COMPANY NUMBER 00719885

RIO TINTO plc

UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

The information in these interim accounts does not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985.

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

	Note	2006 US$m	2005 US$m
Dividends from shares in subsidiary undertakings		2,620	3,800
Operating costs		(116)	(122)
Operating profit		2,504	3,678
Interest receivable and similar income		281	147
Interest payable and similar charges		(91)	(19)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,694	3,806
Taxation	2	-	(2)
		2,694	3,804
Dividends to shareholders		(2,030)	(893)
Retained profit for the year		664	2,911

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

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

The notes on pages 4 to 9 form part of these financial statements.

UNAUDITED BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	2006	2005
		US$m	US$m
FIXED ASSETS			
Investments	3, 4	2,314	3,630
CURRENT ASSETS			
Amounts owed by subsidiaries	5	4,033	4,794
Cash at bank and in hand		4	7
		4,037	4,801
CREDITORS: amounts falling due within one year	6	(564)	(717)
Dividends payable		(7)	(5)
		(571)	(722)
NET CURRENT ASSETS		3,466	4,079
DEFERRED INCOME: amounts falling due after one year	7	(28)	-
NET ASSETS		5,752	7,709
CAPITAL AND RESERVES			
Called up share capital	8	172	172
Share premium account	9	1,919	1,888
Other reserves	9	17	17
Profit and loss account	9	3,644	5,632
Shareholders' funds		5,752	7,709

On behalf of the Board:

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Director

The notes on pages 4 to 9 form part of these financial statements.

NOTES TO THE 2006 INTERIM FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards. The directors have reviewed the Company's existing accounting policies and consider that they are consistent with the requirements of Financial Reporting Standard ("FRS") 18 "Accounting Policies". The financial statements have been prepared on a going concern basis.

The Company has adopted the amendment to FRS26 'Financial Guarantee Contracts and Credit Insurance' in these financial statements. The impact of this has been to increase the value of investments in subsidiaries by $36m in the current year, with a corresponding increase in liabilities. The effect of adoption of the amendment is not material to the Company's profit after tax or to shareholders' funds. Therefore, prior period information has not been restated.

The Company's accounting policies are otherwise consistent with last year.

b) Deferred Taxation

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.

c) Currency Translation

The Company's functional currency is the US dollar and these financial statements are presented in US dollars. Transactions denominated in other currencies, including the issue of shares, are translated at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated at the rates of exchange ruling at the end of the financial year. Exchange differences are charged or credited to the profit and loss account in the year in which they arise.

d) 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 2006 INTERIM FINANCIAL STATEMENTS (Continued)

1. ACCOUNTING POLICIES (continued)

e) Share-based Payments

In 2006 most of the Company's share-based payment plans were settled by the issue of shares from Treasury. Previously they were settled through new issues. The fair value of the grant is recognised as an addition to the cost of the investment in the subsidiary in which the relevant employees work. The fair value is recognised over the relevant vesting period, with a corresponding adjustment to the profit and loss account reserve. Any payments received from the Company's subsidiaries in respect of these share based payments result in an adjustment to reduce the cost of the investment. The fair value of the share plans is determined at the date of grant, taking into account any market based vesting conditions attached to the award (e.g. Total Shareholder Return). When market prices are not available, the Company uses fair values provided by independent actuaries based on a lattice based option valuation model.

Non-market vesting conditions (e.g. earnings per share targets) are taken into account in estimating the number of awards likely to vest. The estimate of the number of awards likely to vest is reviewed at each balance sheet date up to the vesting date, at which point the estimate is adjusted to reflect the actual awards issued. No adjustment is made after the vesting date even if the awards are forfeited or not exercised.

f) Revenue recognition

Interest is accounted for on the accruals basis. Dividend income is recognised when the right to receive payment is established.

g) Dividends

Interim dividends are recognised when they are paid to the Company's shareholders. Final dividends are recognised when they are approved by shareholders.

h) Treasury Shares

The consideration paid for shares repurchased by the Company and held as treasury shares is recognised as a reduction in shareholders' funds through the profit and loss account reserve.

