

Company Registration No. 909645

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Anglesey Aluminium Metal Limited

Report and Financial Statements

30 September 2009

Anglesey Aluminium Metal Limited

Report and financial statements 2009

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Anglesey Aluminium Metal Limited

Report and financial statements 2009

Officers and professional advisers

Directors

D A Bloor	(Resigned 31 May 2010)
S Bolduc	
P Pinson	
B J king	(Appointed 31 May 2010)

Secretary

M J Whyte	(Resigned 2 February 2010)
G J C Aldridge	(Appointed 2 February 2010)

Bankers

HSBC Bank plc
Lloyds TSB plc
Barclays Bank plc

Solicitors

Mace & Jones

Registered office

2 Eastbourne Terrace
London W2 6LG

Auditors

Deloitte LLP
Chartered Accountants
London

Anglesey Aluminium Metal Limited

Directors' report

The directors present their annual report and the audited financial statements for the period ended 30 September 2009

Principal activities and business review

The company owns and operates a secondary aluminium remelt business near Holyhead, North Wales as at 1st October 2009

The 9 months to September 2009 saw the following smelter ending results in safety (Loss Time Injury Frequency Rate from 1.25 to 0.77) and environmental performance (Fluoride emissions from 0.84 to 0.75kg/tAl), in value added sales 66.6% and continuation in the performance of the operating efficiencies across the plant, for example cells operating 300, amperage 171.0 Ka, current efficiency 94.44% and net carbon ratio 0.425tC/tAl. The future focus remains on maximising production efficiencies within the new remelt business.

The results of the Company for the period ended 30 September 2009 are set out on page 8. No dividend was (2008 – £4 million) paid to Anglesey Aluminium Limited during the 9 month period. The main reason for the loss was the payment of £70m into the Rio Tinto pension fund which Anglesey Aluminium Metal Limited is a participating employer. In addition specific provisions have been made for additional cessation of trade costs such as redundancy, employee costs and rehabilitation.

Anglesey Aluminium Metal Ltd was unable to secure an affordable supply of electricity post September 2009 to continue primary aluminium smelting. From October 2009 Anglesey Aluminium Metal Limited begins operation as a secondary aluminium remelt facility. The change in the primary business of Anglesey Aluminium Metal Limited will result in a reduction in the number of employees from 577 to around 100 through a mixture of both voluntary and compulsory redundancies.

The success of the remelt business is dependent primarily on the market premium for aluminium billet. These premiums have shown a steady recovery during quarter 1 2010 and this increase in premiums are anticipated to continue through the remainder of 2010 due mainly to market forces and supplies.

Anglesey Aluminium Metal Limited's main focus for 2010 is to increase output of billet through production efficiencies utilising a number of techniques including employee training, Lean and OEE. The initial results from the efficiency program have been very promising and production has seen a significant increase in output during quarter 1 2010 which results in a significant reduction in the conversion cost per tonne of output.

Principal risks and uncertainties

The lowering price of alumina is the major contributor to the sales revenue and the profit margins. The company was heavily dependent on the London Metal Exchange price of aluminium on which the price for alumina is based. The price slowly rose over the period and stayed at its current level until the end of smelter operations in September 2009.

The directors have identified the need to manage the Company's material financial risks, including foreign exchange, liquidity, credit and interest rate risks. These risks are monitored through a Group Treasury management function, which invests surplus funds, mitigates foreign exchange exposure and manages borrowings for Rio Tinto Group companies.

Rio Tinto Group Treasury also seeks to limit counter-party risk by conducting most of its banking and dealing activities with a limited number of major international banks, whose status is kept under review.

Anglesey Aluminium Metal Limited

Directors' report (continued)

Principal risks and uncertainties (continued)

Liquidity Risk

The Company finances its operations through a combination of retained profits and inter-company loans

Interest rate risk

To the extent that the Company enters into inter-company loan agreements, the Company's exposure to interest rate risk arises on loans on which interest is charged at US Libor. The company does not participate in interest rate hedging.

Credit risk

Credit risk arises on the balances receivable from other members of the Rio Tinto and Kaiser Groups. No material exposure is considered to exist in respect of inter-company balances.

