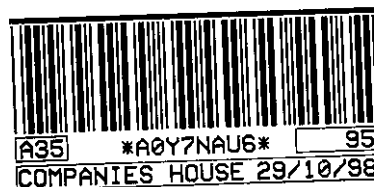


**RIO TINTO TECHNOLOGY DEVELOPMENT LIMITED**  
**ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1997**

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Registered in England Number 221805



# **Rio Tinto Technology Development Limited**

## **DIRECTORS AND ADVISERS**

### **Executive Directors**

Mr J E Rickus  
Mr N M MacMillan  
Mr J P Gliddon  
Mr D J Bishop  
Mr A C Emery  
Mr J F Castle  
Mr J F O'Reilly

### **Secretary and Registered Office**

Mr R P Dowding  
6 St James's Square  
LONDON  
SW1Y 4LD

### **Auditors**

Coopers & Lybrand  
Bull Wharf  
Redcliff Street  
BRISTOL  
BS1 6QR

### **Bankers**

Barclays Bank Plc  
40 Corn Street  
BRISTOL  
BS99 7AJ

# Rio Tinto Technology Development Limited

## Notice of Meeting

NOTICE IS HEREBY GIVEN that the SEVENTIETH Annual General Meeting of Rio Tinto Technology Development Limited will be held at Castlemead, Lower Castle Street, Bristol on 30 November 1998 for the following purposes:

- 1 To receive and, if approved, adopt the directors' report and statement of accounts for the year ended 31 December 1997.
- 2 To transact the other ordinary business of the company.
- 3 To appoint auditors.

### Note

A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote on his behalf and the proxy need not be a Member of the company.

By Order of the Board



J E Lancaster  
Assistant Secretary

6 St James's Square  
London  
SW1Y 4LD

# Rio Tinto Technology Development Limited

## Directors' Report for the Year Ended 31 December 1997

The Directors present their report and the audited financial statements for the year to 31 December 1997.

### Principal Activities and Business Review

During the year the assets of the zinc technology business, including the right to the name Imperial Smelting Processes, were sold. As a consequence of this the company changed its name to Rio Tinto Technology Development Limited on 11 November 1997. Also disposed of were the majority of the assets of the company's Anamet Services laboratory, including its branch in Peru. A small mineralogical laboratory and Research and Development facility has been retained by the company and continue to operate.

The assets of RTZ Consultores Limitada, a Chilean company which is 50 % owned by Rio Tinto Technology Development Limited, were also sold during the year.

The profit and loss account, which reflect the costs of these changes, is set out on page 6.

### Future Developments

Following the re-structuring referred to above, the company has no further plans currently in place which will significantly impact on future earnings and profitability of it's continuing operations.

### Dividends

No dividends have been paid in 1997 or are proposed.

### Directors

The directors of the company are shown on page 1 of this report.

Messrs R Lee and K Erlam resigned from the Board with effect from 7 October 1997 and 30 December 1997 respectively.

Messrs N M Macmillan and J P Gliddon were appointed directors and Mr T Friese-Greene resigned as a director, all with effect from 24 March 1998.

The interests of those directors who are not directors of the company's holding company in the shares and debentures of Rio Tinto plc at 31 December 1997 were as follows:

	Number of ordinary shares of 10p each		Number of options for ordinary shares of 10p each	
	31 Dec 1997	1 Jan 1997	Granted in 1997	Exercised in 1997
Mr J F Castle	8684	8379	-	-
Mr A C Emery	17880	9553	-	22422

Messrs Castle and Emery also have an interest in a trust fund containing 453 556 Rio Tinto Shares (1 January 1997 – 168146 Rio Tinto shares) as potential beneficiary, together with other Rio Tinto Group employees, of the Rio Tinto Share Ownership Trust.

## **Rio Tinto Technology Development Limited**

### **Statement of Director's Responsibilities**

The directors are required by UK company law to prepare accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period. In preparing the accounts, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgement and estimates have been made. Applicable accounting standards have been followed. The directors are responsible for maintaining proper accounting records, in accordance with the Companies Act 1985, for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

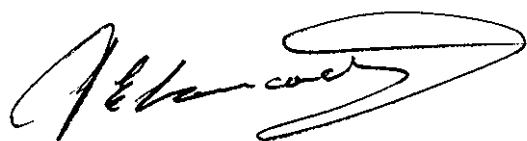
### **Policy regarding payment of trade creditors**

It is the company's policy to abide by terms of payment agreed with suppliers. In many cases the terms of payment are as stated in the supplier's own literature. In other cases, the terms of payment are determined by specific written or oral agreement. The company does not follow any published code or standard on payment practice.

