

**COMPANY NUMBER 3699290**

**RIO TINTO SOUTH EAST ASIA LIMITED  
ANNUAL REPORT AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2004**



June 2005

DIRECTORS: Mrs A V Lawless  
Mr C Lenon  
Mr M R Merton  
Mr I C Ratnage

SECRETARY: Miss S A Morley

REGISTERED OFFICE: 6 St. James's Square  
London  
SW1Y 4LD

AUDITORS: PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

## REPORT OF THE DIRECTORS

The directors present their report, together with the audited financial statements for the year ended 31 December 2004.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

Rio Tinto South East Asia Limited is a wholly owned subsidiary of Rio Tinto plc ("Rio Tinto"). The Company is an investment company through which Rio Tinto owns its interest in Rio Tinto Limited, an Australian public company.

Details of the principal investments held at 31 December 2004 are given on page 10.

### DIVIDENDS

No interim dividend was paid during the year (2003 – \$nil). The directors do not recommend the payment of a final dividend (2003 – \$nil).

### DIRECTORS

The names of the directors in office at the date of this report all of whom served throughout the year are shown on page 2.

### DIRECTORS' INTERESTS

None of the directors who held office during the year had any disclosable interests in the ordinary shares of the Company or any other company within the Rio Tinto Group, as recorded in the register required to be kept by Section 325 of the Companies Act 1985.

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.

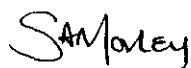
### AUDITORS

Elective resolutions to dispense with holding annual general meetings, the laying of financial statements before the Company in general meetings and the appointment of auditors are currently in force. The auditors, PricewaterhouseCoopers LLP, will therefore be deemed to have been re-appointed 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 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial period, which 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. In preparing the financial statements, which have been prepared on a going concern basis, appropriate accounting policies have been used and applied consistently, and reasonable, prudent judgements and estimates have been made. Applicable accounting standards have been followed. The directors are responsible for maintaining proper accounting records, in accordance with the Companies Act 1985, for safeguarding the assets of the Company, and for taking reasonable steps to prevent and detect fraud and other irregularities.

BY ORDER OF THE BOARD



S A Morley  
Secretary

6 St. James's Square  
London SW1Y 4LD

30 June 2005

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
RIO TINTO SOUTH EAST ASIA LIMITED**

We have audited the financial statements which comprises the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the accounting policies note.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

30 June 2005

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	<u>2004</u> \$m	<u>2003</u> \$m
Income from shares in subsidiary undertaking		497	164
Operating profit		497	164
Interest receivable from fellow subsidiary		8	2
Interest payable to fellow subsidiary		(7)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		498	166
Taxation on profit on ordinary activities	3	-	(1)
Profit for the financial year		498	165

## MOVEMENT IN RETAINED EARNINGS

At 1 January	717	552
Retained profit for the year	498	165
At 31 December	1,215	717

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.*

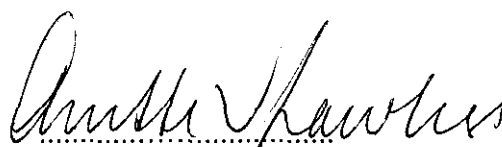
All items dealt with in the above profit and loss account relate to continuing operations.

The notes on pages 8 to 12 form part of these financial statements.

## BALANCE SHEET AS AT 31 DECEMBER 2004

	Note	<u>2004</u> \$m	<u>2003</u> \$m
FIXED ASSETS			
Investments	4	<u>4,709</u>	<u>4,709</u>
CURRENT ASSETS			
Debtors	5	174	166
CREDITORS: Amounts falling due within one year	6	<u>(448)</u>	<u>(938)</u>
NET CURRENT LIABILITIES		<u>(274)</u>	<u>(774)</u>
NET ASSETS		<u>4,435</u>	<u>3,937</u>
CAPITAL AND RESERVES			
Called up share capital	7	2,900	2,900
Other reserves	8	320	320
Profit and loss account		<u>1,215</u>	<u>717</u>
EQUITY SHAREHOLDERS' FUNDS	8	<u>4,435</u>	<u>3,937</u>

The financial statements on pages 6 to 12, were approved by the Board of Directors on 30 June 2005 and signed on its behalf by:



Director

The notes on pages 8 to 12 form part of these financial statements.