Indemnities and insurance

Rio Tinto plc and Kaiser Aluminum Corporation indemnify officers of subsidiary and joint venture companies, who have been appointed by Rio Tinto plc or Kaiser Aluminum Corporation respectively, against liabilities arising from the conduct of the Group's business, to the extent permitted by law, by the placing of Directors' and Officers' insurance. The insurance indemnifies individual directors' and officers' personal legal liability and cost for claims arising out of actions taken in connection with Group business.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by their activities. The company operates in accordance with the policies described in both Rio Tinto's and Kaiser's Annual Reports which do not form a part of these reports. Initiatives designed to minimise the company's impact on the environment include current efficiency, CO2 emissions, renewable obligations and recycling policy and minimising the production of waste, which cannot be recycled (both hazardous and non-hazardous).

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 13.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The company participates in the policies and practices to keep the employees informed on matters relevant to them as employees through regular meetings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their interests along with trade union consultation where necessary. The Company also participates in the Rio Tinto Share Saving Plan. During 2009 the majority of employees participated in the plan.

Anglesey Aluminium Metal Limited

Directors' report (continued)

Directors and their interests

The composition of the Board of Directors at the date of this report are shown on page 1

Simon Farry resigned and Pascal Pinson was appointed with effect from 1 April 2009

Brian King was appointed with effect from 31st May 2010

No director holds shares in the company

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

Donations

Donations for charitable purposes made by the company during the period amounted to £8,057 (2008 - £25,301) The company made no donations during the period for political purposes as defined by the Companies Act 2006 as amended by the Political Parties, Elections and Referendums Act 2000

Policy regarding payment of creditors

It is the company's policy to abide by terms of payment agreed with suppliers In many cases the terms of payment are as stated in the suppliers' own literature In other cases, the terms of payment are determined by specific written or oral agreement The company does not follow any published codes or standard on payment practices Trade creditors at 30 September 2009 represented 15 days (2008 - 48 days) of annual purchases

Auditors and disclosure of information to auditors

Each of the persons who is a director at the date of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the UK Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Anglesey Aluminium Metal Limited

Directors' report (continued)

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board of Directors
and signed on behalf of the Board



G J C Aldridge
Secretary

08 June 2010

Independent auditors' report to the members of Anglesey Aluminium Metal Limited

We have audited the financial statements of Anglesey Aluminium Metal Limited for the period from 1 January 2009 to 30 September 2009 which comprises the Profit and Loss Account, the Balance Sheet and the related notes 1 to 24. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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 (APB's) Ethical Standards for Auditors.

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 30 September 2009 and of its loss for the period 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.

Independent auditors' report to the members of Anglesey Aluminium Metal Limited (continued)

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



Jeremy Black (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
16 June 2010

Anglesey Aluminium Metal Limited

Profit and loss account Period ended 30 September 2009

		9 months to 30 September 2009 £'000	12 months to 31 December 2008 £'000
	Notes		
Turnover	2	114,137	175,078
Cost of sales		(194,984)	(148,360)
Gross (loss)/ profit		(80,847)	26,718
Administrative expenses		(22,936)	(10,072)
Impairment of fixed assets	11	-	(11,609)
Operating (loss)/ profit	3	(103,783)	5,037
Profit on sale of tangible fixed assets		-	789
Interest receivable and similar income	7	243	1,962
Interest payable and similar charges	8	(459)	(424)
(Loss)/ Profit on ordinary activities before taxation		(103,999)	7,364
Tax credit/ (charge) on profit on ordinary activities	9	26,577	(5,534)
(Loss)/ Profit on ordinary activities after taxation	19	(77,422)	1,830

The above results relate wholly to discontinued operations (refer to Directors' report for further detail)

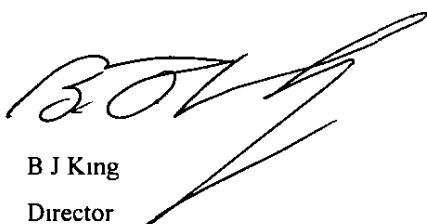
There are no recognised gains and losses for the current and preceding financial periods other than the loss of £(77,422,000) (2008 – gain of £1,830,000) shown above. Accordingly no separate statement of total recognised gains and losses is presented.

