

GLENCORE

(SCHWEIZ) AG

Annual financial statements
and report of the statutory auditor

2018

Table of contents

Report of the statutory auditor	3
Financial statements.....	5
Notes to the financial statements.....	7
Proposal for the appropriation of available earnings.....	10

Report of the Statutory Auditor

To the General Meeting of
Glencore (Schweiz) AG, Baar

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Glencore (Schweiz) AG, which comprise the balance sheet as at December 31, 2018, and the income statement and notes for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2018 comply with Swiss law and the Company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO)) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte AG



Chris Jones
Licensed Audit Expert
Auditor in Charge



Fabian Hell
Licensed Audit Expert

Zurich, February 28, 2019

Enclosures

- Financial statements (balance sheet, income statement, and notes)
- Proposal for the appropriation of available earnings

Financial statements

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 AND 2017

CHF thousand

Assets

	Notes	2018	2017
Current assets			
Cash and cash equivalents		295	387
Other current receivables	2	766 137	365 333
Total current assets		766 432	365 720
Non-current assets			
Loans to subsidiaries and associated companies		12 488	12 381
Investments	6,8	7 784 559	7 889 356
Total non-current assets		7 797 047	7 901 737
Total assets		8 563 479	8 267 457

CHF thousand

Liabilities and equity

	Notes	2018	2017
Current liabilities			
Payables to subsidiaries and associated companies		589 915	266 613
Other current liabilities	3	38 791	36 844
Total current liabilities		628 706	303 457
Non-current liabilities			
Unrealised translation gain		68 564	-
Total non-current liabilities		68 564	-
Total liabilities		697 270	303 457
Equity			
Share capital	4	10 261	10 261
Legal reserve		5 131	5 131
Retained earnings		7 850 817	7 948 608
Total equity		7 866 209	7 964 000
Total liabilities and equity		8 563 479	8 267 457

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INCOME FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

CHF thousand

	Notes	2018	2017
Other operational expenses		-14	-459
Financial expenses		-9 435	-23 304
Financial income	5	27 052	49 434
Dividend income		6 087	18 311
Gain on foreign exchange, net		2 539	17
Unrealised translation loss		-	-328 055
Total financial income/(expenses)		26 243	-283 597
Loss on sale of investment/reversal of impairment of investments	6	-123 937	184 744
Loss before direct taxes		-97 708	-99 312
Direct taxes		-83	-52
Loss for the year		-97 791	-99 364

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

Expressed in thousands of CHF unless otherwise stated

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of Glencore (Schweiz) AG (the "Company") have been prepared in accordance with the provisions of the Swiss Law on Accounting and Financial Reporting.

The Company is a wholly owned subsidiary of Xstrata Limited (the "Parent") and the Parent is wholly owned by Glencore plc through direct and indirect investments. Glencore plc is listed on the London and Johannesburg stock exchanges. The group prepares consolidated accounts in accordance with International Financial Reporting Standards. As a result, based on Article 961d of the Swiss Code of Obligations, the Company is exempt from preparing a cash flow statement, management report and certain other additional information in the notes to the accounts.

Critical accounting judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of expenses and income during the reporting period.

Employees

The Company has an annual average of fewer than 10 full-time positions (2017: fewer than 10 full-time positions).

Foreign currency translation

The Company's functional currency is the US Dollar (USD) as this is assessed to be the principal currency of the economic environment in which it operates.

Foreign currency transactions

Transactions in foreign currencies are converted into the functional currency using the exchange rate prevailing at the transaction date.

Monetary assets and liabilities outstanding at year-end are converted at year-end rates. Resulting exchange losses are recorded in the Statement of Income whilst any unrealized gains are deferred. Non-monetary assets and liabilities are converted at the historical foreign exchange rate at the time of the transaction.

Translation of financial statements

The Company's reporting currency is the Swiss Franc (CHF).

All assets and liabilities at year-end, excluding equity balances at year-end are converted to CHF from USD using the year-end rate of 1 USD: 0.9833 CHF (2017:1 USD:0.9749 CHF). Equity balances are converted at the historical exchange rate. Transactions in the Statement of Income are converted into the reporting currency using the average exchange rate for the year 1 USD: 0.9786 CHF (2017: 1 USD:0.9845). Any translation gains are deferred, whilst translation losses are recorded in the Statement of Income.

Investments

Investments are initially recognised at cost. Investments are assessed annually for impairment and are adjusted to their recoverable value, if required, on an individual or grouped basis as appropriate.

2. OTHER CURRENT RECEIVABLES

	2018	2017
Receivable from subsidiaries and associated companies	766 121	365 317
Other receivables and prepaid expenses	16	16
Total	766 137	365 333

3. OTHER CURRENT LIABILITIES

	2018	2017
Other payables and accrued liabilities	226	549
Deferred unrealized foreign currency gain	38 565	36 295
Total	38 791	36 844

4. SHARE CAPITAL

	2018	2017
Registered shares of CHF 5 each:		
2 052 259 shares	10 261	10 261
Total	10 261	10 261

5. FINANCIAL INCOME

	2018	2017
Interest income from subsidiaries and associated companies	18 831	41 669
Commission income from subsidiaries and associated companies	8 221	7 765
Total	27 052	49 434

6. LOSS ON SALE OF INVESTMENT/REVERSAL OF IMPAIRMENT OF INVESTMENTS.

During the year some investment were sold to other affiliates within the Glencore Group as part of Group restructuring incurring a loss on disposal of CHF 122.8 million (2017: reversal of impairment charge CHF 185 million)

7. CONTINGENT LIABILITIES AND GUARANTEES.

The obligations of Glencore Finance (Europe) Limited and Glencore Funding LLC and certain other group entities under various current and non-current debt obligations are guaranteed by the Company together with Glencore plc and Glencore International AG. The obligations of Glencore International AG under various current and non-current debt obligations are guaranteed by the Company together with Glencore plc. The Company's financial obligation under these guarantees is limited to the Company's freely disposable reserves. The Company guarantees certain obligations of certain group entities. The amount of the outstanding obligations covered by these guarantees is CHF 53.0 billion (2017: CHF 46.4 billion).

The Company believes the likelihood of a claim under any of these guarantees to be remote.

Under Swiss VAT group taxation rules, the Company is jointly and severally liable together with other VAT group companies for VAT payable to the tax authorities.

8. INVESTMENTS

The direct investments where the ownership interest is greater than 20% as at December 31 are listed in the table below. Ownership interest equals voting rights unless specified otherwise.

Company name	Country of incorporation	2018 Ownership interest	2017 Ownership interest
Glencore (Nederland) B.V. ¹	Netherlands	25.6%	25.6%
Harbour Insurance Pte. Ltd.	Singapore	100.0%	100.0%
Tironimus AG	Switzerland	100.0%	100.0%
Xstrata Coal Marketing AG	Switzerland	100.0%	100.0%
Ploutos Australia Pty Limited ²	Australia	-	30.0%
Glencore Services (UK) Limited	Great Britain	-	100.0%

¹ In addition, the Company owns 100% of the class B shares, i.e. 1B share entitling the Company to the majority of the economic value.

² Voting rights in Ploutos Australia Pty Limited: 100.0% in 2017.

There were no significant indirect investments at December 31, 2018 (2017: Nil).

Proposal for the appropriation of available earnings

The Board of Directors of Glencore (Schweiz) AG proposes that the balance of available earnings at 31 December 2018 amounting to CHF 7 850 817 thousand be dealt with as follows:

CHF thousand

Available earnings as at 31 December 2017	7 948 608
Loss for the year 2018	-97 791
Amount to be carried forward	7 850 817

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