Registered number: 00460473

RIO TINTO LONDON LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

RIO TINTO LONDON LIMITED

COMPANY INFORMATION

DIRECTORS	M D Andrewes E B Evans D S Larsen U Quellmann
COMPANY SECRETARY	G J C Aldridge
REGISTERED NUMBER	00460473
REGISTERED OFFICE	2 Eastbourne Terrace London W2 6LG
INDEPENDENT AUDITORS	Grant Thornton UK LLP Statutory Auditor, Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

RIO TINTO LONDON LIMITED

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RIO TINTO LONDON LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

Rio Tinto London Limited (the "Company") continues to provide management services to fellow members of the Rio Tinto Group (the "Group") The Company is also an investment holding company

BUSINESS REVIEW

The Company continues to provide management services to fellow members of the Rio Tinto Group, for which it charges on an arm's length basis In certain cases these charges are deferred until the completion of a transaction or transactions

The Company is the principal contributor to UK defined benefit pension schemes, where the membership consists of almost entirely retirees or deferred pensioners The Company does not recover accounting costs arising from deficit contributions to these Group pension schemes In addition the Company does not recover unrealised actuarial gains or losses in respect of post-retirement benefit schemes

On 24 July 2012, the Company entered into an agreement to transfer certain pension assets and liabilities from the British Alcan Pension Plan to the Rio Tinto 2009 Pension Fund The effective date of the transfer was 28 February 2013 and resulted in the Company acquiring a further £113 6 million of net pension liabilities On 14 March 2013 the Company made a top-up payment of £53 8 million in order to restore the funding level of the Rio Tinto 2009 Pension Fund to the level prior to accepting the transfer

During the year the immediate parent company, Rio Tinto European Holdings Limited, provided £250 million of funding to cover unrecovered charges arising and the transfer of pension liabilities referred to above

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 £80,943,000 (2011 - profit £437,000)

No interim dividend was paid during the year (2011 - nil) and the directors do not recommend the payment of a final dividend (2011 - nil)

DIRECTORS

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

M D Andrewes (appointed 24 July 2013)
M P Bossick (appointed 20 May 2013 & resigned 24 July 2013)
E B Evans (appointed 1 July 2013)
J C Juggins (appointed 2 July 2012 & resigned 5 April 2013)
D S Larsen
B J S Mathews (resigned 3 May 2013)
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

RIO TINTO LONDON LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal risks and uncertainties are integrated with those of the Group and are not managed separately The principal risks and uncertainties of the Group are discussed in its 2012 Annual Report, which does not form part of this report

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 accounting 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

FUTURE DEVELOPMENTS

The Company's future developments are integrated with those of the Group which are discussed in its 2012 Annual Report which does not form part of this report

POLITICAL AND CHARITABLE CONTRIBUTIONS

The contributions made by the Company during the year for charitable purposes amounted to £43,000 (2011 - £409,000)

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

It is the policy of the Company to abide by terms of payment agreed with suppliers At 31 December 2012, there were 50 days (2011 - 50 days) purchases outstanding in respect of the Company, based on the total amount invoiced by suppliers during the year

EMPLOYMENT POLICIES

The Company complies with the Group's employment policies which are set out in its statement of business practice, *The way we work* The Company employs on the basis of job requirements and does not discriminate on grounds of age, ethnic or social origin, politics, religion or disability

The Company employs disabled people and accepts the need to maintain and develop their careers If an employee becomes disabled whilst in employment and, as a result, is unable to perform his or her current duties, every effort is make to offer suitable alternative employment and to assist with retraining

The Company provides clear and timely communication with its employees concerning business performance and corporate developments It endeavours to maintain effective channels of communication through an internal communication team, which manages the release of information to employees Information is released through a number of forums, including electronic and paper newsletters and bulletins, video, employee briefings and the Group's intranet

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

POST BALANCE SHEET EVENTS

On 24 July 2012, the Company entered into an agreement to transfer certain pension assets and liabilities from the British Alcan Pension Plan to the Rio Tinto 2009 Pension Fund The effective date of the transfer was 28 February 2013 and resulted in the Company acquiring a further £113 6 million of net pension liabilities On 14 March 2013 the Company made a top-up payment of £53 8 million in order to restore the funding level of the Rio Tinto 2009 Pension Fund to the level prior to accepting the transfer The immediate parent company, Rio Tinto European Holdings Limited, provided funding during the year to cover this transfer of pension liabilities

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 LONDON LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

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

Gemma Aldridge

....

G J C Aldridge
Secretary

Date 17 September 2013

2 Eastbourne Terrace
London
W2 6LG

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

We have audited the financial statements of Rio Tinto London Limited for the year ended 31 December 2012, which comprise the profit and loss account, the statement of total recognised gains and losses, 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 Directors' responsibilities statement, 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 2012 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIO TINTO LONDON 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

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

17 September 2013

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £000	2011 £000
TURNOVER	1	208,202	308,663
Administrative expenses		(295,096)	(294,922)
OPERATING (LOSS)/PROFIT	2	(86,894)	13,741
Income from other fixed asset investments		-	15
Interest receivable and similar income		7	1,954
Interest payable and similar charges	7	(193)	(654)
Other finance charges	6	(6,006)	(2,532)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(93,086)	12,524
Tax on (loss)/profit on ordinary activities	8	12,143	(12,087)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	20	(80,943)	437

All amounts relate to continuing operations

The notes on pages 10 to 37 form part of these financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £000	2011 £000
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(80,943)	437
Actuarial loss related to pension scheme	18	(35,272)	(28,898)
Deferred tax attributable to actuarial loss	18	8,627	7,701
TOTAL RECOGNISED LOSSES RELATING TO THE YEAR		(107,588)	(20,760)