### **Auditors**

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998 and a resolution to appoint the new firm, PricewaterhouseCoopers, as auditors of the company will be proposed at the annual general meeting.

**By order of the Board**

A handwritten signature in black ink, appearing to read 'J E Lancaster', with a large, sweeping flourish at the end.

J E Lancaster  
Assistant Secretary

## **Rio Tinto Technology Development Limited**

### **Report of the Auditors to the Members of Rio Tinto Technology Development Limited**

We have audited the financial statements on pages 6 to 13.

#### **Respective Responsibilities of Directors and Auditors**

As described on page 4 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

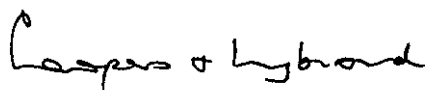
#### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1997 and of its loss and total recognised gains and losses for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand  
Chartered Accountants and Registered Auditors

Bristol      **26 OCT 1998**

# Rio Tinto Technology Development Limited

## Profit and Loss Account for the Year Ended 31 December 1997

	Notes	1997			1996 (Restated)		
		Continuing Operations £	Discontinued Operations £	Total £	Continuing Operations £	Discontinued Operations £	Total £
<b>Turnover</b>	2	307 926	1153 471	1461 397	388 075	1712 180	2100 255
<b>Cost of Sales</b>		(212 121)	(774 581)	(986 702)	(185 950)	(1011 783)	(1197 733)
<b>Gross Profit</b>		95 805	378 890	474 695	202 125	700 397	902 522
<b>Other Operating Income</b>			282 869	282 869		175 178	175 178
<b>Other Operating Expenses</b>		(134 340)	(590 636)	(724 976)	(125 650)	(768 678)	(894 328)
<b>Operating (Loss)/Profit</b>		(38 535)	71 123	32 588	76 475	106 897	183 372
<b>Loss on sale of Fixed Assets</b>			(160 605)	(160 605)		(5 438)	(5 438)
<b>Restructuring the business costs:</b>							
reorganisation			(97 000)	(97 000)			
redundancies			(166 000)	(166 000)			
<b>(Loss)/Profit on ordinary activities before interest</b>		(38 535)	(352 482)	(391 017)	76 475	101 459	177 934
<b>Interest Receivable</b>				30 363			18 437
<b>(Loss)/Profit on ordinary activities before taxation</b>	4			(360 654)			196 371
<b>Taxation</b>	5			75 042			(44 791)
<b>(Loss)/Profit for the financial year</b>				(285 612)			151 580
<b>Proposed Dividend</b>				-			(100 000)
<b>Retained profits brought forward</b>				(285 612) 225 154			51 580 173 574
<b>Retained (losses)/profits carried forward</b>				(60 458)			225 154

The Company has no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the (loss)/profit on ordinary activities before taxation and the retained (loss)/profit for the year stated above, and their historical cost equivalents.

The notes on pages 8 to 13 form part of these Financial Statements.

The Auditors' Report is on page 5.

# Rio Tinto Technology Development Limited

## Balance Sheet as at 31 December 1997

	Notes	1997 £	1996 £
<b>Fixed Assets</b>			
Tangible Assets	6	296 534	556 842
Investments	7	2	2
		<u>296 536</u>	<u>556 844</u>
<b>Current Assets</b>			
Stocks	8	13 869	-
Debtors	9	71 959	307 012
Cash at bank and in hand		296 792	313 411
		<u>382 620</u>	<u>620 423</u>
<b>Creditors: Amounts falling due within one year</b>	10	<u>(546 258)</u>	<u>(686 864)</u>
<b>Net current liabilities</b>		<u>(163 638)</u>	<u>(66 441)</u>
<b>Total assets less current liabilities</b>		132 898	490 403
Provisions for liabilities and charges	11	(93 356)	(165 249)
<b>Net assets</b>		<u>39 542</u>	<u>325 154</u>
<b>Capital and reserves</b>			
Called-up share capital	12	100 000	100 000
Profit and loss account		(60 458)	225 154
<b>Equity Shareholders' funds</b>	13	<u>39 542</u>	<u>325 154</u>

The financial statements on pages 6 to 13 were approved by the board of directors on 19 October 1998 and were signed on its behalf by:



N M MacMillan

The notes on pages 8 to 13 form part of these Financial Statements.  
The Auditors' Report is on page 5.



