Rio Tinto Finance Limited

ABN 89008559046

Special purpose financial statements for the year ended 31 December 2009

Rio Tinto Finance Limited ABN 89008559046
Special purpose financial statements - 31 December 2009

Directors' report

The directors present their report on Rio Tinto Finance Limited (the Company) for the year and up to the date of this report.

Directors
The following persons were directors of Rio Tinto Finance Limited during the financial year and up to the date of this report:

K. M. Barry

S. E. N. Creese (resigned 29 September 2009)

S. J. Consedine

G. J. Reid

Principal activities
The principal activity of the company was conducting financing activities for the Rio Tinto Group of companies. There has been no significant change in the nature of the activities of the company during the year.

Dividends - Rio Tinto Finance Limited
Dividends of $1,646,000,000 were paid to members during the financial year ended 31 December 2009. (2008: $nil).

Review of operations

	2009 $'000	2008 $'000
Profit before income tax expense	**1,449,060**	265,008
Income tax (expense)/benefit	**(571,832)**	489,073
Total segment revenue/result	**877,228**	754,081

Significant changes in the state of affairs
There have been no significant changes to the state of affairs of Rio Tinto Finance Limited during the year ended 31 December 2009. The Company's future developments are integrated with those of the Rio Tinto Group which are discussed in its 2009 Annual Report which does not form part of this report.

Further information on likely developments in the company's operations and the expected results of operations have not been included in this report because the directors believe it would be likely to result in an unreasonable prejudice to the company.

Matters subsequent to the end of the financial year

Since 31 December 2009 no other matter or circumstance has arisen that will significantly affect or may significantly affect the operations of Rio Tinto Finance Limited, the results of those operations or the state of affairs of the company in financial years subsequent to 31 December 2009.

Environmental regulation
The company is not subject to any environmental regulations in respect of its activites.

Insurance of officers
Insurance premiums associated with the insurance of directors against legal costs that would be incurred in defending civil or criminal proceedings that may be brought are paid by related related entities of the company.

Rounding of amounts
The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor
PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001.*

A copy of the auditor's independence declaration as required under section 307C of the

This report is made in accordance with a resolution of directors.

Director

Signed at Melbourne
This 20th Day of April 2010

PricewaterhouseCoopers
ABN 52 780 433 757

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Auditor's Independence Declaration

As lead auditor for the audit of Rio Tinto Finance Limited for the year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Rio Tinto Finance Limited during the period.

Simon Gray
Partner
PricewaterhouseCoopers

Melbourne
20 April 2010

Rio Tinto Finance Limited ABN 89008559046
Special purpose financial statements - 31 December 2009

These financial statements cover Rio Tinto Finance Limited as an individual entity. The financial statements are presented in the Australian currency.

Rio Tinto Finance Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Rio Tinto Finance Limited
120 Collins Street
Melbourne VIC 3000

The ultimate parent entity is Rio Tinto Limited.

Rio Tinto Finance Limited
Statement of comprehensive income
For the year ended 31 December 2009

	Notes	2009 $'000	2008 $'000
Revenue from continuing operations	3	**1,327,193**	2,147,189
Other income	4	**1,611,832**	900,158
Other expenses		**(118,742)**	(1,105,466)
Finance costs	5	**(1,371,223)**	(1,676,873)
Profit before income tax		**1,449,060**	265,008
Income tax (expense)/benefit	6	**(571,832)**	489,073
Profit for the year		**877,228**	754,081
Other comprehensive income		**-**	-
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**877,228**	754,081
Profit is attributable to:			
Owners of Rio Tinto Finance Limited		**877,228**	754,081
Total comprehensive income for the year is attributable to:			
Owners of Rio Tinto Finance Limited		**877,228**	754,081

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Rio Tinto Finance Limited
Balance Sheet
31 December 2009

	Notes	2009 $'000	2008 $'000
ASSETS			
Current assets			
Cash and cash equivalents	7	**29,541,557**	32,359,653
Receivables	8	**1,060,047**	621,301
Derivative financial instruments	9	**1,868**	15,532
Current tax receivables		**129,807**	-
Total current assets		**30,733,279**	32,996,486
Non-current assets			
Receivables	10	**156,598**	594,247
Derivative financial instruments	9	**298**	-
Deferred tax assets	11	**-**	614,092
Total non-current assets		**156,896**	1,208,339
Total assets		**30,890,175**	34,204,825
LIABILITIES			
Current liabilities			
Payables	12	**306,983**	294,928
Interest bearing liabilities	13	**19,828,691**	24,642,966
Current tax liabilities		**-**	173,101
Other current liabilities		**1,868**	5,800
Total current liabilities		**20,137,542**	25,116,795
Non-current liabilities			
Interest bearing liabilities	14	**9,474,572**	7,327,678
Deferred tax liabilities	15	**177,568**	-
Derivative financial instruments	9	**108,913**	-
Total non-current liabilities		**9,761,053**	7,327,678
Total liabilities		**29,898,595**	32,444,473
Net assets		**991,580**	1,760,352
EQUITY			
Contributed equity	16	**170,000**	170,000
Retained profits		**821,580**	1,590,352
Total equity		**991,580**	1,760,352

The above balance sheet should be read in conjunction with the accompanying notes.

Rio Tinto Finance Limited
Statement of changes in equity
For the year ended 31 December 2009

	Notes	Ordinary shares $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2008		170,000	836,271	1,006,271
Total comprehensive income for the year		-	754,081	754,081
Dividends provided for or paid	17	-	-	-
Balance at 31 December 2008		170,000	1,590,352	1,760,352

	Notes	Ordinary shares $'000	Retained earnings $'000	Total $'000
Balance at 1 January 2009		170,000	1,590,352	1,760,352
Total comprehensive income for the year		-	877,228	877,228
Dividends provided for or paid	17	-	(1,646,000)	(1,646,000)
Balance at 31 December 2009		170,000	821,580	991,580

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Rio Tinto Finance Limited
Statement of cash flows
For the year ended 31 December 2009