The notes on pages 10 to 37 form part of these financial statements

RIO TINTO LONDON LIMITED
REGISTERED NUMBER. 00460473

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£000	2012 £000	£000	2011 £000
FIXED ASSETS					
Tangible assets	9		65,523		53,667
Investments	10		29,487		43,395
			95,010		97,062
CURRENT ASSETS					
Debtors	12	395,431		208,064	
Cash at bank		-		60	
		395,431		208,124	
CREDITORS: amounts falling due within one year	14	(157,479)		(149,756)	
NET CURRENT ASSETS			237,952		58,368
TOTAL ASSETS LESS CURRENT LIABILITIES			332,962		155,430
CREDITORS. amounts falling due after more than one year	15		(18,974)		(19,714)
PROVISIONS FOR LIABILITIES					
Other provisions	17		(9,099)		(4,139)
NET ASSETS EXCLUDING PENSION SCHEME NET LIABILITIES			304,889		131,577
Defined benefit pension scheme liability	18		(81,336)		(65,627)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			223,553		65,950
CAPITAL AND RESERVES					
Called up share capital	19		4,800		4,800
Capital reserve	20		250,000		-
Share-based payments reserve	20		87,873		72,682
Profit and loss account	20		(119,120)		(11,532)
SHAREHOLDERS' FUNDS	21		223,553		65,950

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

....
D S Larsen
Director

Date 17 September 2013

The notes on pages 10 to 37 form part of these financial statements

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 accouning policies have been consistently applied

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 Turnover

Turnover for the year represents the value of management services provided to fellow group undertakings, together with commissions, guarantee fees and similar income receivable from fellow group undertakings No analysis of segmental revenue by region has been provided as the Company is not managed on such a basis This type of analysis is not meaningful to the users of the financial statements

1.4 Investment income

Income from investments in subsidiary/associate undertakings is recognised when the right to receive payment is established

1.5 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

1. ACCOUNTING POLICIES (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is not charged on freehold land Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases

(i) Freehold properties

Depreciation is provided on a straight-line basis on freehold buildings on the basis of estimated life, subject to a maximum of 50 years Freehold improvements are depreciated on completion of the construction work, at which point the related cost is transferred to freehold property

(ii) Leasehold properties

These are amortised in equal instalments over the unexpired period of the lease Premiums are written down to net realisable value when a building is no longer in use

(iii) Fixtures, fittings and equipment

Depreciation is provided on a straight-line basis over estimated lives, with annual rates varying between 10% and 33%

(iv) Capitalised software

Directly attributable costs are capitalised where there is a specific defined project Costs include salaries and directly attributable third party costs Depreciation is provided on a straight-line basis over estimated lives once the assets have come into use, with annual rates varying between 20% and 33%

1.7 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term

1.8 Currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

1.9 Restructuring provisions

Restructuring provisions are provided for in the accounting period when the obligation arising from the restructuring occurs A provision for future rental obligations is recognised in respect of properties not occupied by the Company where future rental costs exceed the expected economic benefits to be received The provision reflects the discounted value of expected future cash flows or, if lower, the estimated cost of terminating the lease

1. ACCOUNTING POLICIES (continued)

1.10 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

Deferred tax is recognised in respect of the retained earnings of an overseas subsidiary, associate or joint venture only to the extent that there is a commitment to remit the earnings

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

1.11 Post-retirement benefits

The Company participates in a Group pension scheme in the UK For members who joined before 1 April 2005 the scheme is of the defined benefit type Members who joined on or after 1 April 2005 participate in a defined contribution section under the Group scheme Pension costs are assessed in accordance with the advice of qualified independent actuaries

Financial Reporting Standard ("FRS") 17 'Post-retirement benefits' was adopted in 2005 However, the contributions to the Rio Tinto Pension Fund are accounted for as if the scheme was a defined contribution scheme as the Company's contributions are set at a common level rather than reflecting the characteristics of the Company's workforce and the Company is unable to identify its share of the assets and liabilities of the scheme on a consistent and reasonable basis

Contributions to the scheme are charged to the profit and loss account as they are incurred

The Company also operates an unfunded unapproved pension arrangement in the UK and post-retirement medical plans in the UK FRS 17 'Post-retirement benefits' is applied, under which both the unfunded unapproved pension arrangement and the post-retirement medical plan are accounted for as defined benefit schemes Values attributed to scheme liabilities are assessed in accordance with the advice of qualified independent actuaries

The defined benefit schemes are funded directly by the Company For defined benefit post-employment plans, the present value of the plan liabilities is recognised as a liability on the balance sheet There are no plan assets within either scheme, with the exception of the Rio Tinto 2009 Pension Fund Actuarial gains and losses arising in the year are taken to the Statement of Recognised Gains and Losses ("STRGL") For this purpose, actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience, and adjustments arising because of differences between the previous actuarial assumptions and what have actually occurred

Pension scheme liabilities have been measured using the projected unit method Other movements in the deficit are recognised in the profit and loss account, including the current service cost, any past service cost and the effect of any curtailment or settlements The interest cost is also charged to the profit and loss

1. ACCOUNTING POLICIES (continued)

1.12 Share-based payments

The Company operates a number of equity-settled share-based compensation plans The fair value of the options granted in exchange for employee services is recognised as an expense The total amount to be expensed over the appropriate service period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, earnings per share) Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable It recognises the impact of the revision of original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity

Where employees of the Company are also eligible for share-based payment schemes operated by other companies within the Group who have neither a direct nor indirect ownership interest in the Company, provision is made for the fair value of awards at the grant date The difference between the fair value at the grant date and any amount subsequently recharged to the Company is recognised directly in the profit and loss reserve

The fair value of the share plans is recognised as an expense over the expected vesting period with a corresponding entry to other reserves

2. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging

	2012 £000	2011 £000
Depreciation of tangible fixed assets		
- owned by the company	4,403	4,237
Difference on foreign exchange	982	12,991
Employment costs (see note 4)	164,781	144,481
Operating lease rentals - properties	7,509	6,078
Operating lease rentals - plant and machinery	763	661
Restructuring provision (see note 17)	5,363	-
Impairment charge (see note 9)	4,008	-

3. AUDITORS' REMUNERATION

	2012 £000	2011 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	33	33

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £000	2011 £000
Wages and salaries	141,458	124,518
Social security costs	11,278	9,298
Other pension costs (note 18)	12,045	10,665
	164,781	144,481

The average monthly number of employees, and directors, during the year was as follows

	2012 No	2011 No
Employees	533	612

Post-retirement benefits

The Company participates in a Group pension scheme in the UK In addition, the Company provides unfunded pensions and post retirement healthcare benefits to eligible employees It also reimburses fellow Group companies for the pension cost of foreign employees seconded to it

Refer to note 18 - Post-retirement benefits for further details

Share-based payments

Rio Tinto plc and Rio Tinto Limited have a number of share-based payment plans, which are described in detail in the 2012 Rio Tinto plc Annual Report Some of Rio Tinto London Limited's employees are eligible to participate in these plans The plans have been accounted for in accordance with the fair value recognition provisions of 'FRS 20 - Share-based Payment'

The charge that has been recognised in the profit and loss account for Rio Tinto's share-based compensation plans is set out in the table below

	Charge recognised for the year	
	2012 £000	2011 £000
Equity-settled plans	40,430	31,705

Share-based payments (continued)

The main Rio Tinto plc and Rio Tinto Limited plans are as follows

Share Savings Plans
Awards under these plans are settled in equity and accounted for accordingly The fair value of each award on the day of grant was estimated using a lattice-based option valuation model, including allowance for the exercise price being at a discount to market price

No awards were granted under the Share Savings Plan in 2012 as these plans have been replaced by the Global Employee Share Plan under which eligible employees will be able to purchase Rio Tinto shares subject to a capped amount and Rio Tinto will match the shares acquired by employees on a one for one basis subject to loyalty conditions being met

Share Option Plan (SOP)
The Group has a policy of settling awards made under the SOP in equity, although the directors at their discretion can offer a cash alternative The awards are accounted for in accordance with the requirements applying to equity-settled share-based payment transactions The performance conditions in relation to Total Shareholder Return (TSR) have been incorporated in the measurement of fair value for these awards by modelling the correlation between Rio Tinto's TSR and that of the index The relationship between Rio Tinto's TSR and the index was stimulated many thousands of times to derive a distribution which, in conjunction with the lattice-based option valuation model, was used to determine the fair value of the options

Share Ownership Plan
The fair values of awards of Matching and Free Shares made by Rio Tinto are taken to be the market value of the shares on the date of purchase These awards are settled in equity The total fair value of shares awarded during the year was £873,000 (2011 - £853,000)

Performance Share Plan
Participants are assigned shares in settlement of their awards and therefore the Plan is accounted for in accordance with the requirements applying to equity-settled shared-based payment transactions The fair value of the awards was calculated using a Monte Carlo simulation model taking into account the TSR performance conditions In each case fair values were adjusted for non receipt of dividends between grant date and date of vesting (excluding awards for executive directors and product group CEOs) Forfeitures are assumed prior to vesting at three per cent per annum of outstanding awards (except for the 2009 awards which applied to senior executives only with no allowance for forfeitures)

Management Share Plan
The Management Share Plan was introduced during 2007 to provide conditional share-based awards to management The vesting of these awards is dependent on service and/or performance based conditions being met The awards will be settled in equity including the dividends accumulated from date of award to vesting The awards are accounted for in accordance with the requirements applying to equity-settled share based payment transactions The fair value of each award on the day of grant is equal to the share price on the day of grant less a small adjustment for the timing of dividends Forfeitures are assumed prior to vesting at five per cent per annum of outstanding awards

Share-based payments (continued)

Bonus Deferral Plan

The Bonus Deferral Plan was originally introduced during 2009 for the mandatory deferral of the 2008 bonuses for executive directors, product group executives and for other executives Additional Bonus Deferral Awards were made in 2010 and 2011 for the mandatory deferral of 50 per cent of the bonuses for executive directors and product group executives and 10 per cent of the bonuses for other executives

The vesting of these awards is dependent only on service conditions being met The awards will be settled in equity including the dividends accumulated from the date of award to vesting The awards are accounted for in accordance with the requirements applying to equity-settled share based payment transactions The fair value of each award on the day of grant is equal to share price on the day of grant less a small adjustment for the timing of dividends vesting Forfeitures are assumed prior to vesting at three per cent per annum of outstanding awards

Lattice-based option valuation model

The fair value of share options is estimated as at the date of grant using a lattice-based option valuation model The significant assumptions used in the valuation model are disclosed below Expected volatilities are based on the historical volatility of Rio Tinto's share returns under the UK and Australian listings Historical data was used to estimate employee forfeiture and cancellation rates within the valuation model Under the Share Option Plans, it is assumed that after options have vested, 20 per cent per annum of participants will exercise their options when the market is at least 20 per cent above the exercise price of the option Participants in the Share Savings Plans are assumed to exercise their options immediately after vesting

The implied lifetime of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding The risk-free rate used in the valuation model is equal to the yield available on UK and Australian zero-coupon government bonds (for Rio Tinto plc and Limited options respectively) at the date of grant with a term equal to the expected term of the options

Awards made in 2012

	Risk-free interest rate %	Expected volatility %	Dividend yield %	Forfeiture rates %	Implied lifetime Years
Share Option Plan					
- Rio Tinto plc	1 2	46 0	2 6	-	4 7
- Rio Tinto Limited	4 0	37 0	2 1	-	5 4

Share-based payments (continued)

