
RIO TINTO FINANCE HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

THURSDAY



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RIO TINTO FINANCE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	D S Larsen B J S Mathews U Quellmann
Company secretary	G J C Aldridge
Registration number	00339168
Registered office	2 Eastbourne Terrace London W2 6LG
Auditor	Grant Thornton UK LLP Statutory Auditor, Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

RIO TINTO FINANCE HOLDINGS LIMITED

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RIO TINTO FINANCE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements for the year ended 31 December 2011

Principal activities

Rio Tinto Finance Holdings Limited (the "Company") is a wholly owned subsidiary of Rio Tinto International Holdings Limited and a member of the Rio Tinto Group (the "Group"). The Company is a holding company and its principal assets are investments in Group companies.

Business review

The Company's results from year to year are highly sensitive to the timing of dividend flows and movements in impairment, and do not necessarily reflect the performance of its group undertakings.

The Company's directors are of the opinion that there are no meaningful financial or non financial key performance indicators that would be necessary or appropriate for an understanding of the development, performance or position of the Company's activities.

Results and dividends

The loss for the year, after taxation, amounted to \$97,820,000 (2010 - loss \$295,674,000).

Preference dividends are classified within these financial statements as interest paid.

Preference dividends amounting to \$103,702,585 were accrued in the year (2010 - \$71,222,664) on the Cumulative Redeemable Non-convertible Floating Rate Preference Shares of A\$100.00 each to the registered shareholders during the year.

No ordinary dividend was paid to equity shareholders during the year (2010 - NIL). The directors do not recommend the payment of a final ordinary dividend (2010 - NIL).

Directors

The directors who served during the year and to the date of this report were:

D S Larsen
B J S Mathews
U Quellmann

No director had a material interest in any contract or arrangement during the year to which the Company or any subsidiary is or was a party.

Principal risks and uncertainties

The Company's principal risks and uncertainties are integrated with those of the Group and are not managed separately. The Group's risk factors and policies for financial risk management are also discussed in its 2011 Annual report and Full financial statements which do not form part of this report.

RIO TINTO FINANCE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2011

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Events since the end of the year

On 5 March 2012, the Company disposed of its investment in Rio Tinto Finance (USA) plc (formerly Rio Tinto (Commercial Paper) plc).

Future developments

The Company's future developments are integrated with those of the Group which are discussed in its 2011 Annual report which does not form part of this report.

Indemnities and Insurance

The Group has purchased directors' and officers' insurance during the year to indemnify individual directors' and officers' personal legal liability and costs for claims arising out of actions taken in connection with the Group's business.

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

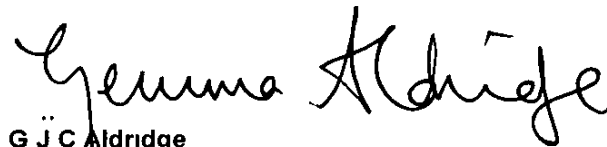
RIO TINTO FINANCE HOLDINGS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011**

Auditors

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board and signed on its behalf



G J C Aldridge
Secretary

Date 20 April 2012

2 Eastbourne Terrace
London
W2 6LG

RIO TINTO FINANCE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIO TINTO FINANCE HOLDINGS LIMITED

We have audited the financial statements of Rio Tinto Finance Holdings Limited for the year ended 31 December 2011, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

RIO TINTO FINANCE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIO TINTO FINANCE HOLDINGS LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

Richard Hagley (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

25 April 2012

RIO TINTO FINANCE HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 \$000	2010 \$000
Other operating income/(charges)		7,115	(223,073)
OPERATING PROFIT/(LOSS)	2	7,115	(223,073)
Interest receivable	4	138	162
Amounts written off investments		(20)	(93)
Interest payable and similar charges	5	(105,053)	(72,670)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(97,820)	(295,674)
Tax on loss on ordinary activities	6	-	-
LOSS FOR THE FINANCIAL YEAR	12	(97,820)	(295,674)