**Independent auditors' report to the members of
Anglesey Aluminium Metal Limited**

**Balance sheet
30 September 2009**

	Notes	30 September 2009 £'000	31 December 2008 £'000
Fixed assets			
Tangible assets	11	4,237	7,506
Investments	12	77	77
		<u>4,314</u>	<u>7,583</u>
Current assets	13		
Stocks		4,030	25,693
Debtors		93,015	74,613
		<u>97,045</u>	<u>100,306</u>
Creditors: amounts falling due within one year	14	<u>(9,695)</u>	<u>(30,997)</u>
Net current assets		<u>87,350</u>	<u>69,309</u>
Total assets less current liabilities		<u>91,664</u>	<u>76,892</u>
Cash at Bank		320	-
Creditors: amounts falling due after more than one year	15	(107,916)	(37,916)
Provisions for liabilities and charges	16	<u>(41,522)</u>	<u>(19,008)</u>
Net (liabilities)/ assets		<u>(57,454)</u>	<u>19,968</u>
Capital and reserves			
Called up share capital	18	-	-
Profit and loss account	19	<u>(57,454)</u>	<u>19,968</u>
Shareholders' (deficit)/ funds	20	<u>(57,454)</u>	<u>19,968</u>

The financial statements of Anglesey Aluminium Metal Ltd (registered number 909645) were approved by the board of directors and authorised for issue on 08 June 2010


B J King
Director

Anglesey Aluminium Metal Limited

Notes to the financial statements Year ended 30 September 2009

1. Basis of accounting

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted, which have been applied consistently in the current and prior periods, are described below.

The financial statements are prepared in accordance with the historical cost convention.

The financial statements include the trading results for the period ended 30 September 2009.

2. Accounting policies

Turnover

Turnover represents sales, net of VAT, in the United Kingdom of aluminium at prices based on the terms of sales agreements made with the shareholders of the company.

Cash flow statement

Anglesey Aluminium Metal Limited is exempt from the preparation of a cash flow statement under FRS 1 (Revised 1998) "Cash Flow Statements" on the basis that it is a subsidiary undertaking where 90% or more of the voting rights are controlled within the group. The consolidated financial statements of Anglesey Aluminium Limited, which include Anglesey Aluminium Metal Limited, are publicly available.

Fixed asset investments

Tradable carbon credits are included at cost less provision for any permanent diminution in value.

Depreciation

No depreciation is provided on freehold land and assets in the course of construction.

Mobile plant and office equipment is used to be written off over three to five years on a straight line basis now due to being part of the impaired assets these are no longer depreciated.

For all other tangible fixed assets depreciation is calculated on a straight line basis calculated to write them down to their estimated residual values over the period of their estimated useful economic lives, which is considered to be fifteen years unless they form part of the plant & machinery assets which have been impaired to a residual value where no depreciation is charged.

Deferred taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax is not provided on unremitted earnings where there is no binding commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value on a first in first out basis. Cost, in the case of work in progress and finished stocks of metal, includes materials, labour and all appropriate overheads.

Anglesey Aluminium Metal Limited

Notes to the financial statements Year ended 30 September 2009

2. Accounting policies (continued)

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Pensions

The expected cost of pensions in respect of Rio Tinto plc defined benefit pension schemes in which the company participates is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes. Variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes in line with the allocation by the principal employer of such variation between companies in the scheme. The pension cost is assessed in accordance with the advice of qualified actuaries.

The company is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the Rio Tinto plc Pension Fund. A review of the whole fund was prepared at 31 December 2009 by an independent qualified actuary for the purposes of IAS 19. At that date the fund had a deficit of GBP£39 million.

The existence of this deficit does not affect the rate at which the company pays contributions as this is determined by the normal Trustee funding valuation.

For defined contribution schemes the amount charged to the profit and loss is the contribution payable in the year. This is a multi-employer scheme so no FRS17 disclosures are required in the financial statements. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Operating leases

Rentals are charged to the profit and loss account in equal annual amounts over the lease term.