Summary of options outstanding

	Number	Weighted average exercise price per option £/A$	Weighted average remaining contractual life Years	Aggregate intrinsic value 2012 £000s
Options outstanding at 31 December 2012				
Rio Tinto plc Share Savings Plan (£21 - £32)	86,812	26 19	1 7	835
Rio Tinto plc Share Option Plan (£10 - £43)	1,938,857	24 47	5 3	24,361
Rio Tinto Limited Share Option Plan (A$17 - A$55)	81,944	47 49	5 1	859
	2,107,613			26,055

As at 31 December 2011, there were 2,061,013 options outstanding with an aggregate intrinsic value of £28,545,000

	Number	Weighted average exercise price per option £/A$	Weighted average remaining contractual life Years	Aggregate intrinsic value 2012 £000s
Options exercisable at 31 December 2012				
Rio Tinto plc Share Option Plan (£10 - £43)	1,183,468	15 59	3 4	24,361
Rio Tinto Limited Share Option Plan (A$17 - A$55)	35,347	36 89	4 1	859
	1,218,815			25,220

As at 31 December 2012, there were no options (2011 - no options) exercisable under either the Rio Tinto plc or the Rio Tinto Limited Share Savings Plans (with the exception of employees who leave the Company and are deemed to be 'good leavers' and therefore may be able to exercise their options early)

Share-based payments (continued)

Performance Share Plan

	2012 Number	Weighted average fair value at grant date 2012 £	2011 Number	Weighted average fair value at grant date 2011 £
Rio Tinto plc awards				
Non-vested shares at 1 January	878,577	33 67	972,145	27 37
Transfers	321	33 67	3,065	27 37
Awarded	254,024	24 67	269,380	31 28
Failed performance conditions	(177,487)	40 69	(187,131)	10 49
Vested	(30,796)	35 08	(178,882)	10 35
Non-vested shares at 31 December	924,639	30 40	878,577	107

	2012 Number	Weighted average fair value at grant date 2012 £	2011 Number	Weighted average fair value at grant date 2011 £
Shares issued in respect of vested awards during the year	30,796	36 40	178,882	43 27

	2012 Number	Weighted average fair value at grant date 2012 A$	2011 Number	Weighted average fair value at grant date 2011 A$
Rio Tinto Limited awards				
Non-vested shares at 1 January	108,402	71 24	112,200	57 09
Transfers	-	71 24	51,387	57 09
Awarded	21,493	44 79	17,256	62 26
Failed performance conditions	(32,157)	89 65	(37,283)	28 96
Vested	(9,261)	82 61	(35,158)	28 64
Non-vested shares at 31 December	88,477	60 46	108,402	71 24

	2012 Number	Weighted average share price 2012 A$	2011 Number	Weighted average share price 2011 A$
Shares issued in respect of vested awards during the year	9,261	67 01	35,158	87 81

Share-based payments (continued)

Management Share Plan and Bonus Deferral Plan	2012 Number	Weighted average fair value at grant date 2012 £	2011 Number	Weighted average fair value at grant date 2011 £
Rio Tinto plc awards				
Non-vested shares at 1 January	515,660	30 05	511,004	27 58
Transfers	1,558	30 05	6,477	27 58
Awarded	172,382	35 48	193,125	39 83
Forfeited	(8,871)	37 68	(25,325)	30 92
Expired	(3,889)	17 32	-	46 13
Vested	(222,828)	20 34	(169,621)	31 29
Non-vested shares at 31 December	454,012	37 21	515,660	30 05
Comprising of				
- Management Share Plan	348,763	37 12	450,587	29 56
- Bonus Deferral Plan	105,249	37 90	65,073	40 13

	2012 Number	Weighted average share price 2012 £	2011 Number	Weighted average share price 2011 £
Shares issued in respect of vested awards during the year (including dividend shares applied on vesting)				
- Management Share Plan	228,659	35 63	76,226	42 88
- Bonus Deferral Plan	2,537	33 87	98,755	32 65

Share-based payments (continued)

Management Share Plan and Bonus Deferral Plan	2012 Number	Weighted average fair value at grant date 2012 A$	2011 Number	Weighted average fair value at grant date 2011 A$
Rio Tinto Limited awards				
Non-vested shares at 1 January	73,964	65 23	55,274	62 46
Transfers	-	65 23	16,333	62 46
Awarded	24,383	64 16	17,928	79 60
Vested	(46,281)	48 60	(15,571)	75 81
Non-vested shares at 31 December	52,066	71 73	73,964	65 23
Comprising of				
- Management Share Plan	43,776	71 96	72,479	64 29
- Bonus Deferral Plan	8,290	69 74	1,485	80 36

	2012 Number	Weighted average share price 2012 A$	2011 Number	Weighted average share price 2011 A$
Shares issued in respect of vested awards during the year (including dividend shares applied on vesting)				
Management Share Plan	47,583	65 30	5,559	80 28
Bonus Deferral Plan	-	69 74	1,820	65 66

5. DIRECTORS' REMUNERATION

	2012 £000	2011 £000
Emoluments	1,712	1,439
Company pension contributions to defined contribution pension schemes	36	39

During the year retirement benefits were accruing to 2 directors (2011 - 2) in respect of defined contribution pension schemes

The highest paid director received remuneration of £650,000 (2011 - £534,000)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,000 (2011 - £12,000)

The total accrued pension provision of the highest paid director at 31 December 2012 amounted to £132,000 (2011 - £109,000)

The amount of the accrued lump sum in respect of the highest paid director at 31 December 2012 amounted to £38,000 (2011 - £37,000)

One director exercised share options during the year (2011 - one)

6. OTHER FINANCE CHARGES

	2012 £000	2011 £000
Post-retirement benefits - other finance costs - note 18 (e)	6,006	2,532

7. INTEREST PAYABLE

	2012 £000	2011 £000
On other loans	34	32
On loans from group undertakings	159	622
	193	654

