

Group statement of recognised income and expense ('SORIE')

Years ended 31 December

	2007			2006		
	Attributable to shareholders of Rio Tinto US\$m	Outside interests US\$m	Total 2007 US\$m	Attributable to shareholders of Rio Tinto US\$m	Outside interests US\$m	Total 2006 US\$m
Currency translation adjustment	1,886	135	2,021	824	42	866
Cash flow hedge fair value losses	(201)	(223)	(424)	(178)	(200)	(378)
Gains on available for sale securities	49	2	51	14	5	19
Cash flow hedge losses transferred to the income statement	89	76	165	63	74	137
Gains on available for sale securities transferred to the income statement	(16)	–	(16)	(4)	–	(4)
Actuarial gains on post retirement benefit plans	135	6	141	338	35	373
Net tax recoverable recognised directly in equity	153	40	193	19	83	102
Net income recognised directly in equity	2,095	36	2,131	1,076	39	1,115
Profit after tax for the year	7,312	434	7,746	7,438	429	7,867
Total recognised income for the year	9,407	470	9,877	8,514	468	8,982

Reconciliation with Australian IFRS

The Group's financial statements have been prepared in accordance with IFRS as adopted by the European Union ('EU IFRS'), which differs in certain respects from the version of IFRS that is applicable in Australia ('Australian IFRS').

Prior to 1 January 2004, the Group's financial statements were prepared in accordance with UK GAAP. Under EU IFRS, goodwill on acquisitions prior to 1998, which was eliminated directly against equity in the Group's UK GAAP financial statements, has not been reinstated. This was permitted under the rules governing the

transition to EU IFRS set out in IFRS 1. The equivalent Australian Standard, AASB 1, does not provide for the netting of goodwill against equity. As a consequence, shareholders' funds under Australian IFRS include the residue of such goodwill, which amounted to US\$736 million at 31 December 2007 (2006: US\$740 million).

Save for the exception described above, the Group's financial statements drawn up in accordance with EU IFRS are consistent with the requirements of Australian IFRS.