

**RIO TINTO VOSTOK LIMITED**  
**ANNUAL REPORT**  
**AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2007**

October 2008

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**RIO TINTO VOSTOK LIMITED**

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| <b>DIRECTORS:</b>             | Mr D S Larsen<br>Mr B J S Mathews<br>Mr U Quellmann<br>Mr A Zur        |
| <b>SECRETARY:</b>             | Mr R P Dowding   |
| <b>REGISTERED<br/>OFFICE:</b> | 2 Eastbourne Terrace<br>London<br>W2 6LG                               |
| <b>AUDITORS:</b>              | PricewaterhouseCoopers LLP<br>1 Embankment Place<br>London<br>WC2N 6RH |

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## **RIO TINTO VOSTOK LIMITED**

### **REPORT OF THE DIRECTORS**

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The directors present their report, together with the audited financial statements for the year ended 31 December 2007.

#### **BUSINESS REVIEW**

Rio Tinto Vostok Limited is a wholly owned subsidiary of Rio Tinto plc and maintains a representative office in Moscow that provides services to other members of the Rio Tinto Group.

The profit for the period was \$55,000 (2006: \$6,000).

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

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's principal risks and uncertainties are integrated with those of the Rio Tinto Group and are not managed separately. The principal risks and uncertainties of the Rio Tinto Group are discussed in its 2007 Annual report and financial statements which do not form part of this report.

#### **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.

#### **DIRECTORS**

The names of the directors in office at the date of this report are shown on page 2.

Mr P L Cunningham resigned as a director on 30 June 2007, Mrs A V Lawless resigned on 31 July 2007, Mr I Ratnagiri resigned on 25 April 2008 and Mr C Lenon resigned on 8 December 2008. Mr B J S Mathews was appointed as a director on 1 August 2007 and Mr U Quellmann was appointed on 25 April 2008.

No director had a material interest in any contract or arrangement during the period to which the Company or any subsidiary 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 2007 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.

## **RIO TINTO VOSTOK LIMITED**

### **REPORT OF THE DIRECTORS (continued)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)**

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 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.

#### **AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS**

The auditors, PricewaterhouseCoopers LLP, are deemed to have been re-appointed in accordance with an elective resolution passed under Section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006, 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 510 of the Companies Act 2006 to the effect that their appointment be brought to an end.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

By order of the Board



R P Dowding  
Secretary  
2 Eastbourne Terrace  
London  
W2 6LG

22 December 2008

## RIO TINTO VOSTOK LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIO TINTO VOSTOK LIMITED

We have audited the financial statements of Rio Tinto Vostok Limited for the year ended 31 December 2007 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 2007 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*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

23 December 2008

**RIO TINTO VOSTOK LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

|  | Note | <u>2007</u><br>\$000 | <u>17 Months to</u><br><u>2006</u><br>\$000 |
|--|------|----------------------|---|
| Turnover   | 1    | 493                  | 350   |
| Operating costs                                  | 2    | <u>(439)</u>         | <u>(343)</u>                                |
| Operating profit                                 |      | <u>54</u>            | <u>7</u>                                    |
| PROFIT ON ORDINARY ACTIVITIES<br>BEFORE TAXATION |      | <u>54</u>            | <u>7</u>                                    |
| Taxation on profit on ordinary activities        | 4    | 1                    | (1)   |
| Profit on ordinary activities after tax          |      | <u>55</u>            | <u>6</u>                                    |
| Movement in retained earnings                    |      |                      |   |
| At 1 January                                     |      | 6                    | -   |
| Retained profit for the period                   |      | <u>55</u>            | <u>6</u>                                    |
| At 31 December                                   | 10   | <u>61</u>            | <u>6</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.

There is no difference between the profit on ordinary activities before tax and the retained profit for the period as stated above, and their historical cost equivalents.