8. TAXATION

	2012 £000	2011 £000
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax credit on (loss)/profit for the year	(22,047)	(1,162)
Deferred tax		
Origination and reversal of timing differences	6,602	9,783
Effect of increased tax rate on opening liability	3,302	3,466
Total deferred tax (see note 16 and 18e)	9,904	13,249
Tax on (loss)/profit on ordinary activities	(12,143)	12,087

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is higher than (2011 - lower than) the standard rate of corporation tax in the UK of 24 5% (2011 - 26 5%) The differences are explained below

	2012 £000	2011 £000
(Loss)/profit on ordinary activities before tax	(93,086)	12,524
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 5% (2011 - 26 5%)	(22,806)	3,319
Effects of·		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	696	229
Capital allowances for year in excess of depreciation	1,490	295
Higher rate taxes on overseas earnings	34	84
Non-taxable income	(316)	(61)
Changes in provisions leading to a decrease in the tax charge	(7,115)	(8,457)
Tax increase arising from exercise of employee options	6,172	3,201
Group relief	(202)	228
Current tax credit for the year	(22,047)	(1,162)

Factors that may affect future tax charges

Legislation was enacted in July 2012 to reduce the UK statutory corporation tax rate to 23% effective from 1 April 2013

Legislation was substantively enacted on 2 July 2013 to reduce the UK statutory corporation tax rate to 21% effective from 1 April 2014 and 20% effective from 1 April 2015 These changes have no impact on the financial statements prepared to 31 December 2012

9. TANGIBLE FIXED ASSETS

	Land and Buildings £000	Fixtures, Fittings & Equipment £000	Capitalised Software £000	Total £000
Cost				
At 1 January 2012	54,970	5,919	8,962	69,851
Additions	20,389	-	-	20,389
Disposals	-	-	(122)	(122)
At 31 December 2012	75,359	5,919	8,840	90,118
Depreciation				
At 1 January 2012	7,624	3,370	5,190	16,184
Charge for the year	1,399	707	2,297	4,403
Impairment charge	4,008	-	-	4,008
At 31 December 2012	13,031	4,077	7,487	24,595
Net book value				
At 31 December 2012	62,328	1,842	1,353	65,523
At 31 December 2011	47,346	2,549	3,772	53,667

The net book value of land and buildings (including refurbishment costs) comprises

	2012 £000	2011 £000
Freehold land & buildings	48,672	28,283
Leasehold land & buildings - all less than 50 years	13,656	19,063
	62,328	47,346

Freehold land and buildings mainly comprise the cost of a central London office building purchased in 1975 and the adjacent property purchased in 2006, less depreciation The directors have not commissioned a valuation in use of the buildings, but are confident that the market value is substantially greater than the net book value These buildings are currently in the process of being redeveloped and no depreciation was charged in 2012 (2011 - nil)

Leasehold land and buildings relate to improvements undertaken to short lease offices During the year, an impairment charge of £4,008,000 (2011 - nil) was recognised against one of the short lease offices following on from a decision to close the office (2011 - nil) A provision has also been made relating to the office closure costs and is based on the discounted value of net rental obligations up until 2026 (see note 17)

10. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £000	Listed investments £000	Total £000
Cost or valuation			
At 1 January 2012	100	43,395	43,495
Additions	-	26,136	26,136
Disposals	(100)	(40,044)	(40,144)
At 31 December 2012	-	29,487	29,487
Impairment			
At 1 January 2012	100	-	100
Disposals	(100)	-	(100)
At 31 December 2012	-	-	-
Net book value			
At 31 December 2012	-	29,487	29,487
At 31 December 2011	-	43,395	43,395

Listed investments

Listed investments comprise 833,558 (2011 - 1,378,883) ordinary shares of Rio Tinto plc held under the Employee Share Ownership Plan The market value of the listed investments at 31 December 2012 was £29,274,557 (2011 - £43,090,000) with a nominal value of £83,355 (2011 - £137,888)

11. PRINCIPAL SUBSIDIARIES

Company name	Country of incorporation	Percentage Shareholding	Description
Rio Tinto Marketing Services Limited	England and Wales	100	Group services - Ordinary shares of £1 each
Rio Tinto Overseas Services Limited	England and Wales	100	Group services - Ordinary shares of £1 each

Rio Tinto Overseas Services Limited was struck off the Register of Companies on 22 January 2013 following an application by the directors

12. DEBTORS

	2012 £000	2011 £000
Amounts owed by Group undertakings	360,698	187,652
Other debtors	2,003	4,472
Prepayments	1,366	1,715
Corporation tax	22,081	1,246
Deferred tax asset (see note 16)	9,283	12,979
	395,431	208,064

Of the amounts owed by Group undertakings, an amount of £194,720,000 (2011 - nil) receives interest at GBP 1 month LIBOR less 5 basis points and is repayable on demand All other amounts are non-interest bearing and repayable on demand

13. CASH AT BANK AND IN HAND

Cash at bank includes £nil (2011 - £60,000) for which there are restrictions on remittances

14. CREDITORS:
Amounts falling due within one year

	2012 £000	2011 £000
Bank loans and overdrafts	7	573
Amounts owed to Group undertakings	84,002	94,177
Other creditors	47,499	30,930
Accruals	25,971	24,076
	157,479	149,756

Of the amounts owed to Group undertakings, an amount of £nil (2011 - £22,000,000) is interest bearing at GBP 1 month LIBOR plus 10 basis points All other amounts falling due within one year are non-interest bearing

15. CREDITORS:
Amounts falling due after more than one year

	2012 £000	2011 £000
Accruals	18,974	19,714

Included in accruals are £10,487,000 (2011 - £12,031,000) of social security liabilities in relation to long term incentives granted and accruals due to an operating lease having an initial rent free period of £8,487,000 (2011 - £7,683,000)