	Notes	2009 $'000	2008 $'000
Cash flows from operating activities			
Payments to suppliers (inclusive of goods and services tax)		**(103,296)**	(49,904)
Interest received		**1,628,044**	2,488,638
Interest paid		**(1,277,765)**	(1,247,338)
Income taxes paid		**(83,034)**	(201,851)
Net cash inflow from operating activities	21	**163,949**	989,545
Cash flows from investing activities			
Loans granted to related parties		**(2,959,634)**	(377,191)
Loans repaid by related parties		**1,870,544**	2,414,106
Loans granted to external parties		**-**	(185,797)
Loans repaid by external parties		**204,159**	-
Net cash (outflow)/inflow from investing activities		**(884,931)**	1,851,118
Cash flows from financing activities			
Proceeds from borrowings		**9,000,607**	14,051,183
Dividends paid	17	**(1,646,000)**	-
Repayment of borrowings		**(4,138,946)**	(9,613,536)
Net cash inflow from financing activities		**3,215,661**	4,437,647
Net increase in cash and cash equivalents		**2,494,679**	7,278,310
Cash and cash equivalents at the beginning of the financial year		**7,716,687**	1,322,035
Effects of exchange rate changes on cash and cash equivalents		**(98,500)**	(883,658)
Cash and cash equivalents at end of year	7	**10,112,866**	7,716,687

The above statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

1 Summary of significant accounting policies

(a) Basis of preparation

In the directors' opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial reports.

This is a special purpose financial report that has been prepared for the sole purpose of complying with the *Corporations Act 2001* requirements to prepare and distribute a financial report to the members and must not be used for any other purpose. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members.

The financial report is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at fair value. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability.

(b) Interest bearing liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently remeasured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings that qualify as hedged items are adjusted for changes in the fair value of the hedged item attributable to the hedged risk with the gain or loss recognised in the income statement.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

The Company has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The Company has applied previous AGAAP in the comparative information on financial instruments within the scope of AASB 132 and AASB 139. Under previous AGAAP transaction costs were excluded from the amounts disclosed in the financial statements. Under AIFRS such costs are included in the carrying amounts.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within interest bearing liabilities in current liabilities on the balance sheet. Cash also includes current accounts held with controlled entities of the ultimate parent entity.

(d) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(e) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(f) Revenue

Interest revenue

1 Summary of significant accounting policies (continued)

Interest revenue is recognised on a time proportionate basis that takes into account effective yield on the financial asset.

(g) Goods and Service Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(h) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

(i) Payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid and interest accrued which is unpaid.

(j) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(k) Tax Consolidations

The company is a member of a tax consolidated group, of which Rio Tinto Limited is the head entity.

In accordance with UIG1052 Tax Consolidations Accounting all members of the tax consolidated group account for their own current and deferred tax amounts. These amounts are measured as if each entity in the tax consolidation group continues to be a stand alone taxpayer in its own right. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the company are assumed by the head entity in the tax consolidated group.

1 Summary of significant accounting policies (continued)

In accordance with the tax-funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable or receivable by the company in relation to the tax contributions payable to the parent. Further information about the tax funding arrangement is detailed in note 7 to the financial statements. Where the tax contribution recognised by the company for a particular period is different to the aggregate of the current tax liability or asset and deferred tax asset arising from unused tax losses or credits in respect of that period, the difference is recognised as a contribution from or distribution to the parent entity.

(l) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the income statement within other income or other expenses.

(ii) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement and are included in other income or other expenses.

(m) Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(n) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2009 reporting periods. The company's assessment of the impact of these new standards and interpretations is set out below.

(i) *AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual periods beginning on or after 1 January 2010)*
In May 2009, the AASB issued a number of improvements to existing Australian Accounting Standards Standards. The company will apply the revised standards from 1 January 2010. The company does not expect that any adjustments will be necessary as the result of applying the revised rules.

(ii) *AASB 2009-8 Amendments to Australian Accounting Standards - Group Cash-Settled Share-based Payment Transactions [AASB 2] (effective for annual periods commencing on or after 1 January 2010)*
The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity or a cash-settled transaction. The company will apply these amendments retrospectively for the financial reporting period commencing on 1 January 2010.

(iii) *AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132] (effective for annual reporting periods beginning on or after 1 February 2010)*
In October 2009 the AASB issued an amendment to AASB 132 Financial Instruments : Presentation which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The Rio Tinto Group elected to early adopt this amendment. The effect of the amendment to the Rio Tinto Group is detailed in the Rio Tinto 2009 Annual report. There is no impact to the company.

1 Summary of significant accounting policies (continued)

(iv) *Revised IAS 24 Related Party Disclosures*
On 4 November 2009 the IASB issued a revised IAS 24 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The company will apply the amended standard from 1 January 2010. It is not expected to have any effect on the company's related party disclosures.

(v) *IFRS 9 Financial Instruments*
In November 2009, the IASB issued IFRS 9 Financial Instruments which addresses the classification and measurement of financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until 1 January 2013 and the Rio Tinto Group is yet to assess its full impact.

(vi) *IFRIC Interpretation 19 Extinguishing financial liabilities with equity instruments (effective 1 July 2010)*
IFRIC Interpretation 19 was issued in November 2009 and applies to annual reporting periods commencing on or after 1 July 2010. The interpretation clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying value of the financial liability and the fair value of the equity instruments issued. The company will apply the interpretation from 1 January 2011.

While the AASB has not yet issued an equivalent interpretation, IFRIC 19 should be referred to, where relevant, if an entity wants to state compliance with IFRS.

(vii) *Amendment to IFRIC 14 Prepayment of a Minimum Funding Requirement (effective 1 January 2011)*
In November 2009, the IASB made an amendment to IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The amendment removes an unintended consequence of IFRIC 14 related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The company does not make any such prepayments. The amendment is therefore not expected to have any impact on the company's financial statements. The company intends to apply the amendment from 1 January 2011.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Management are not aware of any estimates and assumptions concerning the future and have not applied any critical judgements in applying the company's accounting policies that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

3 Revenue

	2009 $'000	2008 $'000
From continuing operations		
Interest	1,327,193	2,147,189
	1,327,193	2,147,189

4 Other income

	2009 $'000	2008 $'000
Net gain on foreign currency derivatives not qualifying as hedges (note 9)	-	900,158
Foreign exchange gains (net)	1,610,818	-
Commission received	1,014	-
	1,611,832	900,158

5 Expenses

	2009 $'000	2008 $'000
Expenses, excluding finance costs, included in the income statement		
Other expenses	396	573
FV Loss on Derivatives not Qualifying	118,346	-
Foreign exchange losses (net)	-	1,104,893
	118,742	1,105,466
Finance costs		
Interest and finance charges paid/payable	1,327,586	1,656,349
Commission paid	43,637	20,524
Finance costs expensed	1,371,223	1,676,873

6 Income tax expense

	2009 $'000	2008 $'000
(a) Income tax expense		
Net income tax expense/(benefit) attributable to wholly owned tax consolidated entities	**571,832**	(489,073)
	571,832	(489,073)

(b) Tax consolidation legislation

Rio Tinto Finance Limited has entered into tax sharing and funding agreements with the head entity of the tax-consolidated group, Rio Tinto Limited, in relation to their participation in the tax consolidation regime. Under the terms of this agreement, the entities in the tax-consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the company. The reimbursements are payable when the associated income tax liability or asset falls due and are therefore recognised as a current tax related payable/receivable by the company until this date (note 1(j)).