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the profit and loss account


The notes on pages 8 to 14 form part of these financial statements

RIO TINTO FINANCE HOLDINGS LIMITED
REGISTERED NUMBER 00339168

BALANCE SHEET
AS AT 31 DECEMBER 2011

	Note	\$000	2011 \$000	\$000	2010 \$000
FIXED ASSETS					
Investments	7		1,788,887		1,788,907
CURRENT ASSETS					
Debtors	9	59,793		59,655	
CREDITORS amounts falling due within one year	10	(2,521,795)		(2,423,857)	
NET CURRENT LIABILITIES			(2,462,002)		(2,364,202)
NET ASSETS			(673,115)		(575,295)
CAPITAL AND RESERVES					
Called up share capital	11		161		161
Profit and loss account	12		(673,276)		(575,456)
SHAREHOLDERS' DEFICIT	13		(673,115)		(575,295)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by


 ..
D S Larsen
 Director

Date 20 April 2012

The notes on pages 8 to 14 form part of these financial statements

RIO TINTO FINANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards. The directors have reviewed the Company's existing accounting policies and consider that they are suitable. The principle accounting policies have been consistently applied.

The ultimate parent has confirmed that it has been its practice to ensure that wholly owned subsidiaries are in a position to meet debts as they fall due, and hence the directors consider it appropriate to prepare the financial statements on a going concern basis.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Investments

Investments held as fixed assets are shown at cost less provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant cash generating unit or disposal value if higher. The discount rate applied is based upon the Company's weighted average cost of capital, with appropriate adjustment for the risks associated with the relevant unit.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indications exist, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

RIO TINTO FINANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES (continued)

1.4 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.5 Presentation Currency

The principal currency affecting the Company is the US dollar, and all financing provided to/by the Company is denominated in US dollar, except 17,000,000 preference shares issued in Australian dollars of A\$100 each. The directors regard the US dollar as the principal currency affecting the Company's own cashflows. As a result the financial statements are presented in US dollars. The year end exchange rate was US\$1.54 £1 (2010 US\$1.55 £1)

1.6 Interest Income

Interest is accounted for on an accruals basis. Interest receivable from subsidiary undertakings registered overseas is presented inclusive of any overseas withholding tax.

1.7 Investment Income

Income from investments is recognised when the right to receive payment is established. Dividends from subsidiary undertakings registered overseas are presented inclusive of any overseas withholding tax.

1.8 Preference Shares

In 2003, the Company issued 17,000,000 Australian dollar cumulative redeemable preference shares. Any change in the US dollar equivalent (calculated at the year-end exchange rate) above the book value is included within other operating costs in the profit and loss account.

The cumulative redeemable floating rate preference shares of A\$100 each are valued at par plus accrued dividends. They are due to parent and fellow subsidiary undertakings. The preference shares carry a cumulative preferential dividend (at a rate based upon the aggregate of the Australian Bank Bill Short Term Rate and a margin of 50 basis points), payable annually in arrears. The shares are redeemable at par at the option of shareholders, on provision of not less than two days notice. There is no fixed redemption date. The shares have a preferential right to return of capital, and of arrears and accruals of dividends, on a winding up. The holders have voting rights (one vote for each 650 preference shares held). The cumulative redeemable preference shares have been classified as debt.

RIO TINTO FINANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES (continued)

1.9 Taxation

The Company does not pay for, or receive payment for, any group relief claimed from, or surrendered to, other group companies

Withholding taxes incurred on the receipt of interest and dividends from overseas group companies are presented as part of the taxation charge in the profit and loss account

1.10 Reporting Format

The Company acts as an investment holding company, and hence the dividends received from investee companies, the interest receivable on loans to such companies and provisions relating to its investments are presented within operating profit

2. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging/(crediting)

	2011 \$000	2010 \$000
Difference on foreign exchange	(7,115)	223,073

The auditor's remuneration of \$6,446 (2010 - \$6,495) is borne by a fellow group undertaking

3. STAFF COSTS

The Company has no employees other than the directors, who did not receive any remuneration (2010 - \$NIL)

4. INTEREST RECEIVABLE

	2011 \$000	2010 \$000
Interest receivable from group companies	138	162

5. INTEREST PAYABLE

	2011 \$000	2010 \$000
Preference dividend payable	103,703	71,223
On loans from group undertakings	1,350	1,447
	105,053	72,670

The classification of dividends payable under interest payable arises from FRS 25 "Financial Instruments disclosure and presentation"

RIO TINTO FINANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

6. TAXATION

	2011 \$000	2010 \$000
UK corporation tax charge on loss for the year	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - higher than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%). The differences are explained below