RIO TINTO LONDON LIMITED

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16. DEFERRED TAX ASSET

	2012 £000	2011 £000
At beginning of year	12,979	18,990
Charged for year	(3,696)	(6,011)
At end of year	9,283	12,979

The deferred tax asset is made up as follows

	2012 £000	2011 £000
Accelerated capital allowances	774	979
Short term timing differences	(20)	(22)
Pension spreading	(2,736)	(5,948)
Other timing differences - Share based payments	(7,301)	(7,988)
	(9,283)	(12,979)

17. PROVISIONS

	Restructuring provision £000
At 1 January 2012	4,139
Additions	5,363
Amounts used	(403)
At 31 December 2012	9,099

Restructuring provision

The provision mainly relates to office closure costs and is based on the discounted value of net rental obligations up until 2026

18. POST-RETIREMENT BENEFITS

a) UK Funded Pension Scheme

The Company participates in a group pension arrangement in the UK, the Rio Tinto Pension Fund ('the Fund') Members who joined the Fund before 1 April 2005 participate on a defined benefit basis Members who join the Fund on or after 1 April 2005 participate on a defined contribution basis The assets of the Fund are held under Trust

The contributions paid by the Company are accounted for as if the Fund were a defined contribution arrangement, as the Company is unable to identify its share of the underlying assets and liabilities in the Fund

The cost of contributions to the Fund amounted to £4,845,000 (2011 - £4,144,000)

The last Trustee funding actuarial review was conducted with an effective date of 31 March 2012 The requirement for the Company to pay contributions is reviewed on a quarterly basis

An annual valuation of the Fund was carried out by independent qualified actuaries on 31 December 2012 under IAS 19 'Employee Benefits' and on this basis the Fund had a surplus of US$133 4 million (2011 - US$74 0 million) The existence of this surplus does not affect the rate at which the Company pays contributions as this is determined by the normal Trustee funding actuarial valuation

b) UK Unfunded Pension Arrangement

The Company operates an unfunded unapproved pension arrangement in the UK A full actuarial valuation was carried out at 31 December 2012 by an independent qualified actuary The major assumptions used by the actuary were

	2012 £000	2011 £000
Assumptions		
RPI inflation	2 9%	3 0%
Discount rate	4 3%	4 7%
Pension increases in payments	2 9%	3 0%
General salary increases	4 9%	5 0%
Life expectancy of male aged 65 at the valuation date	21 7 years	21 6 years
Life expectancy of male aged 65 in 20 years time	23 4 years	23 4 years

	2012 £000	2011 £000
Present value of defined benefit obligation	(44,495)	(38,574)
Fair value of scheme assets	-	-
Deficit in the scheme	(44,495)	(38,574)

b) UK Unfunded Pension Arrangement (continued)

	2012 £000	2011 £000
Gross pension liability	(44,495)	(38,574)
Related deferred tax asset at 23% (2011 - 25%)	10,234	9,643
Net pension liability	(34,261)	(28,931)

Analysis of amounts charged to operating (loss)/profit

	2012 £000	2011 £000
Employer's part of current service cost	(2,627)	(2,370)

Analysis of amounts charged to other finance charges

	2012 £000	2011 £000
Interest on pension scheme liability	(1,851)	(1,836)

Analysis of amounts recognised in the statement of total recognised gains and losses

	2012 £000	2011 £000
Actuarial losses	(2,416)	(1,977)

Reconciliation of present value of defined benefit obligation

	2012 £000	2011 £000
Deficit in the scheme at the beginning of the year	(38,574)	(33,272)
Movement in the year		
Employer's part of current service costs	(2,627)	(2,370)
Benefits paid	973	901
Net finance charge	(1,851)	(1,836)
Actuarial losses recognised in the statement of total recognised gains and losses	(2,416)	(1,997)
Deficit in the scheme at the end of the year	(44,495)	(38,574)

b) UK Unfunded Pension Arrangement (continued)

History of experience gains and losses

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Present value of defined benefit obligation	(44,495)	(38,574)	(33,272)	(30,581)	(21,292)
Fair value of scheme assets	-	-	-	-	-
Deficit	(44,495)	(38,574)	(33,272)	(30,581)	(21,292)

Experience adjustments on defined benefit obligation

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Amount of gain/(loss)	74	(375)	887	448	1,215
Percentage of scheme liabilities	0%	1%	(1%)	(1%)	(6%)

c) UK Post-Retirement Healthcare Plan

The Company operates a post-retirement medical plan in the UK A full actuarial valuation was carried out at 31 December 2012 by an independent qualified actuary The major assumptions used by the actuary were

	2012	2011
Assumptions		
RPI inflation	2 9%	3 0%
Discount rate	4 3%	4 7%
Real medical trend inflation in the short-term	2 5%	2 5%
Real medical trend inflation in the long-term	2 5%	2 5%
Life expectancy of male aged 65 at the valuation date	21 7 years	21 6 years
Life expectancy of male aged 65 in 20 years time	23 4 years	23 4 years

	2012 £000	2011 £000
Present value of defined obligation	(12,434)	(13,011)
Fair value of scheme assets	-	-
Deficit in the scheme	(12,434)	(13,011)

	2012 £000	2011 £000
Gross pension liability	(12,434)	(13,011)
Related deferred tax asset at 23% (2011 - 25%)	2,860	3,253
Net pension liability	(9,574)	(9,758)

c) UK Post-Retirement Healthcare Plan (continued)

Analysis of amounts charged to other finance charges

	2012 £000	2011 £000
Interest on pension scheme liability	(593)	(591)

Analysis of amounts recognised in the statement of total recognised gains and losses

	2012 £000	2011 £000
Actuarial gains/(losses)	365	(1,836)

