*2.8*	*2.1*	*33*	*(100)*
	Copper metal	*kt*	*18.3*	*17.1*	*19.3*	*16.5*	*11.6*	*28.1*	*33.6*	*(16)*	*(37)*
	Gold	*koz*	*226*	*275*	*254*	*206*	*233*	*439*	*405*	*8*	*3*
	Silver	*koz*	*5,730*	*4,639*	*5,195*	*4,946*	*5,533*	*10,479*	*10,737*	*(2)*	*(3)*
	Silver in concentrates	*koz*	*77*	*205*	*98*	*88*	*4*	*92*	*77*	*19*	*(95)*
Australia (Mount Isa, McArthur River)											
Mount Isa	Zinc in concentrates	kt	52.1	86.5	89.5	81.8	80.7	162.5	102.2	59	55
	Lead in concentrates	kt	21.4	44.2	39.2	41.0	40.6	81.6	42.5	92	90
	Silver in concentrates	koz	759	1,686	1,369	1,525	1,422	2,947	1,588	86	87
McArthur River	Zinc in concentrates	kt	52.3	63.3	78.6	69.1	70.0	139.1	112.4	24	34
	Lead in concentrates	kt	10.3	11.6	16.5	14.1	13.3	27.4	21.8	26	29
	Silver in concentrates	koz	342	378	588	424	403	827	753	10	18
	Total Zinc in concentrates	**kt**	**104.4**	**149.8**	**168.1**	**150.9**	**150.7**	**301.6**	**214.6**	**41**	**44**
	Total Lead in concentrates	**kt**	**31.7**	**55.8**	**55.7**	**55.1**	**53.9**	**109.0**	**64.3**	**70**	**70**
	Total Silver in concentrates	**koz**	**1,101**	**2,064**	**1,957**	**1,949**	**1,825**	**3,774**	**2,341**	**61**	**66**
North America (Matagami, Kidd)											
Matagami	Zinc in concentrates	kt	9.1	8.5	8.7	11.2	10.1	21.3	18.0	18	11
	Copper in concentrates	kt	1.3	1.2	1.4	1.3	1.6	2.9	2.8	4	23
Kidd	Zinc in concentrates	kt	19.0	17.1	12.6	13.6	17.6	31.2	36.2	(14)	(7)
	Copper in concentrates	kt	9.3	7.3	8.1	8.0	8.0	16.0	18.2	(12)	(14)
	Silver in concentrates	koz	555	380	357	258	435	693	1,156	(40)	(22)
	Total Zinc in concentrates	**kt**	**28.1**	**25.6**	**21.3**	**24.8**	**27.7**	**52.5**	**54.2**	**(3)**	**(1)**
	Total Copper in concentrates	**kt**	**10.6**	**8.5**	**9.5**	**9.3**	**9.6**	**18.9**	**21.0**	**(10)**	**(9)**
	Total Silver in concentrates	**koz**	**555**	**380**	**357**	**258**	**435**	**693**	**1,156**	**(40)**	**(22)**

Production by quarter – Q2 2018 to Q2 2019
continued

Metals and minerals

Production from own sources – Zinc assets[1] continued

		Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	**H1 2019**	H1 2018	Change H1 19 vs H1 18 %	Change Q2 19 vs Q2 18 %
Other Zinc: South America (Argentina, Bolivia, Peru)[6]										
Zinc in concentrates	kt	24.4	22.5	22.0	21.6	19.8	**41.4**	50.7	(18)	(19)
Lead metal	kt	4.0	3.8	3.5	–	–	**–**	6.6	(100)	(100)
Lead in concentrates	kt	7.3	7.3	5.2	8.1	8.4	**16.5**	15.5	6	15
Copper in concentrates	kt	1.3	1.1	1.0	1.0	0.8	**1.8**	2.4	(25)	(38)
Silver metal	koz	217	179	190	–	–	**–**	375	(100)	(100)
Silver in concentrates	koz	1,844	1,793	1,473	1,592	1,655	**3,247**	3,723	(13)	(10)
Total Zinc department										
Zinc	kt	212.8	251.5	253.3	237.6	246.9	**484.5**	425.2	14	16
Lead	kt	58.3	80.8	76.8	73.9	73.6	**147.5**	115.7	27	26
Copper	kt	25.2	22.6	24.6	21.4	18.5	**39.9**	48.7	(18)	(27)
Gold	koz	151	186	173	150	161	**311**	284	10	7
Silver	koz	5,342	6,461	5,432	4,846	4,938	**9,784**	10,608	(8)	(8)

Production by quarter – Q2 2018 to Q2 2019

continued

Metals and minerals

Production from own sources – Nickel assets[1]

			Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	**H1 2019**	H1 2018	Change H1 19 vs H1 18 %	Change Q2 19 vs Q2 18 %
Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk)											
	Nickel metal	kt	16.1	12.2	16.2	13.3	15.5	**28.8**	31.0	(7)	(4)
	Nickel in concentrates	kt	0.2	0.1	0.1	0.1	0.2	**0.3**	0.4	(25)	–
	Copper metal	kt	3.6	3.4	3.8	3.9	3.1	**7.0**	7.2	(3)	(14)
	Copper in concentrates	kt	7.8	4.9	7.4	5.8	9.3	**15.1**	14.7	3	19
	Cobalt metal	kt	0.3	0.2	0.2	0.2	0.2	**0.4**	0.5	(20)	(33)
	Gold	koz	7	7	7	7	7	**14**	15	(7)	–
	Silver	koz	124	114	116	124	155	**279**	234	19	25
	Platinum	koz	13	12	14	17	16	**33**	32	3	23
	Palladium	koz	27	24	29	26	32	**58**	66	(12)	19
	Rhodium	koz	1	1	1	1	1	**2**	2	–	–
Integrated Nickel Operations – total production including third party feed											
	Nickel metal	*kt*	*22.8*	*23.4*	*23.2*	*22.6*	*23.0*	*45.6*	*44.2*	*3*	*1*
	Nickel in concentrates	*kt*	*0.2*	*0.1*	*0.2*	*0.1*	*0.2*	*0.3*	*0.3*	*–*	*–*
	Copper metal	*kt*	*4.8*	*5.2*	*5.5*	*5.4*	*4.5*	*9.9*	*9.9*	*–*	*(6)*
	Copper in concentrates	*kt*	*9.5*	*5.3*	*9.2*	*6.7*	*9.8*	*16.5*	*17.2*	*(4)*	*3*
	Cobalt metal	*kt*	*0.9*	*1.0*	*1.3*	*1.0*	*1.0*	*2.0*	*1.9*	*5*	*11*
	Gold	*koz*	*11*	*10*	*11*	*10*	*12*	*22*	*21*	*4*	*7*
	Silver	*koz*	*193*	*170*	*176*	*187*	*211*	*398*	*350*	*14*	*9*
	Platinum	*koz*	*20*	*17*	*21*	*21*	*23*	*44*	*44*	*–*	*15*
	Palladium	*koz*	*47*	*47*	*59*	*49*	*65*	*114*	*114*	*–*	*38*
	Rhodium	*koz*	*1*	*1*	*1*	*1*	*1*	*2*	*3*	*(33)*	*–*
Murrin Murrin											
	Total Nickel metal	kt	8.7	8.6	9.8	8.7	7.4	**16.1**	17.1	(6)	(15)
	Total Cobalt metal	kt	0.7	0.7	0.8	0.8	0.6	**1.4**	1.4	–	(14)
Murrin Murrin – total production including third party feed											
	Total Nickel metal	*kt*	*10.3*	*9.5*	*10.9*	*9.8*	*8.6*	*18.4*	*19.3*	*(5)*	*(17)*
	Total Cobalt metal	*kt*	*0.8*	*0.9*	*0.8*	*0.8*	*0.9*	*1.7*	*1.5*	*13*	*13*
Koniambo	**Nickel in ferronickel**	kt	7.1	7.8	6.8	5.0	5.2	**10.2**	13.7	(26)	(27)
Total Nickel department											
	Nickel	kt	32.1	28.7	32.9	27.1	28.3	**55.4**	62.2	(11)	(12)
	Copper	kt	11.4	8.3	11.2	9.7	12.4	**22.1**	21.9	1	9
	Cobalt	kt	1.0	0.9	1.0	1.0	0.8	**1.8**	1.9	(5)	(20)
	Gold	koz	7	7	7	7	7	**14**	15	(7)	–
	Silver	koz	124	114	116	124	155	**279**	234	19	25
	Platinum	koz	13	12	14	17	16	**33**	32	3	23
	Palladium	koz	27	24	29	26	32	**58**	66	(12)	19
	Rhodium	koz	1	1	1	1	1	**2**	2	–	–

Production by quarter – Q2 2018 to Q2 2019
continued

Metals and minerals

Production from own sources – Ferroalloys assets[1]

		Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	**H1 2019**	H1 2018	Change H1 19 vs H1 18 %	Change Q2 19 vs Q2 18 %
Ferrochrome[7]	kt	409	327	435	402	397	799	818	(2)	(3)
Vanadium pentoxide	mlb	4.5	4.9	5.5	5.1	5.1	10.2	9.8	4	13

Total production – Custom metallurgical assets[1]

		Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	**H1 2019**	H1 2018	Change H1 19 vs H1 18 %	Change Q2 19 vs Q2 18 %
Copper (Altonorte, Pasar, Horne, CCR)										
Copper metal	kt	109.9	108.7	103.2	113.3	109.8	223.1	226.9	(2)	–
Copper anode	kt	124.3	124.8	103.7	123.4	137.3	260.7	250.8	4	10
Zinc (Portovesme, San Juan de Nieva, Nordenham, Northfleet)										
Zinc metal	kt	197.9	206.2	205.5	203.3	200.5	403.8	387.9	4	1
Lead metal	kt	36.6	45.5	51.5	45.7	50.3	96.0	89.3	8	37