Share-based payments

Through Rio Tinto plc (one of the two corporate shareholders in the company's parent, Anglesey Aluminium Limited), employees of the company can participate in the Rio Tinto plc Share Savings Plan. Under this scheme, employees are granted options to purchase shares in Rio Tinto plc in return for the benefit of their services to the company.

Under an agreement between the company and Rio Tinto plc, Anglesey Aluminium Metal Limited will be required to reimburse Rio Tinto plc, by way of a management charge, for shares to be purchased in the market and transferred to employees under the option schemes. In 2009 £303,766 (2008 - £1,620,906) had been paid to Rio Tinto plc for the price differential between market and share option price for shares exercised during the year.

The directors have accounted for the share option scheme following the requirements of "cash settled" share-based payments under FRS 20. In accordance with FRS20, Anglesey Aluminium Metal Limited measures the liability to be incurred at the fair value of the liability. At each reporting date and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in the profit and loss for the period.

Anglesey Aluminium Metal Limited

Notes to the financial statements Year ended 30 September 2009

2. Accounting policies (continued)

Rehabilitation provision

In accordance with FRS 12 'Provisions, Contingent Liabilities and Contingent Assets' a provision for certain costs relating to the future closure of the plant has been established. This provision has been calculated on the basis of a report from an independent quantity surveyor, and reflects an estimate of the costs of returning the site of the plant to "light industrial use" in accordance with the initial planning consent.

The fixed asset which reflects a discounted estimate of future costs, is expected to be fully written down by September 2009.

The provision is discounted and the unwinding of the discount each year is charged to interest payable and similar charges.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on pages 3-5.

The directors have considered the net (liabilities)/assets of -£57,454k (2008 £19,968k), after making enquiries and obtaining a letter of support from its immediate parent company, the directors have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of preparation.

3. Operating (loss)/profit

	9 months to 30 September 2009 £'000	12 months to 31 December 2008 £'000
Operating (loss) /profit is arrived at after crediting /(charging)		
Insurance Receipt	7,673	20,000
Pension Fund Payment	(70,000)	0
Depreciation of tangible assets – owned assets	(4,454)	(6,872)
Auditors' remuneration – audit fee	(80)	(105)
Operating lease rentals		
Hire of plant and machinery	(213)	(442)
Other operating leases	(45)	(67)

The final insurance receipt is in respect of the fire at the plant in June 2008.

Anglesey Aluminium Metal Limited

Notes to the financial statements Year ended 30 September 2009

4. Employees

	9 months to 30 September 2009 No.	12 months to 31 December 2008 No.
The average number of persons employed in each of the following categories (including directors) during the period was:		
Production	457	523
Administration	47	54
	<u>504</u>	<u>577</u>

All employees in the first wave of redundancies, 298, would have been fully employed to the end of September 2009. The rest would have had a staggered finish dependent on handovers and termination notice periods.

	£'000	£'000
Staff costs, including directors, during the period:		
Wages and salaries	18,954	20,963
Social security costs	1,668	2,288
Other pension costs	810	80
	<u>21,432</u>	<u>23,331</u>

Pension costs

Employees who joined the company before 1 April 2005 were eligible to participate in the Rio Tinto Pension Fund (the 'Fund'). The assets of the Fund are held in a separate trustee administered fund.

The Rio Tinto Pension Fund provides benefits on both a defined benefit and a defined contribution basis. However, any contributions paid by the Company are accounted as if the scheme were a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme. A one-off contribution was made to the Rio Tinto Pension Fund of £70,000,000 on 30th September 2009, accounted for as an additional contribution of employers' pension payment of employees' salaries and coded by employee by department split over production, maintenance and admin employees (2008: £nil). Currently 28% of employee salaries is paid as additional pension contributions into the fund. The company also paid an accident premium which is considered a pension cost for the period of £27,051 (2008: £35,881).

The last actuarial valuation was conducted with an effective date of 31 December 2008. As a result of the findings of that valuation, regular employer contributions to the Fund will begin effective 1 January 2009.