7 Current assets - Cash and cash equivalents

	2009 $'000	2008 $'000
Bank balances	**16,951**	41,537
Deposits at call	**19,000**	-
Related party receivables treated as cash	**29,505,606**	32,318,116
	29,541,557	32,359,653

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2009 $'000	2008 $'000
Balances as above	**29,541,557**	32,359,653
Payables treated as cash (note 13)	**(19,428,691)**	(24,642,966)
Balances per statement of cash flows	**10,112,866**	7,716,687

8 Current assets - Receivables

	2009 $'000	2008 $'000
Related party receivables		
Related party receivables	737,436	208,152
Related party interest receivable	80,021	388,788
	817,457	596,940
Other receivables		
Interest receivable	93,975	24,361
Loans to external parties	148,615	-
	242,590	24,361
	1,060,047	621,301

9 Derivative financial instruments

	2009 $'000	2008 $'000
Current assets		
Forward foreign exchange contracts - held for trading	1,868	10,423
Derivatives Not Qualifying as Hedges	-	5,109
Total current derivative financial instrument assets	1,868	15,532
Non-current assets		
Derivatives Not Qualifying as Hedges	298	-
Total derivative financial instrument assets	2,166	15,532
Non-current liabilities		
Derivatives Not Qualifying as Hedges	108,913	-
Total non-current derivative financial instrument liabilities	108,913	-

10 Non-current assets - Receivables

	2009 $'000	2008 $'000
Related party receivables	49,509	134,385
Loans to external parties	107,089	459,862
	156,598	594,247

11 Non-current assets - Deferred tax assets

	2009 $'000	2008 $'000
Deferred tax assets	-	614,092
Net deferred tax assets	-	614,092

12 Current liabilities - Payables

	2009 $'000	2008 $'000
Interest payable to related parties	50,876	60,757
Other payables	256,107	234,171
	306,983	294,928

13 Current liabilities - Interest bearing liabilities

	2009 $'000	2008 $'000
Related party liabilities - treated as cash	19,428,691	24,642,966
Related party liabilities - other	400,000	-
	19,828,691	24,642,966

14 Non-current liabilities - Interest bearing liabilities

	2009 $'000	2008 $'000
Related entities party liabilities	9,474,572	7,327,678
Total non-current borrowings	9,474,572	7,327,678

15 Non-current liabilities - Deferred tax liabilities

	2009 $'000	2008 $'000
Deferred tax liability	177,568	-
Net deferred tax liabilities	177,568	-

16 Contributed equity

	2009 Shares (000)	2008 Shares (000)	2009 $'000	2008 $'000
(a) Share capital				
Ordinary shares				
Fully paid - issue price $1.00	**170,000**	170,000	**170,000**	170,000
Total contributed equity - parent entity			**170,000**	170,000
There has been no movement in the share capital of the company in 2009 nor in 2008.			**-**	-

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. (refer to note 14).

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

17 Dividends

	2009 $'000	2008 $'000
(a) Ordinary shares		
Final dividend for the year ended 31 December 2009 of $9.68 per share (2008 - Nil)	**1,646,000**	-

18 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2009 $	2008 $
(a) Audit services		
PricewaterhouseCoopers Australian firm		
Audit and review of financial reports and other audit work	**127,000**	404,000
PricewaterhouseCoopers UK firm		
Audit and review of financial reports and other audit work	**89,500**	-
Related practices of PricewaterhouseCoopers Australian and UK firms	**216,500**	404,000

19 Commitments

The company currently has no commitments other than the liabilities that have been recognised in the balance sheet.

20 Parent entity guarantee

Rio Tinto Limited has guaranteed all the borrowings of the entity.

21 Reconciliation of profit after income tax to net cash flow from operating activities

	2009 $'000	2008 $'000
Profit for the year	**877,228**	754,081
Net exchange differences	**(1,482,822)**	1,086,351
Increase in interest payable	**49,942**	210,854
Decrease/(Increase) in interest receivable	**320,412**	(312,008)
(Decrease)/Increase in intercompany tax payable	**(302,908)**	3,112
Increase in net deferred tax liabilities and assets	**791,661**	(693,995)
(Decrease) in other operating liabilities	**(800)**	(7,808)
(Increase) in other operating assets	**(88,763)**	(51,042)
Net cash inflow from operating activities	**163,950**	989,545

22 Economic dependency

The company depends on the Rio Tinto Group for a significant amount of interest revenue and funding.

23 Subsequent events

Since 31 December 2009 no other matter or circumstance has arisen that will significantly affect or may significantly affect the operations of Rio Tinto Finance Limited, the results of those operations or the state of affairs of the company in financial years subsequent to 31 December 2009.

As stated in note 1(a) to the financial statements, in the directors' opinion, the Company is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared to meet *Corporations Act 2001* requirements.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in note 1(a).