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

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

# RIO TINTO VOSTOK LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2007

|  | Note | <u>2007</u><br>\$000 | <u>2006</u><br>\$000 |
|--|------|----------------------|----------------------|
| FIXED ASSETS   | 5    | 40                   | 57                   |
| CURRENT ASSETS   |      |                      |                      |
| Debtors  | 6    | 278                  | 350                  |
| Cash at bank   |      | 490                  | 37                   |
|  |      | <u>768</u>           | <u>387</u>           |
| CREDITORS : Amount due within one year                   | 7    | <u>(747)</u>         | <u>(437)</u>         |
| NET CURRENT ASSETS / (LIABILITIES)                       |      | <u>21</u>            | <u>(50)</u>          |
| TOTAL ASSETS LESS CURRENT LIABILITIES                    |      | <u>61</u>            | <u>7</u>             |
| CREDITORS : Amounts falling due after more than one year | 7    | -                    | (1)                  |
| NET ASSETS   |      | <u>61</u>            | <u>6</u>             |
| CAPITAL AND RESERVES                                     |      |                      |                      |
| Called up share capital                                  | 9    | -                    | -                    |
| Profit and loss account                                  | 10   | <u>61</u>            | <u>6</u>             |
| EQUITY SHAREHOLDERS' FUNDS                               |      | <u>61</u>            | <u>6</u>             |

The financial statements on pages 6 to 13 were approved by the Board of Directors on 22 December 2008 and signed on its behalf by:

  
 Ben Mathews, Director

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

NOTES TO THE 2007 FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a) Basis of accounting

These 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.

b) Turnover

Turnover for the year represents fees receivable in respect of services provided to a group company.

c) Reporting currency

The principal currency affecting Rio Tinto's international operations is the US dollar, and all financing provided to / by the Company is denominated in the US dollar. Accordingly, the directors regard the US dollar as the principal currency affecting the Company's own cash flows. As a result, the financial statements are presented in US dollars. The year end exchange rate was US\$1.99 : £1 (31 December 2006 US\$1.96 : £1).

d) 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 rates of exchange ruling at the end of the financial period. Exchange differences are dealt with in the profit and loss account.

e) Depreciation

Depreciation is provided on a straight-line basis over each asset's estimated useful economic life, with annual rates varying between 20% and 25%.

f) Taxation

The Company pays for any group relief received only where it is justified by commercial circumstances.

g) 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.



# RIO TINTO VOSTOK LIMITED

## NOTES TO THE 2007 FINANCIAL STATEMENTS (continued)

### 2. OPERATING COSTS

|                               | <u>2007</u> | <u>17 Months to</u><br><u>2006</u> |
|-------------------------------|-------------|------------------------------------|
|                               | \$000       | \$000                              |
| Staff costs:                  |             |                                    |
| Wages and salaries            | 181         | 207                                |
| Social Security contributions | 23          | 14                                 |
| Staff Costs                   | 204         | 221                                |
| Depreciation                  | 17          | 5                                  |
| Other Costs                   | 218         | 117                                |
|                               | <u>439</u>  | <u>343</u>                         |

- a) The average number of persons employed during the year, excluding directors, was 2. All employees work outside the United Kingdom.
- b) The auditors' remuneration of \$11,040 is borne by a fellow group undertaking.

### 3. DIRECTORS' EMOLUMENTS

|  | <u>2007</u> | <u>17 Months</u><br><u>to 2006</u> |
|--|-------------|------------------------------------|
|  | \$000       | \$000                              |
| All directors  |             |                                    |
| Aggregate emoluments   | 195         | 174                                |
| Compensation for loss of office  | -           | -                                  |
| Amounts (excluding shares and share options)<br>receivable under long term incentive schemes | -           | -                                  |
| Aggregate amount of Company contributions to<br>non-UK pension scheme                        | -           | -                                  |

One director accrued benefits under defined benefit pension scheme arrangements in relation to services provided as a director of the Company.

# RIO TINTO VOSTOK LIMITED

## NOTES TO THE 2007 FINANCIAL STATEMENTS (continued)

### 4. TAXATION

|  | <u>2007</u><br>\$000 | <u>2006</u><br>\$000 |
|--|----------------------|----------------------|
| <b>Current tax</b>                             |                      |                      |
| UK corporation tax on profit of the period     | -                    | -                    |
| Total current tax                              | -                    | -                    |
| <b>Deferred tax</b>                            |                      |                      |
| Origination and reversal of timing differences | (1)                  | 1                    |
| Total deferred tax                             | (1)                  | 1                    |
| <b>Tax on profit on ordinary activities</b>    | (1)                  | 1                    |

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

|  | <u>2007</u><br>\$000 | <u>2006</u><br>\$000 |
|--|----------------------|----------------------|
| Profit on ordinary activities before tax                                       | 54                   | 7                    |
| Profit on ordinary activities multiplied by standard rate of tax in the UK 30% | 16                   | 2                    |
| Effects of:  |                      |                      |
| Accelerated capital allowances and other timing differences                    | 1                    | (1)                  |
| Group relief received for nil consideration                                    | (17)                 | (1)                  |
| <b>Current tax charge for the year</b>   | -                    | -                    |

Legislation was enacted in 2007 that reduced the UK statutory corporation tax rate to 28%, effective 1 April 2008.