Thereafter, the contribution requirements will be reviewed on a six-monthly basis. However, the pension contributions per employee have increased to 28% as at 1st October 2009.

An annual valuation of the Fund was earned out by independent qualified actuaries on 31 December 2008 under International Accounting Standards 19 "Employee Benefits" and on this basis the Fund had a deficit of GBP£108 million, a funding level of 89%.

Employees who join on or after 1 April 2005 are eligible to join the Anglesey Aluminium Metal Group Personal Pension Plan, a defined contribution stakeholder pension in association with Standard Life. Contributions amounted to £809,705 (6%) (2008: £81,772, 6%). At 30 September 2009 there were £nil (2008: £nil) prepaid pension contributions.

Anglesey Aluminium Metal Limited

Notes to the financial statements Year ended 30 September 2009

5. Share-based payments

Through Rio Tinto plc, employees of the company can participate in the Rio Tinto Share Savings Plan. Under this plan, employees are granted options to purchase shares in Rio Tinto plc.

Following the accounting policy referred to in note 2, the costs to the company of reimbursing Rio Tinto plc for shares relating to the share option scheme have been accrued and charged to the profit and loss as follows:

	9 months to 30 September 2009 £'000	12 months to 31 December 2008 £'000
Fair value charge	386	524
Additional charge/(credit)	983	(5,515)
Total cost / (credit)	1,369	(4,991)

Fixed share option plans

The Rio Tinto Share Savings Plan is open to all Anglesey Aluminium Metal Limited employees. Employees who participate save a fixed amount from pay to a savings account for a term of between three and five years. At the end of the savings term, the employees have a choice of using the money to buy shares in Rio Tinto plc, withdrawing the money, or a combination of both and have a 6 month window to decide. The option to buy shares is based on a fixed exercise price which is equal to the market price of Rio Tinto plc's shares on the day of grant less a 20 per cent discount. The awards are settled in shares with Rio Tinto Plc.

Fair value

The fair value of share options is estimated as at the date of grant using a lattice based option valuation model. The significant assumptions used in the valuation model are disclosed below. Expected volatilities are based on the historical volatility of Rio Tinto plc's share returns. Historical data was used to estimate employee turnover rates within the valuation model. It is assumed that after options have vested, 20 per cent p.a. of participants will exercise their options when the market price is at least 20 per cent above the exercise price of the option. The implied lifetime of options granted is derived from the output of the option valuation model and represents the period of time that options granted are expected to be outstanding. The risk free rate used in the valuation model is equal to the yield available on UK zero coupon government bonds at the date of grant with a term equal to the expected term of the options.

The fair value estimates include allowance for the exercise price being at a discount to market price. The key assumptions used in the valuation are noted in the following table:

	2009 £'000	2008 £'000
Risk-free interest rate	4.1% - 4.4%	5.0%
Expected volatility	39%	35.0%
Dividend yield	3.9%	1.5%
Employee turnover rate	10.0%	10.0%
Implied option lifetime	3.2 - 5.2 years	3.2-5.2 years

A summary of the status of the share savings plans at 30 September 2009, and changes during the year ended 30 September 2009 is presented below:

Anglesey Aluminium Metal Limited

Notes to the financial statements Year ended 30 September 2009

5. Share-based payments (continued)

Rio Tinto plc – share savings plan

	9 months to 30 September 2009		12 months to 31 December 2008	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
Options outstanding at 1 January	243,428	16 20	303,344	14 06
Accounted for as granted during the period	39,424	26 58	31,264	28 87
Exercised during the period	(82,980)	13 03	(47,260)	11 03
Expired during the period	(3,652)	16 64	(43,920)	18 91
Options outstanding at 30 September 2009/ 31 December 2008	196,220	19.62	243,428	16 20
Weighted average grant date fair value of options granted during the year (£)		0 93		14 04
Share price at date of grant for options accounted for during the year (£)		34 71		42 28
	Number	Weighted average exercise price £	Weighted average remaining contractual life (years)	Aggregate intrinsic value £'000
Options outstanding at 30 September 2009				
<i>Range of exercise prices</i>				
£9 09 - £26 58	196,220	23 37	1 10	3,849
Options outstanding at 31 December 2008				
<i>Range of exercise prices</i>				
£11 00 - £20 68	243,428	22 27	0 84	3,946