In the directors' opinion:

(a) the financial statements and notes set out on pages 4 to 19 are in accordance with the *Corporations Act 2001*, including:
  (i) complying with Accounting Standards and other mandatory professional reporting requirements as detailed above, and the *Corporations Regulations 2001*; and
  (ii) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Director

Melbourne
This 20 th day of April 2010

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

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2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331
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Independent auditor's report to the members of Rio Tinto Finance Limited

Report on the financial report

We have audited the accompanying financial statements, being a special purpose financial report, of Rio Tinto Finance Limited (the company), which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows ended on that date for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The directors' responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

PRICEWATERHOUSECOOPERS

Independent auditor's report to the members of Rio Tinto Finance Limited (continued)

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting obligations under the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion, the financial report of Rio Tinto Finance Limited is in accordance with the *Corporations Act 2001,* including:

(a) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1, and

(b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001.*

PricewaterhouseCoopers

PricewaterhouseCoopers

Simon Gray

Simon Gray
Partner

Melbourne
20 April 2010

COMPANY NUMBER 00358901

RIO TINTO FINANCE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

27 April 2010

DIRECTORATE AND OTHER CORPORATE INFORMATION

DIRECTORS:	Mr G R Elliott Mr D S Larsen Mr U Quellmann Mrs P S Walker
SECRETARY:	Mr M J Whyte (appointed 1 April 2010)
REGISTERED OFFICE:	2 Eastbourne Terrace London W2 6LG
AUDITORS:	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

DIRECTORS' REPORT

The directors present their Annual report together with the audited financial statements for the year ended 31 December 2009.

BUSINESS REVIEW

Rio Tinto Finance plc registered in England no. 00358901 ("the Company") is a wholly owned subsidiary of Rio Tinto plc and continues to play a major role in the treasury activities of the Rio Tinto Group ("the Group"), including the arrangement of external funding, the management of surplus cash and management of the Group's foreign exchange and interest rate exposures.

The Company's future developments are integrated with those of the Group which are discussed in its 2009 Annual report which does not form part of this report.

In 2007 the Company had issued under the Group syndicated Bank Debt Facility specifically set up for the acquisition of Alcan Inc., three tranches of debt comprising of term loan facilities, revolving loan facilities and swingline facilities totalling $30 billion, of which $27.9 billion was taken up at initial acquisition of the Alcan Group. At 31 December 2009, $27.9 billion was repaid (2008, $11.8 billion).

After taking into account the effect of cross currency interest rate swaps, all debt held with parties outside the Group is denominated in US dollars and bears interest at US LIBOR based floating rates. The debt is guaranteed by Rio Tinto plc.

At the year end the Company held $3,301 million of cash and short-term deposits, of which $36 million was in the form of term deposits of up to three months maturity.

The Company made an operating profit before tax for the year of $120 million compared to $131 million for 2008. The result for the year reflects net interest received of $148 million and a net exchange gain of $15 million and other items of $42 million. All of the Company's interest payable and receivable is charged at commercial rates which reflect the standing of the Company or its borrowers. Where borrowings have been guaranteed by another Group company, a guarantee fee is incurred.

No interim dividend was paid during the year (2008: nil) and the directors do not recommend the payment of a final dividend (2008: nil).

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 2009 Annual report which does not form part of this report. The Company's financial risk management objectives and policies and exposure to risks are described in note 15 and 1(d) to the financial statements.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

All of Tranches A and B of the Alcan facility have now been repaid. Facility B of the acquisition facility is a revolving facility of which US$2.1 billion was undrawn at 31 December 2009. On 5 February 2010, in accordance with the acquisition facility agreement, proceeds from the sale of the majority of Alcan Packaging to Amcor were used to cancel US$2.0 billion of the outstanding capacity. At the same time, the Group surrendered the remaining US$0.1 billion of the facility.

On 8 January 2010, the remaining drawn down amount on the European Medium Term Note programme of $321 million was fully repaid, together with the associated derivatives.

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' REPORT (continued)

DIRECTORS

The names of the current directors are shown on page 1. There has been no change in directors since the previous annual report for the period ending 31 December 2008.

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.

Roger Dowding resigned as Secretary with effect from 31 March 2010 and Matthew Whyte was appointed Secretary with effect from 1 April 2010.

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 Directors' 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 2006. 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.

INDEMINITIES AND INSURANCE

The 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.

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

M J Whyte
Secretary
London
27 April 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIO TINTO FINANCE PLC

We have audited the financial statements of Rio Tinto Finance plc for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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 2009 and of its profit 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.

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.

Ross Hunter

Ross Hunter (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
~~April~~ 2010
5 May

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 $000	2008 $000
Operating income	2		
Interest receivable		362,578	1,305,921
Exchange gains		14,525	17,404
		377,103	1,323,325
Operating charges	3		
Interest payable		(215,058)	(1,148,825)
Other operating charges		(41,741)	(43,176)
		(256,799)	(1,192,001)
OPERATING PROFIT AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	120,304	131,324
Tax on profit on ordinary activities	5	(33,685)	(37,535)
RETAINED PROFIT FOR THE YEAR		86,619	93,789

MOVEMENT IN RETAINED EARNINGS

		2009 $000	2008 $000
At 1 January		203,683	109,894
Retained profit for the year		86,619	93,789
At 31 December		290,302	203,683

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 taxation and the retained profit for the year stated above and their historical cost equivalents.

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

The notes on pages 9 to 23 form part of these financial statements.

BALANCE SHEET AT 31 DECEMBER 2009

	Notes	2009 $000	2008 $000
CURRENT ASSETS			
Debtors: amounts falling due within one year	6	18,354,205	36,746,366
Debtors: amounts falling due after more than one year	7	171,081	73,063
		18,525,286	36,819,429
Investments	8	36,096	26,838
Cash at bank	12	3,264,771	317,466
		21,826,153	37,163,733
CREDITORS: amounts falling due within one year	9	(19,746,792)	(25,701,949)
NET CURRENT ASSETS		2,079,361	11,461,784
CREDITORS: amounts falling due after more than one year	9	-	(9,469,042)
NET ASSETS		2,079,361	1,992,742
CAPITAL AND RESERVES			
Called up share capital	13	1,788,807	1,788,807
Other reserves	14	252	252
Profit and loss account	14	290,302	203,683
Equity shareholders' funds	14	2,079,361	1,992,742

The financial statements on pages 6 to 23 were approved by the board of directors on 27 April 2010 and were signed on its behalf by:

U Quellmann
Director

D S Larsen
Director

The notes on pages 9 to 23 form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 $000	2008 $000
CASH FLOW FROM OPERATING ACTIVITIES	(i)	21,197,501	10,800,535
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		(161,729)	4,518
TAXATION		(28,591)	(40,142)
ACQUISITIONS AND DISPOSALS			
Proceeds from sale of subsidiaries		-	100
MANAGEMENT OF LIQUID RESOURCES	8	(9,258)	79,804
FINANCING ACTIVITIES			
Proceeds from additional borrowings		1,950,000	1,225,000
Repayment of borrowings and other financial instruments		(19,928,545)	(11,808,618)
INCREASE IN CASH NET OF OVERDRAFTS	12	3,019,378	261,197