# RIO TINTO VOSTOK LIMITED

## NOTES TO THE 2007 FINANCIAL STATEMENTS (continued)

### 5. FIXED ASSETS

|                                 | <u>Motor Vehicles</u> | <u>Office Equipment</u> | <u>Total</u> |
|---------------------------------|-----------------------|-------------------------|--------------|
|                                 | \$000                 | \$000                   | \$000        |
| Cost                            |                       |                         |              |
| At 1 January 2007               | 57                    | 5                       | 62           |
| At 31 December 2007             | 57                    | 5                       | 62           |
| Depreciation                    |                       |                         |              |
| At 1 January 2007               | 5                     | -                       | 5            |
| Charge                          | 16                    | 1                       | 17           |
| At 31 December 2007             | 21                    | 1                       | 22           |
| Net book value 31 December 2007 | 36                    | 4                       | 40           |

### 6. DEBTORS

|   | <u>2007</u> | <u>2006</u> |
|---|-------------|-------------|
|   | \$000       | \$000       |
| Amounts due from Rio Tinto group entities | 278         | 350         |
|   | 278         | 350         |

### 7. CREDITORS

|                                       | <u>2007</u> | <u>2006</u> |
|---------------------------------------|-------------|-------------|
|                                       | \$000       | \$000       |
| Amounts falling due within one year:  |             |             |
| Amounts payable to parent undertaking | 504         | 265         |
| Accruals                              | 243         | 172         |
|                                       | 747         | 437         |
| Amounts falling due after one year:   |             |             |
| Deferred tax                          | -           | 1           |

# RIO TINTO VOSTOK LIMITED

## NOTES TO THE 2007 FINANCIAL STATEMENTS (continued)

### 8: DEFERRED TAX

|   | <u>2007</u><br>\$000 | <u>2006</u><br>\$000 |
|---|----------------------|----------------------|
| Accelerated capital allowances and other timing differences | -                    | 1                    |
| Total deferred tax liability                                | -                    | 1                    |
| At 1 January 2007   | 1                    | -                    |
| Deferred tax charge in the profit and loss account (note 4) | (1)                  | 1                    |
| At 31 December 2007   | -                    | 1                    |

### 9. SHARE CAPITAL AND RESERVES

|  | <u>2007</u><br>\$'000 | <u>2006</u><br>\$'000 |
|--|-----------------------|-----------------------|
| Authorised<br>1,000,000 Ordinary shares of \$1 each    | 1,000                 | 1,000                 |
| Issued and fully paid<br>2 Ordinary shares of \$1 each | -                     | -                     |

### 10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|                       | <u>Share capital</u><br><u>\$000</u> | <u>Profit and loss account</u><br><u>\$000</u> | <u>Total</u><br><u>\$000</u> |
|-----------------------|--------------------------------------|--|------------------------------|
| 1 January 2007        | -                                    | 6  | 6                            |
| Profit for the period | -                                    | 55   | 55                           |
| At 31 December 2007   | -                                    | 61   | 61                           |

**NOTES TO THE 2007 FINANCIAL STATEMENTS (continued)**

**11. CASH FLOW STATEMENT AND RELATED PARTY TRANSACTIONS**

The financial statements do not include a cash flow statement because the Company is a wholly owned subsidiary and the conditions of FRS 1 exempting inclusion are satisfied. The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Rio Tinto Group or investees of the Rio Tinto Group.

**12. ULTIMATE PARENT UNDERTAKING**

The immediate parent company 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. Copies of Rio Tinto Group consolidated financial statements can be obtained from its registered office at 2 Eastbourne Terrace, London, W2 6LG, or from the Rio Tinto website at [www.riotinto.com](http://www.riotinto.com).