Reconciliation of present value of defined benefit obligation

	2012 £000	2011 £000
Deficit in the scheme at the beginning of the year	(13,011)	(11,291)
Movement in the year		
Employer's part of current service costs	-	-
Benefits paid	805	707
Net finance charge	(593)	(591)
Actuarial gains/(losses) recognised in the statement of total recognised gains and losses	365	(1,836)
Deficit in the scheme at the end of the year	(12,434)	(13,011)

History of experience gains and losses

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Present value of defined benefit obligation	(12,434)	(13,011)	(11,291)	(12,183)	(10,783)
Fair value of scheme assets	-	-	-	-	-
Deficit	(12,434)	(13,011)	(11,291)	(12,183)	(10,783)

Experience adjustments on defined benefit obligation

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Amount of gain/(loss)	834	(2,156)	815	692	(244)
Percentage of scheme liabilities	7%	16%	(7%)	(6%)	2%

c) UK Post-Retirement Healthcare Plan (continued)

Sensitivity of results to medical expense inflation assumption
An increase of 1% in the assumed medical cost trend rates would increase the benefit obligation for these plans by £1 2 million (2011 - £1 4 million) A decrease of 1% in the assumed medical cost rates would decrease the benefit obligation for these plans by £1 1 million (2011 - £1 2 million)

d) Rio Tinto 2009 Pension Fund

In December 2009, the Company established an additional fund known as the Rio Tinto 2009 Pension Fund ('the Fund') to accommodate all former pensioners of the Alcan Packaging Pension Plan ('APP') All former employees with deferred pensions in the APP and former employees of the Beauty Packaging division are now employed by Rio Tinto London Limited and are active members of the 2009 Fund

The assets of the 2009 Fund are held under Trust

Rio Tinto London Limited is the only employer in the Fund and it therefore accounts for the Fund in accordance with FRS 17

An annual valuation of the Fund was carried out by independent qualified actuaries on 31 December 2012 under FRS 17 and on this basis the 2009 Fund had a deficit of £37,501,000 (2011 - £26,938,000) which is reflected on the balance sheet

As noted in the Directors' Report and the post-balance sheet events disclosures, on 24 July 2012, the Company entered into an agreement to transfer certain pension assets and liabilities from the British Alcan Pension Plan to the Rio Tinto 2009 Pension Fund The effective date of the transfer was 28 February 2013 and resulted in the Company acquiring a further £113 6 million of net pension liabilities

Amounts recognised in the balance sheet are as follows:

	2012 £000	2011 £000
Present value of funded obligations	(693,188)	(650,032)
Fair value of plan assets	644,486	614,114
Deficit in the scheme	(48,702)	(35,918)
Related deferred tax asset at 23% (2011 - 25%)	11,201	8,980
Net pension liability	(37,501)	(26,938)

Analysis of amounts charged to operating (loss)/profit

	2012 £000	2011 £000
Current service cost	(7)	-

d) Rio Tinto 2009 Pension Fund (continued)

Analysis of amounts charged to other finance charges

	2012 £000	2011 £000
Interest on pension scheme liabilities	(29,766)	(31,567)
Expected return on plan assets	26,204	31,462
Total other finance charges	(3,562)	(105)

Analysis of amounts recognised in the statement of total recognised gains and losses

	2012 £000	2011 £000
Actuarial losses	(33,221)	(25,065)

The movement in the defined benefits obligations during the year is as follows·

	2012 £000	2011 £000
Benefit obligation at the beginning of the year	(650,032)	(602,039)
Current service costs	(7)	-
Interest cost	(29,766)	(31,567)
Plan participants' contributions	(2)	-
Actuarial losses	(46,827)	(51,353)
Benefits paid	33,446	34,927
Benefit obligation at the end of the year	(693,188)	(650,032)

The movement in the fair value of plan assets during the year is as follows:

	2012 £000	2011 £000
Fair value of plan assets at the beginning of the year	614,114	567,291
Expected return on plan assets	26,204	31,462
Actuarial gains	13,606	26,288
Employer contributions	24,006	24,000
Member contributions	2	-
Benefits paid	(33,446)	(34,927)
Fair value of plan assets at the end of the year	644,486	614,114

d) Rio Tinto 2009 Pension Fund (continued)

Plan assets comprise the following:

	Expected rate of return 2012	Plan assets as a percentage of total scheme assets 2012	Expected rate of return 2011	Plan assets as a percentage of total scheme assets 2011
Equity	7 1%	32%	7 1%	30%
Properties	5 0%	6%	5 0%	6%
Corporate bonds	4 3%	21%	4 7%	20%
Gilts, cash and other	2 8%	41%	2 8%	44%

To develop the expected long term rate of return on assets, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each investment class The expected return for each asset was then weighted based on the actual asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio

The actual return on plan assets was £39,810,000 (2011 - £57,750,000)

Assumptions·

	2012	2011
The principal actuarial assumptions used to determine benefit obligations were as follows		
Discount rate	4 3%	4 7%
The principal actuarial assumptions used to determine net pension cost were as follows		
Discount rate	4 7%	5 4%
Expected long term return on plan assets	4 3%	5 6%
Rate of compensation increase	-	-

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory Mortality assumptions are based on S1NA tables and CMI 2011 projections

These tables translate into an average life expectancy in years of a pensioner retiring at age 65 of

	2012 Male	2011 Male	2012 Female	2011 Female
Member age 65 (current life expectancy)	22 4	22 4	24 3	24 0
Member age 45 (life expectancy at age 65)	24 2	24 2	26 2	26 0

d) Rio Tinto 2009 Pension Fund (continued)

Three year history from inception

	2012 £000	2011 £000	2010 £000
Present value of defined benefit obligation	(693,188)	(650,032)	(602,039)
Fair value of scheme assets	644,486	614,114	567,291
Deficit	(48,702)	(35,918)	(34,748)