(i) CASH FLOW FROM OPERATING ACTIVITIES

The reconciliation of operating profit to the net cash outflow from operating activities is as follows:

	2009 $000	2008 $000
Operating profit before tax	120,304	131,324
Amortisation of long term prepaid borrowing facility fees	41,402	40,454
Non cash movements, including exchange differences	103,969	24,733
(increase)/Decrease in loans to Rio Tinto joint venture undertakings	(98,094)	15,821
Increase in balances payable to Group undertakings	2,669,154	10,866,510
Decrease/(Increase) in balances receivable from Group undertakings	18,402,908	(165,522)
Decrease in accrued expenses	(43,736)	(118,000)
Decrease in accrued interest income	1,643	5,190
Increase in other creditors	(49)	25
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	21,197,501	10,800,535

The Company is not required to present a Cash Flow Statement under an exemption within Financial Reporting Standard ("FRS") 1. However, the Company has voluntarily reported the Cash Flow Statement for the benefit of the users of this Annual report and financial statements.

The notes on pages 9 to 23 form part of these financial statements.

NOTES TO THE 2009 FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of accounting
The financial statements have been prepared 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 principal accounting policies have been consistently applied.

The Company plays a major role in the treasury activities of the Group, including the arrangement of external funding, the management of surplus cash and management of the Group's foreign exchange and interest rate exposures. Accordingly, all interest receivable and payable is presented within operating profit.

The Company's policy with regard to 'Treasury management and financial instruments' is set out in Note 15. When the Company enters into derivative contracts these transactions are designed to reduce exposures related to assets and liabilities, firm commitments or anticipated transactions.

(a) *Presentation currency*
The principal currency affecting the Company's operations is the US dollar, and most of the financing provided to/by the Company is denominated in US dollars. Accordingly, the directors have concluded that the US dollar should be regarded as the functional currency affecting the Company's own cash flows and therefore the most appropriate currency in which to present the financial statements. The year-end exchange rate was US$1.61: £1 (31 December 2008: US$1.44: £1).

(b) *Currency translation*
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

In accordance with FRS 23, unrealised exchange gains and losses on the translation of monetary items are credited/charged to the profit and loss account in the period in which they arise.

(c) *Interest receivable and payable*
Interest receivable and payable on intercompany balances and external bank balances are recognised on an accruals basis in the period to which they relate.

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

(d) *Financial instruments*

The Company periodically enters into interest rate swaps and swap options, currency swaps and forward foreign currency contracts either with other Group companies or with external counterparties, in implementing the risk management policies set out in note 16.

Fair value: Where financial instruments are accounted for at fair value, this is the amount at which they could be exchanged in an arm's length transaction between informed and willing parties. Where available, market values have been used to determine fair values. In other cases, fair values have been calculated using quotations from independent financial institutions, or by discounting expected cash flows at prevailing market rates. The fair values of cash, other bank deposits, short-term borrowings to/from Group companies and Rio Tinto joint venture undertakings and other short-term debtors and creditors are assumed to approximate to their carrying value, as a result of their short maturity or because they carry floating rates of interest. A further description of the accounting for each class of financial instrument is given below.

Borrowings: Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, or are adjusted to reflect movements in the fair value of amounts designated as hedged items. Any difference between the amounts originally received (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Derivative financial instruments and hedge accounting: All derivatives are initially recognised at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges).

- *Fair value hedges*: Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability or firm commitment that is attributable to the hedged risk. Where derivatives are held with different counterparties to the underlying asset or liability or firm commitment, the fair value of the derivative is shown separately in the balance sheet as there is no legal right of offset.

- *Cash flow hedges*: The effective portions of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. Amounts accumulated in equity are recycled in the profit and loss account in the periods when the hedged item will affect profit or loss (for instance, when the forecast sale that is being hedged takes place).

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

(d) *Financial instruments (continued)*

- *Derivatives that do not qualify for hedge accounting*: Derivative contracts that do not qualify for hedge accounting, are marked to market at the balance sheet date. In respect of currency swaps, the gain or loss on the swap and the offsetting gain or loss on the financial asset or liability against which the swap forms an economic hedge are shown in separate lines in the profit and loss account. In respect of other derivatives, the mark to market will give rise to charges or credits to the profit and loss account in periods before the transaction against which the derivative is held as an economic hedge is recognised.

(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) *Cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and bank overdrafts. Bank overdrafts are shown within creditors in current liabilities on the balance sheet.

(g) *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.

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

2. OPERATING INCOME

The Company is involved in arranging and making short-term investments, issuing debt instruments and providing finance for other Group companies. The Company also undertakes foreign exchange and interest rate transactions for Group companies. All income is derived from these activities.

	2009 $000	2008 $000
Interest receivable		
From parent and fellow subsidiary undertakings	346,208	1,206,147
From Rio Tinto Limited subsidiary undertaking	-	74,223
From Rio Tinto joint venture undertaking	8,512	7,825
Interest receivable on bank balances	7,858	17,726
	362,578	1,305,921
Exchange gains		
Net exchange gains - Group transactions	142,706	35,750
Net exchange losses - third party transactions	(128,181)	(18,346)
	14,525	17,404
	377,103	1,323,325

3. OPERATING CHARGES

	2009 $000	2008 $000
Interest payable		
To parent and fellow subsidiary undertakings	82,006	303,966
To Rio Tinto Limited subsidiary undertaking	17,592	-
To Rio Tinto joint venture undertaking	310	1,639
Bank loans and overdrafts	2,200	910
Interest payable on net debt	112,950	842,310
	215,058	1,148,825
Other operating charges		
Amortisation of deferred expenditure	41,402	40,454
Other operating charges	339	2,722
	41,741	43,176
	256,799	1,192,001

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(a) The audit fees incurred during the year were $194,000. The auditors' remuneration for the year ended 31 December 2008 was $273,327.

(b) No emoluments were paid or payable to directors during the year in respect of their services to the Company (year ended 31 December 2008: nil).