# **Rio Tinto Technology Development Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 1997**

### **1 Principal Accounting Policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been consistently applied is set out below.

#### **Basis of Accounting**

The financial statements have been prepared in accordance with the historical cost convention.

#### **Research and Development**

Research and development expenditure is written off in the year in which it is incurred.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of the tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Short leasehold property	11%-100%
Fixtures and fittings	20.00%
Computer equipment	33.30%

#### **Work in Progress**

Work in progress is stated at the recoverable cost of staff time and consumables on chargeable projects which have not been invoiced at the year end. No element of attributable profit is included.

#### **Foreign Currencies**

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Foreign exchange differences are taken to the profit and loss account in the year in which they arise.

#### **Turnover**

Turnover is the amount derived from the provision of goods and services falling within the company's research and engineering activities after deduction of value added tax.

#### **Deferred Taxation**

Tax deferred is accounted for in respect of all material timing differences to the extent that it is probable that a liability will crystallise.

# Rio Tinto Technology Development Limited

## Notes to the Financial Statements for the Year Ended 31 December 1997

### Group Accounts

The company does not prepare group accounts as it is a wholly owned subsidiary of Rio Tinto Technical Services Limited, a company registered within an EC member state. The accounts of the company are included in the group accounts prepared by Rio Tinto plc, a company registered in England and Wales, which are prepared to the same date and audited.

### 2 Turnover

	1997	1996
Class of business	£	£
Research	1244 586	2027 014
Engineering	216 811	73 241
	<u>1461 397</u>	<u>2100 255</u>

### Geographical Segment

UK	507 779	279 580
Other EC countries	652 764	1336 145
Other Countries	300 854	484 530
	<u>1461 397</u>	<u>2100 255</u>

### 3 Directors' Emoluments

There were no directors emoluments paid by the company during the year (1996 - Nil)

### 4 Loss on Ordinary Activities before Taxation

	1997	1996
	£	£
Loss on Ordinary Activities before Taxation is stated after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	180 284	195 938
Auditors' remuneration - Audit Fees	3 994	4 357
- Other	4 031	2 773
Hire of assets under operating leases	27 828	37 927
Exchange Gain	(4 589)	(9 431)
	<u>                    </u>	<u>                    </u>

# Rio Tinto Technology Development Limited

## Notes to the Financial Statements for the Year Ended 31 December 1997

### 5 Taxation

	1997 £	1996 £
United Kingdom corporation tax at 31.5% (1996 - 33%)		
Current	-	27 000
Deferred	(77 533)	36 083
Over provided in prior years:		
Current	(3 149)	(18 292)
Deferred	5 640	-
	<u>(75 042)</u>	<u>44 791</u>

### 6 Tangible Fixed Assets

	Motor Vehicles £	Short L/Hold Land & Buildings £	Fixtures Fittings & Office Furniture £	Total £
<b>Cost or valuation</b>				
At 1 January 1997	9,012	461,201	1,418,404	1,888,617
Currency Translation Adjustment			3,963	3,963
Additions			202,519	202,519
Disposals		(439,758)	(997,986)	(1,437,744)
Reclassification of Assets		(21,443)	21,443	0
<b>At 31 December 1997</b>	<u>9,012</u>	<u>0</u>	<u>648,343</u>	<u>657,355</u>
<b>Depreciation</b>				
At 1 January 1997	3,066	441,924	886,785	1,331,775
Currency Translation Adjustment			1,175	1,175
Charge for year	1,802	12,869	165,613	180,284
Eliminated in respect of disposals		(434,756)	(717,657)	(1,152,413)
Reclassification of Assets		(20,037)	20,037	0
<b>At 31 December 1997</b>	<u>4,868</u>	<u>0</u>	<u>355,953</u>	<u>360,821</u>
<b>Net book value</b>				
At 31 December 1997	<u>4,144</u>	<u>0</u>	<u>292,390</u>	<u>296,534</u>
Net book value				
At 31 December 1996	<u>5,946</u>	<u>19,277</u>	<u>531,619</u>	<u>556,842</u>

# Rio Tinto Technology Development Limited

## Notes to the Financial Statements for the Year Ended 31 December 1997

### 7 Fixed Asset Investments

Interests in Group Undertakings			1997	1996
			£	£
Cost or valuation - 1st January			6 156	6 156
Less: provision against investment			(6 154)	(6 154)
			<u>2</u>	<u>2</u>
Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held	
Anamet Services Ltd.	England	2 Ordinary £1 shares	100%	

Anamet Services Limited provides analytical, mineralogical and metallurgical laboratory services. Currently this company is not trading.