NOTES TO THE 2006 INTERIM FINANCIAL STATEMENTS (Continued)

2. TAXATION

	2006 US$m	2005 US$m
Current year tax	-	-
Prior year tax	-	1
Withholding tax suffered	-	1
Total current tax	-	2

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

	2006 US$m	2005 US$m
Profit on ordinary activities before tax	2,694	3,806
Profit on ordinary activities multiplied by standard rate of tax in the UK 30% (2005: 30%)	808	1,142
Effects of:		
Group relief surrendered (from)/to other companies without charge	(23)	(2)
Income not chargeable to UK tax	(785)	(1,140)
Current year tax	-	-

3. FIXED ASSET INVESTMENTS

	2006 US$m	2005 US$m
Shares in Group Companies:		
At 1 January	2,284	2,277
Adjustments arising from share based payments (net of contributions received)	(6)	7
Recognition of fair value of financial guarantees (refer to note 1a))	36	-
At 31 December	2,314	2,284
Loans to Group Companies:		
At 1 January	1,346	877
Advances/(repayments)	(1,346)	469
At 31 December	-	1,346
Total	2,314	3,630

NOTES TO THE 2006 INTERIM FINANCIAL STATEMENTS (Continued)

4. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

The Company's directly owned subsidiaries are Rio Tinto International Holdings Limited; Rio Tinto Pension Fund Trustees Limited; Rio Tinto Pension Investments Limited; Rio Tinto European Holdings Limited (all incorporated in England and Wales); and Rio Tinto Holdings Jersey Limited (incorporated in Jersey). The Directors are of the opinion that the individual investments in the subsidiary undertakings have a value not less than the amount at which they are shown in the balance sheet.

5. DEBTORS

	2006 US$m	2005 US$m
Amounts due from subsidiary undertakings	4,033	4,794

6. CREDITORS

	2006 US$m	2005 US$m
Amounts due to subsidiary undertakings	268	717
Current portion of deferred income	8	-
Provision for share buy backs	288	-
	564	717

NOTES TO THE 2006 INTERIM FINANCIAL STATEMENTS (Continued)

7. DEFERRED INCOME

	2006 US$m	2005 US$m
At 1 January	-	-
Adjustment arising from adoption of amendment to FRS 26	39	-
Amortisation of fees	(12)	-
Additional commitments	9	-
At 31 December	36	-

	2006 US$m	2005 US$m
Due within one year	8	-
Deferred for more than one year	28	-
Deferred tax	36	-

Deferred income represents expected future cash flows from financial guarantees given to subsidiaries.

8. CALLED UP SHARE CAPITAL

	2006 US$m	2005 US$m
At 1 January	172	172
Issue of shares	-	-
Cancellation of shares	-	-
At 31 December	172	172

During the year 46,340,000 (2005 - 2,600,000) shares were bought back and held as Treasury shares, of which 1,117,021 (2005 - nil) shares were re-issued from Treasury. The nominal value of those shares bought back was US$8.5m (2005 - US$0.5m). In addition, during the year 800,000 (2005 - nil) shares were bought back and cancelled.

NOTES TO THE 2006 INTERIM FINANCIAL STATEMENTS (Continued)

9. SHARE PREMIUM AND RESERVES

	Share premium account US$m	Other Reserves US$m	Profit and loss account US$m
At 1 January 2006	1,888	17	5,632
Own shares repurchased	-	-	(2,394)
Provision for buybacks in January 2007	-	-	(288)
Treasury shares utilised	-	-	36
Adjustment for share based payments	-	-	(6)
Premium on issue of shares	31	-	-
Profit for the financial year	-	-	2,694
Dividends paid	-	-	(2,030)
At 31 December 2006	1,919	17	3,644