## NOTES TO THE 2004 FINANCIAL STATEMENTS

1. ACCOUNTING POLICIESa) 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" and that the Company's accounting policies are consistent with last year.

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue to operate.

b) Reporting Currency

The principal currency affecting Rio Tinto's international operations is the US dollar, and all financing provided to / by the Company is denominated in the US dollar. Accordingly, 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\$1.93 : \$1 (31 December 2003 US\$1.78 : \$1).

c) 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.

d) Investment Income

Income from investments is accounted for on an accruals basis. Dividends receivable from subsidiary undertaking are recognised in the year to which they relate; other dividends are recognised when they are declared. Dividends from subsidiary undertakings registered overseas are presented inclusive of any overseas withholding tax.

e) 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.

f) 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.



## NOTES TO THE 2004 FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (Continued)g) 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.

h) 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.

i) Taxation

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

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.

2. OPERATING COSTS

- a) The auditors' remuneration for 2004 is borne by a fellow group undertaking (2003 - \$nil).
- b) The average number of persons employed during the period, excluding directors, was nil (2003 - nil).
- c) No emoluments were paid to any of the directors in respect of their services to the Company (2003 - \$nil).

## NOTES TO THE 2004 FINANCIAL STATEMENTS (continued)

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge based on the result for the year is made up as follows:

	<u>2004</u> \$m	<u>2003</u> \$m
<b>Current tax:</b>		
UK corporation tax on profits of the year	-	1
Deduct: Double taxation relief	-	-
Withholding tax on dividends receivable	-	-
Tax on profit on ordinary activities	-	1

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

	<u>2004</u> \$m	<u>2003</u> \$m
Profit on ordinary activities before tax	498	164
Profit on ordinary activities multiplied by standard rate of tax in the UK 30% (2003: 30%)	149	49
Effects of:		
Income not chargeable to UK tax	(149)	(48)
Current tax charge for the year	-	1

In general, the Company does not pay for, or receive payment for, any group relief claimed from, or surrendered to, other Group companies.

4. INVESTMENT

Investment in subsidiary:

Company	Country of Incorporation	Class of shares held	% held	Nature of business activity
Rio Tinto Australian Holdings Limited	England & Wales	Ordinary shares of \$1	100	Holding company for mining interests

Through Rio Tinto Australian Holdings Limited, the Company has a beneficial interest in 37.52% of Rio Tinto Limited, a company incorporated in Australia.

## NOTES TO THE 2004 FINANCIAL STATEMENTS (continued)

4. INVESTMENT (Continued)

The Company's indirect interest in Rio Tinto Limited was 187,439,520 (2003 - 187,439,520) shares, which are listed on the Australian stock exchange with a market value of A\$39.12 (2003- A\$37.20) each.

	<u>2004</u> \$m	<u>2003</u> \$m
At 1 January and 31 December	<u>4,709</u>	<u>4,709</u>

5. DEBTORS

	<u>2004</u> \$m	<u>2003</u> \$m
Amounts falling due within one year:		
Loans receivable from fellow subsidiary	<u>174</u>	<u>166</u>
	<u>174</u>	<u>166</u>

6. CREDITORS

	<u>2004</u> \$m	<u>2003</u> \$m
Amounts owed to ultimate parent undertaking	448	937
Taxation	-	1
	<u>448</u>	<u>938</u>

All amounts payable to Group undertakings are repayable on demand.

7. SHARE CAPITAL

	<u>2004</u> \$m	<u>2003</u> \$m
Allotted, issued, called up and fully paid:		
2,000,000,000 shares of \$1 each	<u>2,900</u>	<u>2,900</u>

In 2000, the Company's share capital was 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.

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Share capital</u> \$m	<u>Other reserves</u> \$m	<u>Profit and loss account</u> \$m	<u>Total</u> \$m
At 1 January 2004	2,900	320	717	3,937
Retained profit for the year	-	-	498	498
At 31 December 2004	<u>2,900</u>	<u>320</u>	<u>1,215</u>	<u>4,435</u>

## NOTES TO THE 2004 FINANCIAL STATEMENTS (continued)

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 1 exempting inclusion are satisfied. The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Rio Tinto Group or investees of the Rio Tinto Group.

10. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Rio Tinto International Holdings Limited. The ultimate parent undertaking and controlling party is Rio Tinto plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Rio Tinto plc consolidated financial statements can be obtained from its registered office at 6 St. James's Square, London, SW1Y 4LD.