

COMPANY NUMBER: 00007132

RIO TINTO WESTERN HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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COMPANY INFORMATION**DIRECTORS**

D S Larsen
B J S Mathews
U Quellmann

SECRETARY

M J Whyte

**REGISTERED
OFFICE**

2 Eastbourne Terrace
London
W2 6LG

AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

REPORT OF THE DIRECTORS

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

BUSINESS REVIEW

Rio Tinto Western Holdings Limited ("the Company") is a wholly owned subsidiary of Rio Tinto European Holdings Limited and a member of the Rio Tinto Group ("the Group") The Company is an investment holding company for the Group Details of the principal subsidiary undertakings at 31 December 2009 are set out in note 4

The Company's results from year to year are highly sensitive to the timing of dividend flows and of movements in impairment provisions, and do not necessarily reflect the performance of its group undertakings The profit for the year was \$563,000,000 (2008 \$7,602,000,000)

Interim dividends of \$3,560,000,000 (2008 \$5,600,000,000) were paid in respect of ordinary shares during the year The directors do not recommend the payment of a final dividend (2008 nil)

On 13 July 2009 a subscription of \$5,500,000,000 was received from Rio Tinto European Holdings Limited for 550,000 Ordinary shares of \$1 00 each issued at a premium of \$9,999 each The proceeds from the subscription were applied to the redemption of the 61,111,111 Cumulative Redeemable Non-convertible Fixed Rate Preference Shares at their par value of \$90 00 per share for a total of \$5,499,999,990

On 27 August 2009 a subscription of \$1,416,440,000 was received from Rio Tinto European Holdings Limited for 141,644 Ordinary shares of \$1 00 each issued at a premium of \$9,999 each

On 28 August 2009 the proceeds from the subscription were applied to the redemption of the 17,000,000 Cumulative Non convertible Floating Rate Preference Shares at their par value of A\$100 00 per share for a total of A\$1,700,000,000

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal risks and uncertainties are integrated with those of the Group and are not managed separately The Group's risk factors and policies for financial risk management are also discussed in its 2009 Annual report which does not form part of this report

KEY PERFORMANCE INDICATORS

The Company's directors are of the opinion that there are no meaningful financial or non financial key performance indicators that would be necessary or appropriate for an understanding of the development, performance or position of the company's activities

DIRECTORS

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

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

SECRETARY

Mr R P Dowding resigned as the secretary of the company on 31 March 2010, and Mr M J Whyte was appointed as secretary of the company with effect from 1 April 2010

REPORT OF THE DIRECTORS (continued)**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 2009 Annual report and financial statements present a true and fair view and have been prepared in accordance with applicable accounting standards, using the most appropriate accounting policies, and supported by reasonable and prudent judgements and estimates. The accounting policies have been consistently applied.

The directors are responsible for maintaining proper accounting records in accordance with the Companies Act 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.

INDEMNITIES 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.

DISCLOSURE OF INFORMATION TO AUDITORS

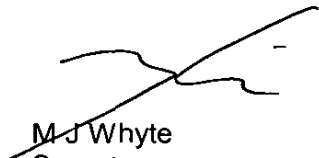
In so far as the directors are aware:

- 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.

CHANGE OF AUDITORS

In accordance with section 485 Companies Act 2006 the directors will propose that during the period for appointing auditors the shareholders pass an ordinary resolution to appoint Grant Thornton LLP as auditors of the Company.

BY ORDER OF THE BOARD



M J Whyte
Secretary
London
13 August 2010

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
RIO TINTO WESTERN HOLDINGS LIMITED**

We have audited the financial statements of Rio Tinto Western Holdings Limited (the "Company") for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out in the Report of the Directors, 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 Report of the Directors 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.



