

COMPANY NUMBER FC 023912 - England and Wales

**TINTO JERSEY LIMITED**  
**(Incorporated in Jersey, Channel Islands)**  
**ANNUAL REPORT AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

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COMPANIES HOUSE

October 2007

DIRECTORS	R P Dowding B J S Mathews (appointed 1 August 2007) I C Ratnage
SECRETARY	L Brennan
REGISTERED OFFICE	La Motte Chambers St Helier Jersey C I JE1 1BJ
INCORPORATED IN JERSEY CHANNEL ISLANDS	No 61346
REGISTERED IN ENGLAND AND WALES	No FC 023912
BRANCH REGISTRATION	No BR 006579
BRANCH OFFICE	6 St James's Square London SW1Y 4LD

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

	Note	<u>2006</u> \$000	<u>2005</u> \$000
Income from shares in subsidiary undertakings		<u>353,000</u>	<u>246,250</u>
Total operating income		353,000	246,250
Net operating costs	3	<u>(1)</u>	<u>(4)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		352,999	246,246
Taxation	4	<u>-</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		352,999	246,246
Dividends		<u>(353,000)</u>	<u>(246,250)</u>
RETAINED LOSS FOR THE YEAR		<u>(1)</u>	<u>(4)</u>
Movement in retained earnings			
At 1 January		71	75
Retained loss for the year		<u>(1)</u>	<u>(4)</u>
At 31 December		<u>70</u>	<u>71</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

The notes on pages 5 to 9 form part of these financial statements

## BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	<u>2006</u> \$000	<u>2005</u> \$000
FIXED ASSETS			
Investments in subsidiary companies	5	<u>37,309</u>	<u>37,309</u>
CURRENT ASSETS			
Debtors	6	73	80
CREDITORS Amounts falling due within one year	7	<u>-</u>	<u>(6)</u>
NET CURRENT ASSETS		<u>73</u>	<u>74</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>73</u>	<u>37,383</u>
NET ASSETS		<u>37,382</u>	<u>37,383</u>
CAPITAL AND RESERVES			
Called up share capital	8	41	41
Share premium amount	9	36,546	36,546
Other reserve	9	725	725
Profit and loss account	9	<u>70</u>	<u>71</u>
EQUITY SHAREHOLDER'S FUNDS		<u>37,382</u>	<u>37,383</u>

The financial statements on pages 3 to 9, were approved by the Board of Directors on 10 October 2007 and were signed on its behalf by

  
R P Dowling, Director

The notes on pages 5 to 9 form part of these financial statements

## NOTES TO THE 2006 FINANCIAL STATEMENTS

1 INFORMATION

The Company was incorporated on 9 March 1995 under the laws of Jersey, Channel Islands. It holds a 100% interest in Tinto Channel Islands Limited, a holding company for the Rio Tinto plc Group.

2 ACCOUNTING POLICIESa) Basis of accounting

These financial statements have been 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 directors have reviewed the Company's existing accounting policies and consider that they are consistent with last year. The principal accounting policies are set out below.

Changes in accounting policies -

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

b) Group Financial Statements

Group financial statements have not been prepared as the Company is itself a wholly owned subsidiary of another company incorporated in England and Wales. In the opinion of the directors the aggregate value of the assets consisting of shares in, and amounts owing from, its joint ventures is not less than the aggregate amount at which those assets are included in the balance sheet.

c) Reporting Currency

The principal currency affecting Rio Tinto's international operations is the US dollar, and all financing provided to/by the Company has been denominated into 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.

At 31 December 2006, the exchange rate was £1 US\$1.96 (31 December 2005 £1 US\$1.73).

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 rate of exchange ruling at the end of the financial year. Exchange differences, except where they relate to share capital, are dealt with in the profit and loss account.

## NOTES TO THE 2006 FINANCIAL STATEMENTS continued

2 ACCOUNTING POLICIES (continued)e) 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.

f) Investments

Fixed asset investments are valued at cost less impairment provisions. 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 income 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.

g) Investment Income

Income from investments is recognised when a right to receive payment is established.

