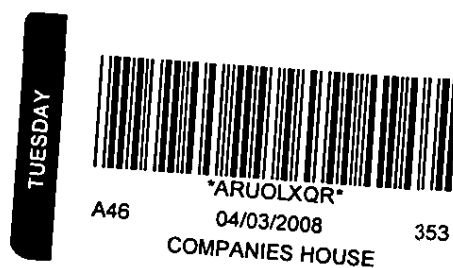


COMPANY NUMBER 03075230

**RIO TINTO MARKETING SERVICES LIMITED**  
**ANNUAL REPORT**  
**AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

February 2008



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**RIO TINTO MARKETING SERVICES LIMITED**

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**DIRECTORS**

A G Hamilton  
S C Farry  
E Model

**SECRETARY**

M J Whyte

**REGISTERED  
OFFICE**

2 Eastbourne Terrace  
London W2 6LG

**AUDITORS**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

**REPORT OF THE DIRECTORS**

The directors present their annual report, together with the audited financial statements for the year ended 31 December 2006

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

Rio Tinto Marketing Services Limited is a wholly owned subsidiary of Rio Tinto plc. The Company provides marketing and other management services to companies owned by Rio Tinto (Rio Tinto Group companies), and will continue to do so for the foreseeable future.

**FUTURE DEVELOPMENTS**

The company's future developments are integrated with those of the Rio Tinto Group which are discussed in its 2006 Annual report and financial statements which do not form part of this report.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company's principal risks and uncertainties are also integrated with those of the Rio Tinto Group and are not managed separately. The Group's risk factors and policies for financial risk management are also discussed in its 2006 Annual report and financial statements.

**KEY PERFORMANCE INDICATORS**

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 Company's profit before tax for the financial year is £205,000.00 (2005 profit of £45,000). No dividends were paid during the year.

No interim dividend was paid during the period. The directors do not recommend the payment of a final dividend.

**DIRECTORS**

The names of the directors in office at the date of this report are shown on page 2. Mr S C Farry was appointed, as a director on 19 July 2006. Mr N C Dove resigned on 03 December 2007.

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

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are required to prepare financial statements for each financial period that 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. The financial statements have been prepared on the going concern basis as the directors have satisfied themselves that the company has access to adequate financial resources to continue in operational existence for the foreseeable future.

The directors consider that the 2006 Annual report and financial statements present a true and fair view and have been prepared in accordance with applicable accounting standards, using the most appropriate accounting policies, and supported by reasonable and prudent judgements and estimates. The accounting policies have been consistently applied.

The directors are responsible for maintaining proper accounting records in accordance with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

#### INDEMNITIES AND INSURANCE

The Rio Tinto Group 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

#### POLICY REGARDING PAYMENT OF TRADE CREDITORS

It is the company's policy to abide by the terms of payment agreed with suppliers. In many cases, the terms of payment are as stated in the suppliers' own literature. In other cases, the terms of payment are determined by specific oral agreement. The company does not follow any published code on standard payment practice. At 31 December 2006, there were 30 days purchases outstanding in respect of the total invoiced by suppliers during the period.

#### EMPLOYMENT POLICIES

The company complies with Rio Tinto's employment policy which is set out in its statement of business practice, *The way we work*, and maintains an equal opportunity policy which does not discriminate against sex, race, creed and colour.

The company will employ disabled people where appropriate 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 duties, every effort is made to offer suitable alternative employment and to assist with retraining.

Staff are kept informed about development affecting them by managerial briefings and by various written communications. Presentations on the Rio Tinto Group financial performance and on other matters of interest are given.

#### AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

Elective resolutions to dispense with holding annual general meetings, the laying of financial statements before the company in general meetings and the appointment of auditors are currently in force. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to have been re-appointed at the end of the period of 28 days beginning on the day on which copies of this report and financial statements are sent to members unless a resolution is passed under Section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

Each of the directors at the time this report was approved has confirmed that

- so far as he or she is aware, there is no relevant audit information (ie information needed by the company's auditors in connection with preparing their report) of which the auditors are unaware, and
- he or she has taken all steps that they ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the auditors are aware of that information.

BY ORDER OF THE BOARD



M J Whyte  
Secretary

2 Eastbourne Terrace  
London W2 6LG  
26 February 2008

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
RIO TINTO MARKETING SERVICES LIMITED**

We have audited the financial statements of Rio Tinto Marketing Services Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- The financial statements have been properly prepared in accordance with the Companies Act 1985, and
- The information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

28 February 2008

# RIO TINTO MARKETING SERVICES LIMITED

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

	<u>NOTE</u>	<u>2006</u> <u>£000</u>	<u>2005</u> <u>£000</u>
Turnover		3,933	4,373
Administrative costs		(3,765)	(4,378)
Operating profit/(loss)	2	<u>168</u>	<u>(5)</u>
Interest receivable and similar income	5	37	50
Profit on ordinary activities before taxation		<u>205</u>	<u>45</u>
Taxation	6	(150)	27
Retained profit for the year		<u>55</u>	<u>72</u>
Movement in retained earnings			
At 1 January		959	887
Retained profit for the year		55	72
At 31 December		<u>1,014</u>	<u>959</u>