Jonathan Lambert (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 August 2010

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009**

| | Note | <u>2009</u> \$m | <u>2008</u> \$m |
|---|------|--------------------|--------------------|
| Income from investments in subsidiaries | | 1,061 | 1,117 |
| Operating (costs)/income | 2 | (255) | 328 |
| Impairment charge for the year | 4 | - | (8) |
| Gains on disposal of investments | | - | 6,500 |
| Operating profit | | 806 | 7,937 |
| Interest receivable | | 13 | 137 |
| Interest payable | | (256) | (472) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 563 | 7,602 |
| Taxation on profit on ordinary activities | 3 | - | - |
| PROFIT FOR THE YEAR | | <u>563</u> | <u>7,602</u> |

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

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

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

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

**BALANCE SHEET
AS AT 31 DECEMBER 2009**

| | Note | <u>2009</u> \$m | <u>2008</u> \$m |
|---|------|--------------------|--------------------|
| FIXED ASSETS | | | |
| Investments | 4 | <u>7,717</u> | <u>7,717</u> |
| CURRENT ASSETS | | | |
| Debtors | 5 | 1,571 | 4,598 |
| CREDITORS Amounts falling due within one year | 6 | - | (6,946) |
| NET CURRENT ASSETS /(LIABILITIES) | | <u>1,571</u> | <u>(2,348)</u> |
| NET ASSETS | | <u>9,288</u> | <u>5,369</u> |
| CAPITAL AND RESERVES | | | |
| Equity share capital | 7 | 44 | 43 |
| Share premium account | 8 | 6,958 | 43 |
| Capital reserve | 8 | 1,108 | 1,108 |
| Other reserves | 8 | 132 | 132 |
| Profit and loss account | 8 | 1,046 | 4,043 |
| EQUITY SHAREHOLDERS' FUNDS | | <u>9,288</u> | <u>5,369</u> |

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

The financial statements on pages 6 to 13 were approved by the Board of Directors on 13 August 2010 and signed on its behalf by



D S Larsen
Director

COMPANY NUMBER: 00007132

NOTES TO THE 2009 FINANCIAL STATEMENTS

1 ACCOUNTING POLICIESa) Basis of Accounting

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 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 applied consistently.

b) Presentation Currency

The principal currency affecting the Company is the US dollar, and all financing provided to / by the Company is denominated in the US dollar, except 17,000,000 preference shares issued in Australian dollars of A\$100 each which were redeemed in the year. The directors regard the US dollar as the principal currency affecting the Company's own cashflows. As a result, the financial statements are presented in US dollars. The year end exchange rate was US\$1.61 : £1 (31 December 2008 US\$1.44 : £1).

c) Investment Income

Income from investments is recognised when the right to receive payment is established. Dividends from subsidiary undertakings registered overseas are presented inclusive of any overseas withholding tax.

d) Interest Income

Interest is accounted for on an accruals basis. Interest receivable from subsidiary undertakings registered overseas is presented inclusive of any overseas withholding tax.

e) Taxation

The Company does not pay for, or receive payment for, any group relief claimed from, or surrendered to, other group companies.

Withholding taxes incurred on the receipt of interest and dividends from overseas group companies are presented as part of the taxation charge in the profit and loss account.

f) Preference Shares

In 2006, the Company issued 17,000,000 cumulative redeemable non convertible floating rate preference shares of A\$100 each. These preference shares were recorded in US dollars at the historical exchange rate. In 2008, 61,111,111 fixed rate preference shares of \$90.00 each were issued.

Any change in the US dollar equivalent (calculated at the year-end exchange rate) above the book value is included within other operating costs in the profit and loss account.

The full value, including accumulated dividends, of cumulative redeemable preference shares, have been classified as inter company debt.

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)**1 ACCOUNTING POLICIES (continued)****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.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indications exist, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

h) 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 of the Company consisting of shares in, and amounts owing from, its subsidiary companies is not less than the aggregate amount at which those assets are included in the balance sheet.

i) 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 expressed in foreign currencies are translated at the rates of exchange ruling at the end of the financial year. Exchange differences, except where they relate to share capital, share premium and reserves, are dealt with in the profit and loss account.

j) Reporting Format

The Company acts as an investment holding company, and hence the dividends received from investee companies and any impairment provisions against investments are presented as operating items.