(c) The average number of persons employed during the year, excluding directors, was nil (year ended 31 December 2008: nil).

(d) Employees who are involved in the management and operation of the Company have contracts of service with other Group entities and therefore their remuneration is included within those entities' financial statements. Service charges paid to Rio Tinto London Limited in the year include an apportionment of the cost of these employees, however it is not possible to separate this element of the total charge.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2009 $000	2008 $000
Current tax:		
UK corporation tax	(33,608)	(37,420)
Deduct: Double taxation relief	4,797	15,231
	(28,811)	(22,189)
Withholding tax	(4,797)	(15,231)
Current tax charge for the year	(33,608)	(37,420)
Deferred tax:		
Origination and reversal of timing differences	(77)	(115)
Total deferred tax (note 11)	(77)	(115)
Tax on profit on ordinary activities	(33,685)	(37,535)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK 28% (2008: 28.5%). The differences are explained below:

	2009 $000	2008 $000
Profit on ordinary activities before tax	120,304	131,324
Profit on ordinary activities multiplied by standard rate of tax in the UK 28% (2008: 28.5%)	(33,685)	(37,427)
Effects of:		
Permanent differences	-	(72)
Other timing differences	77	79
Current tax charge for the year	(33,608)	(37,420)

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

6. DEBTORS: amounts falling due within one year

	2009 $000	2008 $000
Amounts receivable from parent and fellow subsidiary undertakings	18,318,878	36,698,490
Amounts receivable from Rio Tinto joint venture undertaking	14,558	14,661
Accrued interest	16,554	18,094
Taxation recoverable	4,215	15,121
	18,354,205	36,746,366

7. DEBTORS: amounts falling due after more than one year

	2009 $000	2008 $000
Amounts owed by Rio Tinto joint venture	170,695	72,600
Deferred tax asset (see note 11)	386	463
	171,081	73,063

8. INVESTMENTS

	2009 $000	2008 $000
Current asset investments		
Short term deposits	36,096	26,838
Net cash flow from liquid resources comprises:		
Net increase/(decrease) in time deposits	9,258	(79,804)

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

9. CREDITORS

	2009 $000	2008 $000
Amounts falling due within one year:		
Bank overdrafts – unsecured	-	1,410
Borrowings - current portion of long term debt	311,110	8,854,617
Amounts payable to parent and fellow subsidiary undertakings	19,315,386	16,744,326
Derivatives related to net debt (note 10)	68,373	-
Other creditors	66	115
Accrued interest	20,311	64,047
Tax payable	31,546	37,434
	19,746,792	25,701,949
Amounts falling due after one year :		
Borrowings	-	9,373,639
Derivatives related to net debt (note 10)	-	95,403
	-	9,469,042

10. DERIVATIVES RELATED TO NET DEBT

	2009 $000	2008 $000
Reconciliation to balance sheet categories		
Current liabilities	(68,373)	-
Non current liabilities	-	(95,403)
Total fair value of derivatives related to net debt	(68,373)	(95,403)
Analysis by type:		
Currency exchange rate derivatives	(68,688)	(101,208)
Interest rate derivatives	315	5,805
Total fair value of derivatives related to net debt	(68,373)	(95,403)

11. DEFERRED TAX

	2009 $000	2008 $000
Deferred tax asset		
Financial instruments	463	463
	463	463
At 1 January	463	579
Deferred tax charge in profit and loss account (note 5)	(77)	(115)
Prior year deferred tax	-	(1)
At 31 December	386	463

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

12. ANALYSIS OF NET DEBT

	Liquid resources	Cash	External debt	2009 Net debt	2008 Net debt
	$000	$000	$000	$000	$000
Analysis of changes in net debt:					
At 1 January	26,838	316,056	(18,323,659)	(17,980,765)	(28,691,562)
Adjustment on currency translation	-	(70,663)	-	(70,663)	(2,980)
Per cash flow statement	9,258	3,019,378	17,985,578	21,014,214	10,765,011
(Sale of) / Investment in subsidiaries					(100)
Other movements	-	-	(41,403)	(41,402)	(51,134)
At 31 December	36,096	3,264,771	(379,484)	2,921,384	(17,980,765)
Reconciliation to Balance Sheet categories:					
Investments	36,096	-	-	36,096	26,838
Cash at bank	-	3,264,771	-	3,264,771	317,466
Creditors: amounts falling due within one year	-	-	(311,110)	(311,110)	(8,856,027)
Creditors: amounts falling due after more than one year	-	-	-	-	(9,373,639)
Derivatives related to net debt	-	-	(68,373)	(68,373)	(95,403)
	36,096	3,264,771	(379,483)	2,921,384	(17,980,765)

13. SHARE CAPITAL

	2009	2008
	$000	$000
Authorised:		
2,000,000 ordinary shares of £1 each	2,900	2,900
2,000,000,000 ordinary shares of $1 each	2,000,000	2,000,000
Issued, called up and fully paid:		
1,584,510 ordinary shares of £1 each	2,298	2,298
1,786,509,460 ordinary shares of $1 each	1,786,509	1,786,509
	1,788,807	1,788,807

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital $000	Other reserves $000	Profit and loss account $000	Total $000
At 1 January 2009	1,788,807	252	203,683	1,992,742
Retained profit for the year	-	-	86,619	86,619
At 31 December 2009	1,788,807	252	290,302	2,079,361

The Company's share capital on issue at the date when the US dollar became the functional currency has been translated into US dollars at the exchange rate then in force. The currency translation adjustment has been included in other reserves.

15. FINANCIAL INSTRUMENTS

Financial risk management

The Company's business is to undertake treasury activities on behalf of the Group including the arrangement of external funding, the management of surplus cash and management of the Group's foreign exchange and interest rate exposures.

The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. Derivatives are used, on behalf of the Group, to separate funding and cash management decisions from currency exposure and interest rate management. The Company uses interest rate swaps in conjunction with longer term funds raised in the capital markets to achieve a floating rate obligation which is consistent with the Group's interest rate policy.

Currency swaps are used, on behalf of the Group, to convert debt or investments into currencies, primarily the US dollar, which is consistent with the Group's policy on currency exposure management.

Foreign exchange risk

The Group's shareholders' equity, earnings and cash flows are influenced by a wide variety of currencies due to the geographic diversity of the Group's sales and the countries in which it operates. The US dollar, however, is the currency in which the great majority of the Group's sales are denominated.