	2011 \$000	2010 \$000
Loss on ordinary activities before tax	(97,820)	(295,674)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	(25,922)	(82,789)
Effects of		
Non-tax deductible amortisation of goodwill and impairment	5	26
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	25,596	82,402
Other differences leading to an increase in the tax charge	321	361
Current tax charge for the year	-	-

Factors that may affect future tax charges

Legislation was enacted in March 2012 to reduce the UK statutory corporation tax rate to 24% from 1 April 2012

The March 2012 Budget Statement announced further reductions to the UK statutory corporation tax rate: 23% effective 1 April 2013 and 22% effective 1 April 2014. These changes will have no impact on the financial statements prepared to 31 December 2011.

At 31 December 2011 there was an unrecognised deferred tax asset of \$21,066,339 (2010 - \$22,855,197) relating to capital losses carried forward. The unrecognised deferred tax asset will reduce to \$19,469,242 if all proposed rate changes are enacted.

RIO TINTO FINANCE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

7 FIXED ASSET INVESTMENTS

	Investments in subsidiary undertakings \$000
Cost or valuation	
At 1 January 2011	1,788,907
Amounts written off	(20)
At 31 December 2011	<u>1,788,887</u>
Net book value	
At 31 December 2011	<u>1,788,887</u>
At 31 December 2010	<u>1,788,907</u>

8 PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Rio Tinto Finance plc	England and Wales	100	Treasury management - Ordinary shares of £1 each and Ordinary shares of \$1 each
Rio Tinto Finance (USA) plc	England and Wales	100	Dormant - Ordinary shares of £1 each

On 5 March 2012, the Company disposed of its investment in Rio Tinto Finance (USA) plc (formerly Rio Tinto (Commercial Paper) plc)

9. DEBTORS

	2011 \$000	2010 \$000
Amounts owed by group undertakings	<u>59,793</u>	<u>59,655</u>

The amounts owed by group undertakings are interest bearing at the one month USD libor rate and are repayable on demand

RIO TINTO FINANCE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

10. CREDITORS

Amounts falling due within one year

	2011 \$000	2010 \$000
Amounts owed to group undertakings	575,239	573,888
17,000,000 Cumulative redeemable floating rate preference shares of A\$100 each	1,946,556	1,849,969
	<u>2,521,795</u>	<u>2,423,857</u>

The Cumulative redeemable floating rate preference shares of A\$100 each are valued at par plus accrued dividends. They are due to parent and fellow subsidiary undertakings. The preference shares carry a cumulative preferential dividend (at a rate based upon the aggregate of the Australian Bank Bill Short Term Rate and a margin of 50 basis points), payable annually in arrears. The shares are redeemable at par at the option of shareholders, on provision of not less than two days notice. There is no fixed redemption date. The shares have a preferential right to return of capital, and of arrears and accruals of dividends, on a winding up. The holders have voting rights (one vote for each 650 preference shares held).

The amounts due to group undertakings are interest bearing at the one month USD libor rate and are payable on demand.

11. SHARE CAPITAL

	2011 \$000	2010 \$000
Allotted, called up and fully paid		
100,000 Ordinary Shares of £1 each	<u>161</u>	<u>161</u>

12. RESERVES

	Profit and loss account \$000
At 1 January 2011	(575,456)
Loss for the year	(97,820)
At 31 December 2011	<u>(673,276)</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2011 \$000	2010 \$000
Opening shareholders' deficit	(575,295)	(279,621)
Loss for the year	(97,820)	(295,674)
Closing shareholders' deficit	<u>(673,115)</u>	<u>(575,295)</u>

RIO TINTO FINANCE HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

14 RELATED PARTY TRANSACTIONS

The Company is exempt under FRS 8 from disclosing related party transactions between two or more members of the group, given that all subsidiaries which are party to the transaction are wholly owned by the group

15. POST BALANCE SHEET EVENTS

On 5 March 2012, the Company disposed of its investment in Rio Tinto Finance (USA) plc (formerly Rio Tinto (Commercial Paper) plc)

16 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Rio Tinto International Holdings Limited. The ultimate parent undertaking and controlling party is Rio Tinto plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The Group's consolidated financial statements can be obtained from 2 Eastbourne Terrace, London W2 6LG, or from the Rio Tinto website at www.riotinto.com