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

2 OPERATING COSTS

| | <u>2009</u> \$m | <u>2008</u> \$m |
|---|--------------------|--------------------|
| The operating profit is stated after (charging) / crediting | | |
| Exchange (losses) / gains | <u>(255)</u> | <u>328</u> |

- a) The auditors' remuneration of \$9,991 (2008 \$4,925) is borne by a fellow Group undertaking
- b) The average number of persons employed during the year, excluding directors, was nil (2008 nil)
- c) No emoluments were paid to any of the directors in respect of their services to the Company (2008 nil)

3 TAXATION

| | <u>2009</u> \$m | <u>2008</u> \$m |
|---|--------------------|--------------------|
| Current tax. | | |
| UK corporation tax on profits of the period | - | - |
| Charge for the year | <u>-</u> | <u>-</u> |

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 28% (2008 28.5%) The differences are explained below

| | <u>2009</u> \$m | <u>2008</u> \$m |
|--|--------------------|--------------------|
| Profit on ordinary activities before tax | <u>563</u> | <u>7,602</u> |
| Profit on ordinary activities multiplied by standard rate of tax in the UK of 28% (2008 28.5%) | 158 | 2,167 |
| Effects of | | |
| Utilisation of losses (not previously recognised) | - | (1) |
| Group relief claimed without payment | (4) | (38) |
| Income not taxable | (297) | (2,264) |
| Expenses not deductible | 143 | 136 |
| Current tax charge for the year | <u>-</u> | <u>-</u> |

The June 2010 Budget Statement announced reductions to the UK statutory corporation tax rate from the current rate of 28%. The new rates expected are 27% effective 1 April 2011, 26% effective 1 April 2012, 25% effective 1 April 2013 and 24% effective 1 April 2014. These changes have no impact on the financial statements prepared to 31 December 2009.

Legislation was enacted in 2009 which exempts dividends, received on ordinary shares from controlled subsidiaries, from the charge to UK corporation tax, effective 1 July 2009.

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

4 INVESTMENTS

| | <u>2009</u> \$m | <u>2008</u> \$m |
|-----------------------|--------------------|--------------------|
| Cost | | |
| At 1 January | 7,728 | 2,228 |
| Additions | - | 5,500 |
| At 31 December | <u>7,728</u> | <u>7,728</u> |
| Provision | | |
| At 1 January | (11) | (3) |
| Charge for the year | - | (8) |
| At 31 December | <u>(11)</u> | <u>(11)</u> |
| Net Book Value | | |
| At 31 December | <u>7,717</u> | <u>7,717</u> |

The following information relates to the Company's principal subsidiaries at 31 December 2009

| Company | Country of incorporation | Class of shares held | % held | Nature of business activity |
|--------------------------------|--------------------------|----------------------|--------|-----------------------------|
| Rio Tinto Minerals Limited | England and Wales | Ordinary | 100 | Investment holding |
| Rio Tinto Peru Limited | England and Wales | Ordinary | 100 | Investment holding |
| Rio Tinto America Holdings Inc | USA | Common A | 100 | Investment holding |
| Rio Tinto Escondida Limited | Bermuda | Ordinary | 100 | Investment holding |

On 9 December 2009 Rio Tinto American Holdings Inc became a wholly owned subsidiary of the Company after the dissolution of Rio Tinto American Holdings LLC

5 DEBTORS

| | <u>2009</u> \$m | <u>2008</u> \$m |
|---|--------------------|--------------------|
| Amounts receivable from parent and fellow subsidiary undertakings | <u>1,571</u> | <u>4,598</u> |