Anglesey Aluminium Metal Limited

Notes to the financial statements

Year ended 30 September 2009

6. Directors

The emoluments (excluding pension scheme contributions) of the directors were as follows

	9 months to 30 September 2009 £'000	12 months to 31 December 2008 £'000
Emoluments	166	191

None of the 3 (2008 – two) directors who served during the period were members of a R10 Tinto plc defined benefit pension scheme

The emoluments of the highest paid director were £166,224 (2008 – £190,767), who is not a member of a R10 Tinto plc defined benefit pension scheme in either period

7. Interest receivable and similar income

	9 months to 30 September 2009 £'000	12 months to 31 December 2008 £'000
Interest received on bank deposits	243	1,962

8. Interest payable and similar charges

Interest charged to the profit and loss account comprises

	9 months to 30 September 2009 £'000	12 months to 31 December 2008 £'000
Rehabilitation provision finance charge (note 16)	457	418
Bank interest (overdraft)	2	6
	459	424

Anglesey Aluminium Metal Limited

Notes to the financial statements Year ended 30 September 2009

9 Tax charge on profit on ordinary activities

(a) Analysis of credit/ (charge) in the period

	9 months to 30 September 2009 £'000	12 months to 31 December 2008 £'000
UK corporation tax charge at 28% (2008 28.5%)	26,605	(6,065)
Adjustments in respect of prior years	(28)	-
	<u>26,577</u>	<u>(6,065)</u>
Deferred taxation (see note 16)		-
Timing differences	-	531
	<u>26,577</u>	<u>(5,534)</u>

(b) Factors affecting tax charge for the period

(Loss)/ Profit on ordinary activities before tax	<u>(103,999)</u>	<u>7,364</u>
Profit on ordinary activities multiplied by standard rate of corporation at 30% and 28% post April 2009 (2008 – 30%)	29,120	(2,099)
Effects of		
Tax rate differential on terminal loss carry back	1,475	-
Expenses not deductible for tax purposes	(3,811)	(1,857)
Capital allowances in excess of depreciation	(156)	(3,531)
Release of held over gains	(23)	-
Deferred tax movement on share options recharge	-	1,422
Adjustment to the tax charge in respect of previous periods	(28)	-
Current tax charge for period (note 9(a))	<u>26,577</u>	<u>(6,065)</u>

10. Dividends

	30 September 2009 £'000	31 December 2008 £'000
Dividend paid - £Nil per share (2008 £2,000k per share)	<u>-</u>	<u>4,000</u>

Anglesey Aluminium Metal Limited

Notes to the financial statements Year ended 30 September 2009

11. Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Assets in course of construction £'000	Total £'000
Cost					
At 1 January 2009	1,897	115,034	6,004	761	123,696
Additions during the period	-	-	-	1,185	1,185
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Assets completed during the period	18	1,175	-	(1,193)	-
At 30 September 2009	1,915	116,209	6,004	753	124,881
Accumulated depreciation					
At 1 January 2009	926	110,033	5,231	-	116,190
Amount charged in the period	158	3,888	408	-	4,454
Disposals	-	-	-	-	-
At 30 September 2009	1,084	113,921	5,639	-	120,644
Net book value					
At 30 September 2009	831	2,288	365	753	4,237
At 31 December 2008	971	5,001	773	761	7,506

Due to Anglesey Aluminium Metal Ltd being unable to secure an affordable supply of electricity post September 2009, the Company will only be able to continue operations as secondary aluminium remelt facility. As a result it was necessary to write down the plant and machinery fixed asset balance by £11.6 million in 2008.