Production by quarter – Q2 2018 to Q2 2019
continued

Energy products

Production from own sources – Coal assets[1]

		Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	**H1 2019**	H1 2018	Change H1 19 vs H1 18 %	Change Q2 19 vs Q2 18 %
Australian coking coal	mt	1.8	2.0	2.1	2.6	1.7	4.3	3.4	26	(6)
Australian semi-soft coal	mt	1.0	0.9	1.4	1.0	2.3	3.3	1.6	106	130
Australian thermal coal (export)	mt	15.2	15.6	14.4	14.9	16.1	31.0	29.4	5	6
Australian thermal coal (domestic)	mt	2.2	2.4	2.4	1.8	2.2	4.0	4.6	(13)	–
South African thermal coal (export)	mt	4.0	5.2	4.1	3.8	2.9	6.7	8.0	(16)	(28)
South African thermal coal (domestic)	mt	1.8	2.7	3.0	3.3	4.1	7.4	4.3	72	128
Prodeco	mt	2.5	3.2	3.0	3.6	3.7	7.3	5.5	33	48
Cerrejón[8]	mt	2.8	2.7	2.3	2.2	2.0	4.2	5.2	(19)	(29)
Total Coal department	**mt**	**31.3**	**34.7**	**32.7**	**33.2**	**35.0**	**68.2**	**62.0**	**10**	**12**

Oil assets

		Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	**H1 2019**	H1 2018	Change H1 19 vs H1 18 %	Change Q2 19 vs Q2 18 %
Glencore entitlement interest basis										
Equatorial Guinea	kbbl	446	413	451	436	423	859	963	(11)	(5)
Chad	kbbl	687	654	819	709	672	1,381	1,326	4	(2)
Total Oil department	**kbbl**	**1,133**	**1,067**	**1,270**	**1,145**	**1,095**	**2,240**	**2,289**	**(2)**	**(3)**
Gross basis										
Equatorial Guinea	kbbl	2,190	2,065	2,168	2,051	2,113	4,164	4,585	(9)	(4)
Chad	kbbl	939	896	1,119	969	919	1,888	1,812	4	(2)
Total Oil department	**kbbl**	**3,129**	**2,961**	**3,287**	**3,020**	**3,032**	**6,052**	**6,397**	**(5)**	**(3)**

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

Full year 2019 production guidance

		Actual FY 2017	Actual FY 2018	**Actual H1 2019**	**Guidance FY 2019**		2019 weighting H1	H2
Copper - excl. African Copper	kt	1,071	1,043	**475**	**1,025 ± 25**	1	45%	55%
Copper - African Copper	kt	239	411	**188**	**375 ± 20**	1 2	50%	50%
Cobalt	kt	27.4	42.2	**21**	**43 ± 3**	1 2	50%	50%
Zinc	kt	1,090	1,068	**536**	**1,195 ± 30**	3	45%	55%
Nickel	kt	109	124	**55**	**128 ± 5**		43%	57%
Ferrochrome	kt	1,531	1,580	**799**	**1,480 ± 25**		55%	45%
Coal	mt	121	129	**68**	**145 ± 3**		47%	53%
Oil	mbbl	5.1	4.6	**2.2**	**5.5 ± 0.2**		40%	60%

1 Due to its current extensive development/optimisation phases (18-24 months), African Copper production has been disaggregated from other copper production to highlight the relevant risks and opportunities during such period. Guided production of 375kt of copper comprises Katanga (235kt), Mutanda (105kt) and Mopani (35kt) and cobalt comprises Katanga (14kt), Mutanda (25kt) and the Nickel portfolio (4kt).

The decision to place Mutanda on temporary care and maintenance at the end of 2019 is not expected to impact 2019 production.

Key risks impacting African Copper guidance are: delivery of Katanga's updated business plan (see below); earlier than expected curtailment of Mutanda's operations, prior to moving to care and maintenance; and delays to Mopani's smelter rebuild.

2 On 30 April 2019, Katanga announced that a full and comprehensive business review (the "Review") had commenced, targeting mining efficiencies and process recovery improvements, as well as enhancements to product quality realisations and overhead reductions. At the same time, Katanga noted that it expected that 2019 production of copper and cobalt would be lower than the guidance provided at the beginning of the year, namely c.285kt of copper and c.26kt of contained cobalt. With the first stages of the Review complete and an updated 36 month plan being actioned, Katanga's guidance for 2019 is revised to 235kt of copper and 14kt of cobalt.

Long-term production of 300,000 tpa of copper cathode and 30,000 tpa of cobalt contained in hydroxide on average over life of mine remains unchanged.

3 Excludes Volcan.

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