The above receivables are interest bearing and are repayable on demand

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

6 CREDITORS Amounts falling due within one year

| | <u>2009</u> \$m | <u>2008</u> \$m |
|---|--------------------|--------------------|
| 61,111,111 Cumulative non-redeemable non-convertible fixed rate preference shares of US\$90 00 each (a) | - | 5,711 |
| 17,000,000 Cumulative redeemable non-convertible floating rate preference shares of A\$100 00 each (b) | - | 1,235 |
| | <u>-</u> | <u>6,946</u> |

- a) The cumulative non-redeemable non-convertible fixed rate preference shares of US\$90 00 each are valued at par and include accrued dividends. They are due to parent and fellow subsidiary undertakings. The preference shares carry a cumulative preferential dividend at a fixed rate of 7.5% per annum, payable bi-annually in arrears. The holders have voting rights (1 vote for every three preference shares held). The shares have a preferential right to return of capital, and of arrears and accruals of dividends, on a winding up, over ordinary shareholders, but are subordinated to other categories of preference shares. The preference shares were redeemed on 13 July 2009.
- b) The cumulative redeemable non-convertible floating rate preference shares of A\$100 00 each are valued at par and include accrued dividends. They are due to parent and fellow subsidiary undertakings. The preference shares carry a cumulative preferential dividend (at a rate based upon the aggregate of the Australian Bank Bill Short Term Rate and a margin of 50 basis points), payable annually in arrears. The shares have a preferential right to return of capital, and of arrears and accruals of dividends, on a winding up. The holders have voting rights (1 vote for every three preference shares held). The preference shares were redeemed on 28 August 2009.

7 EQUITY SHARE CAPITAL

| | <u>2009</u> \$m | <u>2008</u> \$m |
|--|--------------------|--------------------|
| Authorised | | |
| 35,000,000 ordinary shares of £1 00 each | <u>51</u> | <u>51</u> |
| 1,000,000 ordinary shares of \$1 | <u>1</u> | <u>-</u> |
| Issued, called up and fully paid | | |
| At 1 January and 31 December 30,000,000 ordinary shares of £1 00 each | 43 | 43 |
| Issued during the year, 691,644 ordinary shares of \$1 00 each | <u>1</u> | <u>-</u> |
| At 31 December 2009 30,000,000 ordinary shares of £1 00 each and 691,644 shares of \$1 00 each (2008 30,000,000 ordinary shares of £1 00 each) | <u>44</u> | <u>43</u> |

NOTES TO THE 2009 FINANCIAL STATEMENTS (continued)

8 RECONCILIATION IN MOVEMENT IN SHAREHOLDERS' FUNDS

| | Equity share capital | Share premium | Capital reserve | Other reserves | Profit and loss account | Total |
|----------------------------------|----------------------------|------------------|--------------------|-------------------|----------------------------------|---------|
| | \$m | \$m | \$m | \$m | \$m | \$m |
| At 1 Jan 2009 | 43 | 43 | 1,108 | 132 | 4,043 | 5,369 |
| Shares issued during the year | 1 | 6,915 | - | - | - | 6,916 |
| Profit for the year | - | - | - | - | 563 | 563 |
| Dividend | - | - | - | - | (3,560) | (3,560) |
| At 31 Dec 2009 | 44 | 6,958 | 1,108 | 132 | 1,046 | 9,288 |

In 2000, the Company's share capital, share premium and capital reserves were translated into US dollars at the exchange rate in force when the US dollar became the functional currency. The resulting currency translation adjustment has been included in other reserves.

9 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 ("FRS") 1 exempting inclusion are satisfied. The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Group or investees of the Group.

10 ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Rio Tinto European Holdings Limited. The ultimate parent undertaking and controlling party is Rio Tinto plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The Group's consolidated financial statements can be obtained from its registered office at 2 Eastbourne Terrace, London, W2 6LG, or from the Rio Tinto website at www.riotinto.com.