#### Associated Undertakings

			1997	1996
			£	£
Cost or valuation - 1st January and 31 December			<u>-</u>	<u>-</u>
Name of undertaking and country of incorporation	Description of shares held where applicable	Proportion of nominal value of ordinary shares held/share of undertaking	Accounting year end	
RTZ Consultores Limitada, Chile	US\$5000 Equity Capital	50%	31 December	

The principal activity of RTZ Consultores Limitada is the provision of consulting services in mining.

### 8 Stocks

	1997	1996
	£	£
Work in Progress	<u>13 869</u>	<u>-</u>

# Rio Tinto Technology Development Limited

## Notes to the Financial Statements for the Year Ended 31 December 1997

### 9 Debtors

	1997 £	1996 £
<b>Amounts falling due within one year</b>		
Trade Debtors	49 812	56 713
Prepayments and accrued income	7 151	43 778
Amount due from parent company	3 447	198 450
Withholding tax recoverable	3 475	1 753
Sundry debtors	8 074	6 318
	<u>71 959</u>	<u>307 012</u>

### 10 Creditors : Amounts falling due within one year

	1997 £	1996 £
<b>Amounts owed to group undertakings:</b>		
Parent company and fellow subsidiaries	273 857	308 010
Subsidiary	3 314	2 932
Corporation tax	-	27 000
Accruals and deferred income	269 087	248 922
Proposed Dividend	-	100 000
	<u>546 258</u>	<u>686 864</u>

### 11 Provisions for Liabilities and Charges

	Deferred Taxation (see below) £
<b>At 1 January 1997</b>	165 249
Released in year	(71 893)
<b>At 31 December 1997</b>	<u>93 356</u>

### Deferred Taxation

Deferred taxation provided in the financial statements, and the total potential liability including the amounts for which provision has been made, are as follows:

	Amount Provided		Total potential liability	
	1997	1996	1997	1996
	£	£	£	£
Tax effect of timing differences due to:				
Excess of tax allowances over depreciation	93 356	165 249	93 356	165 249

## Rio Tinto Technology Development Limited

### Notes to the Financial Statements for the Year Ended 31 December 1997

#### 12 Called-Up Share Capital

	1997 £	1996 £
<b>Authorised</b>		
300 000 ordinary shares of 50p each	<u>150 000</u>	<u>150 000</u>
<b>Allotted, called up and fully paid</b>		
200 000 (1996 : 200,000) ordinary shares of 50p each	<u>100 000</u>	<u>100 000</u>

#### 13 Reconciliation of Movement in Shareholders Funds

	1997 £	1996 £
(Loss)/Profit for the financial year	(285 612)	151 580
Dividends	<u>-</u>	<u>(100 000)</u>
	(285 612)	51 580
Opening shareholders funds	325 154	273 574
Closing shareholders funds	<u>39 542</u>	<u>325 154</u>

#### 14 Cash Flow Statement

A cash flow statement is not included in these accounts because the company is a wholly owned subsidiary undertaking of Rio Tinto plc which has informed the company of its intention to prepare a consolidated cash flow statement, including the cash flow of the company, in its 1997 accounts in accordance with Financial Reporting Standard No 1.

#### 15 Contingent Liabilities

Under a Group banking facility bank balances of £293 859 (1996 - £304 195) form part of an offset arrangement which may be used to settle liabilities of other Group companies party to the facility.

#### 16 Transactions with Related Parties

The company has taken advantage of the exemption permitted by Financial Reporting Standard No 8, available to subsidiary undertakings where 90% or more of the voting rights are controlled within the group and where the consolidated financial statements of that group are publicly available, not to disclose transactions with other group companies within these accounts.

#### 17 Controlling Parties

The company is controlled by Rio Tinto Technical Services Limited, which owns 100% of the issued share capital. Rio Tinto plc, registered in England and Wales, is the ultimate parent company and also its ultimate controlling party. Copies of the ultimate parent company's financial statements may be obtained from its registered office at 6 St James's Square, London SW1Y 4LD.