12. Fixed asset investments

	Carbon credits	
	30 September 2009 £'000	31 December 2008 £'000
Cost	416	416
Provision for impairment	(339)	(339)
Net book value	77	77

Anglesey Aluminium Metal Limited

Notes to the financial statements Year ended 30 September 2009

13. Current assets

	30 September 2009 £'000	31 December 2008 £'000
Stocks:		
Raw materials and stores	2,709	19,434
Work in progress	869	5,866
Finished goods	452	393
	<u>4,030</u>	<u>25,693</u>

There is no material difference between the balance sheet value of stocks and their replacement cost

Debtors:

Trade debtors	503	469
Amounts owed by Rio Tinto plc and its subsidiary undertakings	7,345	8,811
Short term deposit with Rio Tinto Finance plc	38,123	39,855
Amounts owed by Kaiser Aluminum & Chemical Corporation and its subsidiary undertakings	13,315	18,384
Other debtors	7,897	6,240
Prepayments and accrued income	530	854
Corporation Tax	25,302	-
	<u>93,015</u>	<u>74,613</u>

All debtors are due within one year

14. Creditors: amounts falling due within one year

	30 September 2009 £'000	31 December 2008 £'000
Bank Overdraft	-	8,526
Trade creditors	8,513	17,314
Corporation tax	-	3,637
Other creditors including taxation and social security	1,182	1,520
	<u>9,695</u>	<u>30,997</u>

15. Creditors: amounts falling due after more than one year

	30 September 2009 £'000	31 December 2008 £'000
Amounts owed to immediate parent company including loan	37,916	37,916
Amounts owed to Rio Tinto Finance PLC – pension loan	70,000	-
	<u></u>	<u></u>

Anglesey Aluminium Metal Limited

Notes to the financial statements Year ended 30 September 2009

16. Provisions for liabilities and charges

	Deferred taxation £'000	Rehabilitation provision £'000	Share based payments £'000	Redundancy provision £'000	Total £'000
At 1 January 2009	-	16,110	2,898	-	19,008
Additional provision in the year	-	5,215	386	16,155	21,756
Unwinding of discount (note 8)	-	457	-	-	457
(Credit)/ Debit to income statement	-	-	983	(682)	301
At 30 September 2009	-	21,782	4,267	15,473	41,522

The share based payments provision relates to the current estimate of the amount that will become payable to Rio Tinto in respect of the Share Savings Plan (see note 5)

The majority of the redundancy payments will have been made by the end of the first quarter of 2010

Deferred taxation

The major elements of the amount of deferred tax provided and unprovided in the financial statements are as follows

	Provided		Unprovided	
	30 September 2009 £'000	31 December 2008 £'000	30 September 2009 £'000	31 December 2008 £'000
Share schemes	-	-	1,195	-
Accelerated capital allowances	-	-	-	(797)
Held over gains	-	-	(207)	(864)
Provisions	-	-	-	(3,627)
Tax losses	-	-	431	(408)
	-	-	1,419	(5,696)

17. Operating lease commitments

At 30 September 2009 the company was committed to make the following payments during the next year in respect of operating leases

	30 September 2009		31 December 2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases which expire				
Within one year	-	23	-	-
Within one to two years	-	-	-	37
Within two to five years	-	-	-	-
After five years	23	-	30	-
	23	23	30	37

Anglesey Aluminium Metal Limited

Notes to the financial statements Year ended 30 September 2009

18. Called up share capital

	30 September 2009 £	31 December 2008 £
Authorised:		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	2	2

19. Profit and loss account

	30 September 2009 £'000	31 December 2008 £'000
At 1 January	19,968	22,138
(Loss)/ profit on ordinary activities after taxation	(77,422)	1,830
Dividends paid in the period	-	(4,000)
	<u>(57,454)</u>	<u>19,968</u>

20. Reconciliation of movements in shareholders' (deficit)/ funds

	30 September 2009 £'000	31 December 2008 £'000
(Loss)/ Profit for the financial period	(77,422)	1,830
Equity dividends paid	-	(4,000)
Net reduction/(addition) to shareholders' funds	<u>(77,422)</u>	<u>(2,170)</u>
Opening shareholders' funds	19,968	22,138
Closing shareholders' (deficit)/ funds	<u>(57,454)</u>	<u>19,968</u>

Anglesey Aluminium Metal Limited

Notes to the financial statements Year ended 30 September 2009

21. Capital commitments

	30 September 2009 £	31 December 2008 £
Contracted for but not provided for in the accounts	-	247
Authorised by the directors but not contracted for	-	-