Difference between actual and expected return on scheme assets	13,606	26,288	39,672
Percentage of scheme assets	2%	4%	7%
Total amount recognised in the statement of total recognised gains and losses	(33,221)	(25,065)	55,235
Percentage of scheme liabilities	(5%)	(4%)	9%

For the year to 31 December 2012, the Company made normal contributions of 19 7% (2011 - 19 7%) of members' pensionable earnings and an additional £24 million (2011 - £24 million) On 14 March 2013 the Company made a top-up payment of £53 8 million in order to restore the funding level of the Rio Tinto 2009 Pension Fund to the level prior to accepting the transfer of certain pension assets and liabilities from the British Alcan Pension Plan to the Rio Tinto 2009 Pension Fund The Company expects to contribute a further £56 million during 2013

e) Post-Retirement Benefit Summary

Summary of post- retirement benefit - other finance costs

	2012 £000	2011 £000
UK unfunded pension - other finance costs	(1,851)	(1,836)
UK post-retirement healthcare plan - other finance costs	(593)	(591)
Rio Tinto 2009 Pension Fund - interest cost	(29,766)	(31,567)
Rio Tinto 2009 Pension Fund - expected return on plan assets	26,204	31,462
Total post-retirement benefit - other finance costs - note 6	(6,006)	(2,532)

Summary of post-retirement benefit - pension costs

	2012 £000	2011 £000
UK funded pension - note 18 (a)	(4,845)	(4,144)
UK unfunded pension - current service cost - note 18 (b)	(2,627)	(2,370)
UK post-retirement healthcare plan - current service cost - note 18 (c)	-	-
Rio Tinto 2009 Pension Fund - current service cost - note 18 (d)	(7)	-
Other pension costs	(4,566)	(4,151)
Total post-retirement benefit - other pension costs - note 4	(12,045)	(10,665)

e) Post-Retirement Benefit Summary (continued)

Summary of post-retirement benefit - balance sheet liability

	2012 £000	2011 £000
UK unfunded pension arrangement - note 18 (b)	(44,495)	(38,574)
UK post-retirement healthcare plan - note 18 (c)	(12,434)	(13,011)
Rio Tinto 2009 Pension Fund - note 18 (d)	(48,702)	(35,918)
less deferred tax (see below)	24,295	21,876
Net post-retirement benefit liability	(81,336)	(65,627)

Movement in deferred tax asset on post-retirement benefits

	2012 £000	2011 £000
At 1 January	21,876	21,412
Deferred tax charge in profit and loss account	(6,208)	(7,237)
Deferred tax credit in profit and loss reserve	8,627	7,701
At 31 December	24,295	21,876

19. SHARE CAPITAL

	2012 £000	2011 £000
Allotted, called up and fully paid		
4,800,000 Ordinary shares of £1 each	4,800	4,800

20. RESERVES

	Capital reserve £000	Share-based payments reserve £000	Profit and loss account £000
At 1 January 2012	-	72,682	(11,532)
Loss for the year	-	-	(80,943)
Pension reserve movement - net of deferred tax	-	-	(26,645)
Capital contribution	250,000	-	-
Share-based payments movement	-	15,191	-
At 31 December 2012	250,000	87,873	(119,120)

On 18 December 2012, a loan owing to the immediate parent company, Rio Tinto European Holdings Limited, amounting to £250,000,000 was forgiven This has been treated as a capital contribution and shown as an increase in equity within the capital reserve

21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £000	2011 £000
Opening shareholders' funds	65,950	73,673
(Loss)/profit for the year	(80,943)	437
Capital contribution	250,000	-
Pension reserve movement net of deferred tax	(26,645)	(21,197)
Share-based payments movement	15,191	13,037
Closing shareholders' funds	223,553	65,950

22. CAPITAL COMMITMENTS

At 31 December 2012 the Company had capital commitments as follows

	2012 £000	2011 £000
Commitment relating to the re-development of freehold property (note 9)	40,500	63,000

23. OPERATING LEASE COMMITMENTS

At 31 December 2012 the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Plant and equipment	
	2012 £000	2011 £000	2012 £000	2011 £000
Expiry date:				
Within 1 year	-	535	46	47
Between 2 and 5 years	-	-	260	336
After more than 5 years	5,027	6,535	-	-
	5,027	7,070	306	383

24. RELATED PARTY TRANSACTIONS

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

Under the terms of the Rio Tinto Pension Fund Trust Deed, a fee is charged to the Rio Tinto Pension Fund in respect of the provision of services During the year £5,877,000 (2011 - £4,525,000) was charged A refund in respect of previous years fees charged was granted during 2011 amounting to £7,150,000 No refund was granted during 2012 At the end of the year £903,000 was outstanding from the Rio Tinto Pension Fund (2011 - £1,606,000)

Under arrangements made as part of a sale and purchase agreement dated 4 January 2011, Rio Tinto London Limited agreed to support Constellium Holdco B V (formerly Omega Holdco B V) and its subsidiaries in their IT infrastructure The Company charged £62,000 (2011 - £5,844,000) of which £52,000 was outstanding at 31 December 2012 (2011 - £950,000)

25. POST BALANCE SHEET EVENTS

On 24 July 2012, the Company entered into an agreement to transfer certain pension assets and liabilities from the British Alcan Pension Plan to the Rio Tinto 2009 Pension Fund The effective date of the transfer was 28 February 2013 and resulted in the Company acquiring a further £113 6 million of net pension liabilities On 14 March 2013 the Company made a top-up payment of £53 8 million in order to restore the funding level of the Rio Tinto 2009 Pension Fund to the level prior to accepting the transfer The immediate parent company, Rio Tinto European Holdings Limited, provided funding during the year to cover this transfer of pension liabilities

26. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Rio Tinto European 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 Copies of Rio Tinto plc consolidated financial statements can be obtained from 2 Eastbourne Terrace, London, W2 6LG, or from the Rio Tinto website at www riotinto com