Details of the derivative financial instruments entered into, by the Company on behalf of the Group, to manage the Group's exposure to currencies other than the US dollar are provided in Note (a) below. Given the dominant role of the US currency in the Group's affairs, the US dollar is the currency in which financial results are presented both internally and externally. It is also the most appropriate currency for borrowing and holding surplus cash, although a portion of surplus cash may also be held in other currencies, in order to meet short-term operational and capital commitments and dividend payments. The Group finances its operations primarily in US dollars, either directly or using currency swaps.

The Company prepares its own financial statements in US dollars and is exposed to exchange gains and losses on any monetary assets and liabilities denominated in currencies other than the US dollar. These are detailed in Note (b) below.

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

15. FINANCIAL INSTRUMENTS (continued)

Foreign exchange risk (continued)

The Group does not generally believe that active currency hedging would provide long-term benefits to shareholders. Currency protection measures may be deemed appropriate in specific commercial circumstances, these are subject to strict limits laid down by the Rio Tinto board and could include entering into derivative transactions (either forward foreign currency contracts or currency swaps) with the Company.

Interest rate risk

The Group's interest rate management policy is generally to borrow and invest cash at floating rates. Short-term US dollar rates are normally lower than long-term rates, resulting in lower interest costs to the Group. Furthermore, cyclical movements of interest rates tend to compensate in the long-term, to an extent, for those of commodity prices. In some circumstances, an element of fixed rate funding may be considered appropriate. At the end of 2009, none of the Company's debt was at fixed rates. Based on the Company's net debt at 31 December 2009, and with other variables unchanged, the approximate effect on the Company's net earnings of a one percentage point increase in US dollar LIBOR interest rates would be an increase of US$21 million (2008 - US$20 million).

Credit risk

Credit risk from balances with banks and financial institutions is managed by the Company and other Group treasury companies in accordance with a Rio Tinto Board approved policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Rio Tinto board on an annual basis, and may be updated throughout the year subject to approval of the Rio Tinto Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate the potential for financial loss through counterparty failure.

No material exposure is considered to exist by virtue of the possible non performance of the counterparties to financial instruments. The Company does not have any significant external receivables balances.

Capital risk management

The Company assists in managing the Group's total capital, which is defined as Rio Tinto's shareholders' funds plus funds attributable to outside equity shareholders plus net debt, and amounted to US$65 billion at 31 December 2009 (2008: US$61 billion) as per the Group 2009 Annual report. The Company and Group's over-riding objectives when managing capital are to safeguard the business as a going concern; to maximise returns for shareholders of the Group and benefits for other stakeholders and to maintain an optimal capital structure in order to provide a high degree of financial flexibility at the lowest cost of capital.

The unified credit status of the Group is maintained through cross guarantees whereby contractual obligations of Rio Tinto plc and Rio Tinto Limited are automatically guaranteed by the other.

Financial instruments including syndicated bank facilities are used by the Company to manage the Group's total capital, which are described in the financial instrument disclosures below.

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

15. FINANCIAL INSTRUMENTS (continued)

Financial instrument disclosures

The information is grouped in the following sections:

(a) Derivative financial instruments
(b) Reporting currencies and currency exposures
(c) Interest rates
(d) Liquidity

(a) Derivative financial instruments

The Company's derivatives relating to non US dollar borrowings, as at 31 December 2009, are summarised below:

	Buy currency amount	Sell currency amount	Weighted average exchange rate	Fair value
		$000		$000
Exchange rate derivatives				
Buy Sterling: sell US Dollars				
One to two years	GBP200m	390,100	1.9505	(68,688)
				(68,688)
Interest rate derivatives				
Interest contracts relating to borrowings: liabilities				315
				(68,373)

A cross currency interest rate swap contract is used to fix the US dollar value of fixed rate non US dollar denominated external debt into the Company's reporting currency at a floating rate. This instrument matured on 8 January 2010.

Contracts are not designated as fair value hedges where the financial instrument swaps the debt into a currency other than the functional currency of the Company.

Terms for the Sterling denominated cross currency interest rate swap provide for the receipt of fixed interest in Sterling at 5.25% annually, co-terminus with payables in respect of the hedged bond, and the payment of interest at 3 month LIBOR plus a rate of 0.05% per year.

The above contract has been designated as a hedge.

(b) Currency exposures

Certain financial assets and liabilities are not held in the functional currency of the Company. This results in an accounting exposure to exchange gains and losses as the financial assets and liabilities are translated into the Company's functional currency. These gains and losses are recorded in the profit and loss account except to the extent that they can be taken to equity. After taking into account relevant derivative instruments, almost all of the Company's net debt is denominated in US dollars.

The table below and overleaf sets out the currency exposures arising from each of net debt and other financial assets and liabilities. These currency exposures are after taking into account the effect of currency swaps.

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

15. FINANCIAL INSTRUMENTS (continued)

(b) Currency exposures (continued)

	Currency of exposure							
	Before tax				After tax			
2009 Position	Euro $000	Sterling $000	Other $000	TOTAL $000	Euro $000	Sterling $000	Other $000	TOTAL $000
Net debt denominated in currencies other than functional currency	13,208	2,876	36,150	52,234	13,208	2,876	36,150	52,234
Net debt denominated in US dollars				2,869,150				2,869,150
Net debt (note 12)				2,921,384				2,921,384
Net receivables less payables denominated in currencies other than functional currency	(93,948)	282,495	1,623	190,170	(93,948)	282,108	1,623	189,783
Net receivables less payables denominated in US dollars				(1,032,656)				(1,032,656)
Net receivables less payables				(842,486)				(842,873)
Reconciliation to balance sheet categories								
Debtors falling due after more than one year				170,694				
Debtors falling due within one year				18,354,206				
Creditors falling due within one year				(19,367,386)				
				(842,486)				

	Currency of exposure							
	Before tax				After tax			
2008 Position	Euro $000	Sterling $000	Other $000	TOTAL $000	Euro $000	Sterling $000	Other $000	TOTAL $000
Net debt denominated in currencies other than functional currency	4,131	11,779	26,891	42,801	4,131	11,779	26,891	42,801
Net debt denominated in US dollars				(18,023,566)				(18,023,566)
Net debt (note 12)				(17,980,765)				(17,980,765)
Net receivables less payables denominated in currencies other than functional currency	(56,708)	(145,882)	1,381	(201,209)	(56,708)	(145,303)	1,381	(200,630)
Net receivables less payables denominated in US dollars				20,174,253				20,174,253
Net receivables less payables				19,973,044				19,973,623
Reconciliation to balance sheet categories								
Debtors falling due after more than one year				72,600				
Debtors falling due within one year				36,746,366				
Creditors falling due within one year				(16,845,922)				
				19,973,044				

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

15. FINANCIAL INSTRUMENTS (continued)

Financial instrument disclosures (continued)

(c) Interest rates

Interest bearing financial assets and financial liabilities
The interest rate composition of the Company's interest bearing financial assets and liabilities is shown below. This table deals with the carrying values of the financial instruments in the balance sheet and the values of derivatives are shown separately.