The Company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented

All items dealt with in the above profit and loss account relate to continuing operations

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

The notes on pages 8 to 13 form part of these financial statements

# RIO TINTO MARKETING SERVICES LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2006

	<u>NOTE</u>	<u>2006</u> <u>£000</u>	<u>2005</u> <u>£000</u>
<b>FIXED ASSETS</b>			
Tangible assets	7	19	27
<b>CURRENT ASSETS</b>			
Debtors	8	1,638	2,373
Cash at bank and in hand	9	757	11
		<u>2,395</u>	<u>2,384</u>
<b>CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	10	(1,400)	(1,452)
<b>NET CURRENT ASSETS</b>		<u>995</u>	<u>932</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,014	959
<b>NET ASSETS</b>		<u>1,014</u>	<u>959</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	0	0
Profit and loss account		1,014	959
<b>EQUITY SHAREHOLDERS' FUNDS</b>	13	<u>1,014</u>	<u>959</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors on 26 February 2008 and signed on its behalf by



E Model, Director

The notes on pages 8 to 13 form part of these financial statements

NOTES TO THE 2006 FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards. The principal accounting policies are set out below.

*Changes in accounting policies*

The company has adopted FRS 20, 'Share-based payment' during the year. However, there has been no impact of adopting this standard on current or prior year financial statements.

b) Turnover

Turnover for the year represents the value of services provided to fellow Group and related undertakings, together with commissions and similar income receivable from fellow group and related undertakings.

c) Depreciation

Depreciation is provided on a straight-line basis over estimated asset lives using the following annual rates:

Motor vehicles	25%
Office equipment, fixtures and fittings	20% - 33%

d) Deferred Tax

Full provision is made for deferred taxation on all timing differences that have arisen but not reversed at the balance sheet date, except that deferred tax assets are only recognised to the extent that it is more likely than not that they will be recovered. Deferred tax is recognised on an undiscounted basis.

e) Currency Translation

Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the financial year. Exchange differences are recognised within the profit and loss account.

f) 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 join on or after 1 April 2005 participate in a new defined contribution section under the Group scheme. Pension costs are assessed in accordance with the advice of qualified independent actuaries.



**NOTES TO THE 2006 FINANCIAL STATEMENTS continued**

**1 ACCOUNTING POLICIES (continued)**

**f) Post Retirement Benefits (continued)**

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

**g) Taxation**

The Company pays for or receives payment for, any Group relief received only where it is justified by commercial circumstances

**2 OPERATING PROFIT**

	<u>2006</u> <u>£000</u>	<u>2005</u> <u>£000</u>
Operating profit is stated after charging		
Staff costs (see note 3)	2,180	2,944
Depreciation of tangible fixed assets	13	15
Auditors' remuneration		
- audit fees	8	7
- non audit fees	-	-

The auditors' remuneration is now borne by the immediate parent undertaking

**3 STAFF COSTS**

The average number of persons employed during the year, including directors, was 21 (2005 – 22) The costs of employment were -

	<u>2006</u> <u>£000</u>	<u>2005</u> <u>£000</u>
Wages and salaries	1,968	2,229
Severance costs	(54)	389
Social security costs	266	285
Other pension costs	-	41
	<u>2,180</u>	<u>2,944</u>

**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 join on or after 1 April 2005 participate in a new defined contribution section under the group scheme. The assets of the scheme are held in a separate trustee administered fund. The details from the most recent actuarial reviews which were carried out as at 31 March 2003 are disclosed in the accounts of Rio Tinto plc, the ultimate holding company.

The Rio Tinto Pension Fund provides benefits on both a defined benefit and a defined contribution basis. However, the contributions paid by the Company are accounted as if the scheme were a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme. The cost of contributions to the Group scheme amount to £nil (2005: £nil). No regular Company contributions are currently payable. The next formal funding review of the Fund is due as at 31 March 2006, following which the Trustee and Company will review the rate of contributions required.

**NOTES TO THE 2006 FINANCIAL STATEMENTS continued**

**3 STAFF COSTS (continued)**

Post Retirement Benefits (continued)

An annual valuation of the Fund was carried out by independent qualified actuaries on 31 December 2006 under International Accounting Standards 19 "Employee Benefits" and on this basis the Fund had a surplus of US\$276 million (2005 – US\$153 million)

In addition, the Group provides unfunded pensions and post retirement healthcare benefits to eligible employees. The Company also reimburses fellow Group companies for the pension costs of foreign employees seconded to it.