21. Ultimate parent company

The immediate parent company Anglesey Aluminium Limited, a company registered in England and Wales, prepares financial statements which consolidate the results of Anglesey Aluminium Metal Limited

Anglesey Aluminium Limited is a joint venture whose ultimate parents are Rio Tinto plc (incorporated in Great Britain) and Kaiser Aluminum Corporation (incorporated in the United States)

The largest and smallest group of companies of which the company is a member and which prepares consolidated financial statements within the Rio Tinto group is Rio Tinto plc, a company incorporated in Great Britain and registered in England and Wales and within the Kaiser group is Kaiser Aluminum Corporation, a company incorporated in the United States

The consolidated accounts of both parents are available to the public and are available from

Rio Tinto 2, Eastbourne Terrace, London W2 6LG

Kaiser 27422 Portola Parkway #350, Foothill Ranch, California, 92610

22. Related parties disclosure

Anglesey Aluminium Metal Limited is owned by Anglesey Aluminium Limited, which in turn is owned by the following companies in the stated percentages

Rio Tinto Aluminium Holdings (UK) Limited	51%
Kaiser Aluminum Investments Company	49%

Up to 30 September 2009 Anglesey Aluminium Metal Limited sold aluminium to and purchased alumina from subsidiaries of these companies. Both transactions were in proportion to their shareholding. The sales of aluminium are included in turnover, while the purchases of alumina are included in cost of sales. The amounts involved in these transactions and the amounts due to and from these companies are disclosed in the table below. No amounts due from these companies have been provided for or written off during the period.

Certain employees of the company are members of the Rio Tinto pension scheme. Employers' contributions were paid into the pension fund during the year totalling £4.9m in addition to the one-off payment into the fund. No employers contributions were paid or payable in the prior year. The company paid an accident premium of £27,051 (2008 - £35,881) in respect of the scheme. From 1 April 2005 all new employees were eligible to join the Anglesey Aluminium Metal Limited Group Personal Pension Plan Stakeholder Pension in association with Standard Life. Contributions amounted to £809,705 (6%) (2008 - £81,772, 6%).

Employees of the company participate in the Rio Tinto plc Share Save Plan, the costs of which are charged to the company as a management charge on exercise of the options. The charge included in administrative expenses in respect of these schemes is disclosed in note 5.

The company makes use of the treasury function of Rio Tinto Finance plc, and invests surplus cash balances, due to timing differences, with them on a weekly basis. The amount invested by Rio Tinto Finance plc on behalf of the company as at 30 September 2009 amounted to £38,123,403 (2008 - £39,854,984).

Anglesey Aluminium Metal Limited

Notes to the financial statements Year ended 30 September 2009

23. Related parties disclosure (continued)

Both owners are called upon by the company to supply consultancy advice for which a charge is payable

All services provided to these related parties were provided as part of the company's normal business

The amounts payable for services rendered during the year are included in administrative expenses and disclosed in the table below

	Rio Tinto Aluminium Holdings (UK) Limited		Kaiser Aluminum Investments Company	
	30 September 2009 £'000	31 December 2008 £'000	30 September 2009 £'000	31 December 2008 £'000
Aluminium sold	56,439	88,315	54,513	84,951
Alumina purchased	12,417	22,796	12,370	23,589
Consultancy advice obtained	41	360	-	-
Due from	7,345	8,756	13,315	18,362

23. Subsequent events

Anglesey Aluminium Metal Ltd has been unable to secure an affordable supply of electricity post September 2009. From October 2009 Anglesey Aluminium Metal Limited will continue operations as a secondary aluminium remelt facility. The change in the primary business of Anglesey Aluminium Metal Limited has resulted in a reduction in the number of employees from 577 to around 100. This reduction will be by a mixture of voluntary and compulsory redundancies.

At the end of September 2009 Anglesey Aluminium received a £70m loan from Rio Tinto plc to fund its pension shortfall. As a result, Anglesey Aluminium Metal Ltd will no longer be required to make the additional monthly contributions into the pension scheme.