3 OPERATING COSTS

	<u>2006</u> \$000	<u>2005</u> \$000
Other operating costs	<u>(1)</u>	<u>(4)</u>

a) The auditors' remuneration is borne by a fellow Group undertaking (2005 – \$nil)

b) The average number of persons employed during the year, excluding directors, was nil (2005 – nil)

c) No emoluments were paid to any of the directors in respect of their services to the Company (2005 – \$nil)

## NOTES TO THE 2006 FINANCIAL STATEMENTS continued

4 TAXATION

	<u>2006</u> \$000	<u>2005</u> \$000
<b>Current tax:</b>		
UK corporation tax on profit of the period	-	-
Other income not chargeable to UK tax	-	-
Tax on profit on ordinary activities	-	-

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

	<u>2006</u> \$000	<u>2005</u> \$000
Profit on ordinary activities before tax	352,999	246,246
Profit on ordinary activities multiplied by standard rate of tax in the UK 30% (2005 30%)	105,900	73,874
Effects of		
Group relief surrendered without payment	-	1
Other income not chargeable to UK tax	(105,900)	(73,875)
Current tax charge for the year	-	-

5 INVESTMENTS IN GROUP UNDERTAKINGS

	<u>2006</u> \$000	<u>2005</u> \$000
Investments in subsidiary undertakings	37,309	37,309

The following information relates to the Company's subsidiary at 31 December 2006

Company	Country of incorporation	Class of shares held	% held	Principal activities
Tinto Channel Islands Limited	Jersey	Ordinary US\$1 shares	100%	Holding company

Through Tinto Channel Islands Limited, the Company has a beneficial interest in 37.45% of Rio Tinto Limited, a company incorporated in Australia. This interest comprises 171,072,520 (2005 – 171,072,520) shares, which are listed on the Australian Stock Exchange with a market value of A\$74.30 (2005 – A\$69.00) each.

## NOTES TO THE 2006 FINANCIAL STATEMENTS continued

6 DEBTORS

	<u>2006</u> <u>\$000</u>	<u>2005</u> <u>\$000</u>
Amounts due from parent undertaking and fellow subsidiaries	<u>73</u>	<u>80</u>

7 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2006</u> <u>\$000</u>	<u>2005</u> <u>\$000</u>
Amounts due to fellow subsidiaries	<u>-</u>	<u>(6)</u>

8 CALLED UP SHARE CAPITAL

	<u>2006</u> <u>\$</u>	<u>2005</u> <u>\$</u>
Authorised 45,000 ordinary shares of US\$1 00 each	<u>45,000</u>	<u>45,000</u>
Allotted, called up and fully paid 40,902 ordinary shares of US\$1 00 each	<u>40,902</u>	<u>40,902</u>

9 RECONCILIATION IN MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>Share capital</u> <u>\$000</u>	<u>Share premium</u> <u>\$000</u>	<u>Other reserves</u> <u>\$000</u>	<u>Profit and loss account</u> <u>\$000</u>	<u>Total</u> <u>\$000</u>
At 1 January 2006	41	36,546	725	71	37,383
Profit for the year	-	-	-	352,999	352,999
Dividends	<u>-</u>	<u>-</u>	<u>-</u>	<u>(353,000)</u>	<u>(353,000)</u>
At 31 December 2006	<u>41</u>	<u>36,546</u>	<u>725</u>	<u>70</u>	<u>37,382</u>



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NOTES TO THE 2006 FINANCIAL STATEMENTS continued

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**10 DISCLOSURE EXEMPTIONS**

The financial statements have been prepared in accordance with the Companies Act 1985 applicable to overseas companies

The Company has taken advantage of the modifications and exemptions from disclosure that are set out in the Oversea Companies (Accounts) (Modifications and Exemptions) Order 1990

**11 POST BALANCE SHEET EVENT**

Following the receipt of a dividend from a subsidiary, the company paid an interim dividend for 2007 of \$118,500,000 in June 2007

**12 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 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 Group or investees of the Rio Tinto Group

**13 ULTIMATE PARENT UNDERTAKING**

The immediate parent undertaking is Rio Tinto Australian 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 its registered office at 6 St James's Square, London, SW1Y 4LD