	Floating rate	Fixed rate	Interest free	Total 2009	Total 2008
	$000	$000	$000	$000	$000
Financial liabilities					
Borrowings	(57,744)	(390,100)	-	(447,844)	(18,419,062)
Bank overdrafts	-	-	-	-	(1,410)
Interest rate swaps	-	-	(315)	(315)	(5,805)
Derivatives related to net debt (a)	(321,412)	390,100	-	68,688	101,208
Other financial liabilities	(19,315,386)	-	(20,377)	(19,335,763)	(16,808,488)
	(19,694,542)	-	(20,692)	(19,715,234)	(35,133,557)
Financial assets					
Current asset investments	36,096	-	-	36,096	26,838
Cash	3,264,771	-	-	3,264,771	317,466
Other financial assets	18,480,675	-	40,009	18,520,684	36,803,845
	21,781,542	-	40,009	21,821,551	37,148,149
Net position	2,087,000		19,317	2,106,317	2,014,592

(a) These are the notional principal amounts which swap fixed rate liabilities into floating rate. The interest rates applicable to the Company's US dollar denominated floating rate financial liabilities and assets did not differ materially at the year end from the three month US dollar LIBOR rate of 0.26 per cent (2008: 1.75 per cent).

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

15. FINANCIAL INSTRUMENTS (continued)

Financial instrument disclosures (continued)

(d) Liquidity

The maturity profiles of the Company's financial liabilities and financial assets are as follows:

Financial liabilities	Borrowings before swaps $000	Derivatives related to net debt $000	Other financial liabilities $000	Total 2009 $000	Total 2008 (restated) $000
Within 1 year	(318,418)	(68,373)	(19,328,454)	(19,715,245)	(25,664,515)
1 to 2 years	-	-	-	-	(9,469,042)
2 to 3 years	-	-	-	-	-
3 to 4 years	-	-	-	-	-
4 to 5 years	-	-	-	-	-
After 5 years	-	-	-	-	-
	(318,418)	(68,373)	(19,328,454)	(19,715,245)	(35,133,557)

Financial assets	Cash and liquid resources $000	Derivatives related to net debt $000	Other financial assets $000	Total 2009 $000	Total 2008 $000
Within 1 year	3,300,867	-	18,349,990	21,650,857	37,075,549
1 to 2 years	-	-	14,400	14,400	14,400
2 to 3 years	-	-	14,400	14,400	14,400
3 to 4 years	-	-	126,894	126,894	14,400
4 to 5 years	-	-	14,400	14,400	14,400
After 5 years	-	-	600	600	15,000
	3,300,867	-	18,520,684	21,821,551	37,148,149

Borrowing facilities

The Company is one of two Rio Tinto entities that can issue commercial paper under the Group's $4 billion (2008: $4 billion) Commercial Paper programme which remains unutilised at 31 December 2009 (2008: unutilised). There is also an unutilised standby Bilateral credit facility available to the Company totalling $2.29 billion, which expires between 2 and 3 years (2008: $2.29 billion, expires between 3 and 4 years).

The Company is also able to issue debt under the Group's $10 billion EMTN programme, for which approximately US$0.3 billion was drawn down as at 31 December 2009 (2008: US$0.3 billion). Any debt issued by the Company under this programme, and also any amounts drawn under the facilities described above, are guaranteed by Rio Tinto plc. In 2009, the Company was charged $0.2 million (2008: $1 million) in respect of these guarantees. The EMTN programme has no expiry date provided the relevant companies comply with their respective renewal obligations.

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

15. FINANCIAL INSTRUMENTS (continued)

Borrowing facilities (continued)

The Company also has access to the Group's $15.6 billion (2008: $40 billion) syndicated bank facilities of up to $7.1 billion (2008: $30 billion), which was set up as part of the Group's acquisition of Alcan in 2007, and which is split into tranches. As at 31 December 2009, there was no amount drawn under the syndicated bank facilities, (2008: $18 billion). Facility A had nil balance available as at 31 December 2009 (2008: $8.9 billion). Any amounts prepaid on this facility may not be redrawn. Revolving facility B for an amount of up to $2.1 billion was undrawn as at 31 December 2009 (2008: $9.1 billion). On 5 February 2010, in accordance with the acquisition facility agreement, proceeds from the sale of the majority of Alcan Packaging to Amcor were used to cancel US$2.0 billion of the outstanding capacity. At the same time, the Group surrendered the remaining US$0.1 billion of the facility.

Revolving Facility C is for an amount of $5 billion, all of which is undrawn as at 31 December 2009 (2008: nil). The maturity date for Facility C is October 2012.

16. RELATED PARTY DISCLOSURES

The Company is exempt under the terms of Financial Reporting Standard No. 8 from disclosing related party transactions with entities that are part of the Group or investees of the Group.

17. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Rio Tinto Finance 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. Rio Tinto plc consolidated financial statements can be obtained from the Company's registered office at 2 Eastbourne Terrace, London, W2 6LG, or from the Rio Tinto website at www.riotinto.com.

18. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

On 5 February 2010, in accordance with the acquisition facility agreement, proceeds from the sale of the majority of Alcan Packaging to Amcor were used to cancel $2.0 billion of the outstanding capacity. At the same time, the Group surrendered the remaining $0.1 billion of the facility.

On 8 January 2010, the remaining drawn down amount on the European Medium Term Note programme of $321 million was fully repaid, together with the associated derivatives.