**4 DIRECTORS' EMOLUMENTS**

	<u>2006</u> <u>£000</u>	<u>2005</u> <u>£000</u>
<b>(a) All directors</b>		
Aggregate emoluments	647	979
Compensation for loss of office	-	295
Amounts (excluding shares and share options) receivable under long term incentive schemes	-	-
Aggregate amount of Company contributions to non-UK pension scheme	-	26
	<u>2006</u> <u>Number of</u> <u>directors</u>	<u>2005</u> <u>Number of</u> <u>directors</u>
The number of directors to whom retirement benefits were accruing under defined benefit pension schemes in respect of qualifying services	3	8
The number of directors in respect of whose qualifying services shares were received or receivable under long-term incentive schemes	5	5
The number of directors who exercised share options	2	3
	<u>2006</u> <u>£000</u>	<u>2005</u> <u>£000</u>
<b>(b) Highest paid director</b>		
Aggregate emoluments and benefits (excluding gains on exercise of share options and value of shares received under long term incentive schemes)	239	366
Compensation for loss of office	-	-

**RIO TINTO MARKETING SERVICES LIMITED**

**NOTES TO THE 2006 FINANCIAL STATEMENTS continued**

**5 INTEREST RECEIVABLE**

	<u>2006</u> <u>£000</u>	<u>2005</u> <u>£000</u>
Other interest receivable	37	50
	<hr/>	<hr/>

**6 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<u>2006</u> <u>£000</u>	<u>2005</u> <u>£000</u>
Current tax		
UK Corporation tax at 30% (2005 – 30%) based on taxable profit for the year	48	(27)
Adjustments in respect of previous years	101	-
Total current tax	<hr/> 149	<hr/> (27)
Deferred tax		
Origination and reversal of timing differences	1	-
Total deferred tax	<hr/> 1	<hr/> -
Total tax	<hr/> 150	<hr/> (27)

The current tax assessed for the year is lower (2005 – higher) than the standard rate of corporation tax in the UK (30%) The differences are explained below

	<u>2006</u> <u>£000</u>	<u>2005</u> <u>£000</u>
Profit on ordinary activities before tax	205	45
	<hr/>	<hr/>
Profit on ordinary activities before tax multiplied by standard rate of tax in the UK 30% (2005 30%)	62	13
Effects of		
Expenses not deductible for tax purposes	15	21
Capital allowances and other timing differences	1	(1)
Employee share scheme deductions	(29)	(60)
Adjustment to tax charge in respect of previous years	101	-
	<hr/> 150	<hr/> (27)
	<hr/>	<hr/>

# RIO TINTO MARKETING SERVICES LIMITED

## NOTES TO THE 2006 FINANCIAL STATEMENTS continued

### 7 TANGIBLE FIXED ASSETS

	Office equipment, fixtures and fittings £000	Motor vehicles £000	Total £000
<u>Cost</u>			
At 1 January 2006	107	29	136
Additions	5	-	5
At 31 December 2006	112	29	141
<u>Accumulated depreciation</u>			
At 1 January 2006	102	7	109
Charge for the year	6	7	13
At 31 December 2006	108	14	122
<u>Net book value</u>			
At 31 December 2006	4	15	19
At 31 December 2005	5	22	27

### 8 DEBTORS

	2006 £000	2005 £000
Amounts falling due within one year		
Amounts owed by ultimate parent and fellow subsidiary undertakings	1,507	2,160
Other debtors	4	75
Prepayments	118	128
	1,629	2,363
Amounts falling due after more than one year		
Deferred tax	9	10
Total debtors	1,638	2,373

### 9 CASH AT BANK

Under a Group banking arrangement, £757,000 (2005 - £nil) forms part of an offset arrangement whereby balances could be used to settle the overdrafts of other companies within the Group

**NOTES TO THE 2006 FINANCIAL STATEMENTS continued**

**10 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>2006</u> <u>£000</u>	<u>2005</u> <u>£000</u>
Overdraft	-	80
Amounts payable to ultimate parent and fellow subsidiary undertakings	599	278
Trade creditors	76	23
Accruals	475	821
Shareholder's loan	250	250
	<u>1,400</u>	<u>1,452</u>

**11 DEFERRED TAXATION**

Deferred tax assets of £9,066 (2005 - £10,000) in respect of depreciation in advance of capital allowances have been recognised in the financial statements (see note 8)

**12 CALLED UP SHARE CAPITAL**

	<u>2006</u> <u>£</u>	<u>2005</u> <u>£</u>
Authorised ordinary shares of £1 each	1,000,000	1,000,000
Called up, allotted, issued and fully paid ordinary shares of £1 each	2	2

**13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>2006</u> <u>£000</u>	<u>2005</u> <u>£000</u>
Shareholders' funds at 1 January	959	887
Retained profit for the year	35	72
Shareholders' funds at 31 December	<u>994</u>	<u>959</u>

**14 CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES**

The financial statements do not include a cash flow statement because the Company is a wholly owned subsidiary and the conditions of Financial Reporting Standard No 1 (revised 1996) exempting inclusion are satisfied. The Company is also exempt under the terms of Financial Reporting Standard No 8 from disclosing related party transactions with entities that are part of the Rio Tinto plc Group or investees of the Rio Tinto plc Group.

**15 ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking is Rio Tinto London 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 the Rio Tinto plc consolidated financial statements can be obtained from its registered office at 2 Eastbourne Terrace, London, W2 6LG.