



RIO TINTO NEW ZEALAND

Retirement Fund

ANNUAL REPORT

For the year ended 30 June 2015

reAL

SUPER
Your super. Your future

ANNUAL REPORT

2015

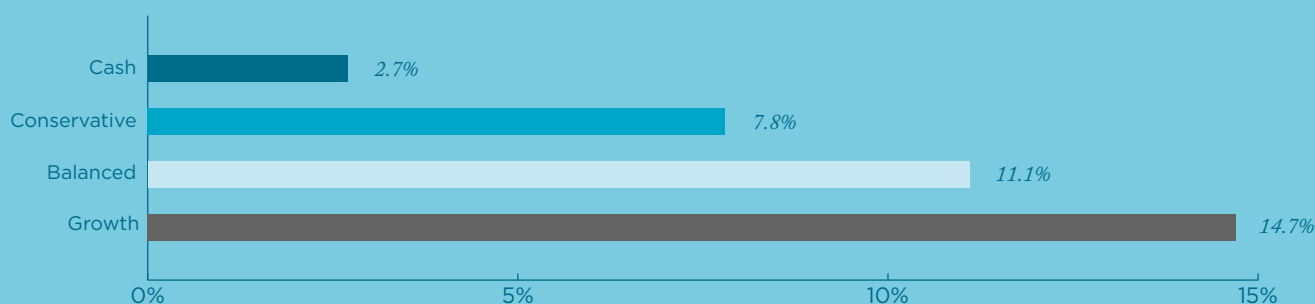
Contents

1 Message from the Chair	2 Investment Performance	5 Your Investment Options	6 Investment Management	7 News and Superannuation Updates
8 Managing the Fund	14 Summary Financial Statements	16 Audit Report	17 Trustees' Statement	

Key Highlights

The Numbers

Investment fund returns (after tax & investment-related costs) for the year ended 30 June 2015



685
active
members

55
retirement
account holders

39
new
members

\$135.4
million
in funds under management

Message from the Chair



On behalf of my fellow trustees, I am pleased to present the Fund's annual report for the year ended 30 June 2015. As you will see later in this report, despite a share market downturn late in the Fund year, all the investment options performed in line with or above their objectives.

For much of the Fund year, Europe's woes and the improving US economy dominated markets. Pleasingly, by the end of the year there were signs of an improvement in the Eurozone economy, which despite Greece's ongoing debt issues appeared to be in a better place than it had been for some time. The strengthening US economy increased the likelihood that the US Federal Reserve would start raising interest rates sooner rather than later in a first step towards policy normalisation. As a result, longer-term interest rates started to rise, which affected returns in the final quarter.

Following a review, changes were made to the Fund's investments. These included the addition of a new asset class, real assets, as well as alterations to the investment options' objectives.

Important changes were announced by the Government, aimed at helping members of a KiwiSaver scheme or complying superannuation fund into a first home. From 1 April 2015, members have been able to withdraw any member tax credits as part of a home purchase withdrawal. Further assistance to home buyers came in the Government's May 2015 budget, with the announcement that from 1 June 2015, withdrawals from a KiwiSaver scheme or the locked-in section of a complying superannuation fund could be put towards a deposit (previously they could only be accessed to pay the purchase price at settlement). See page 7 for details.

Thank you to all members who completed the brief survey on last year's annual report and benefit statement. As far as possible we have applied your responses in the preparation of this year's report and benefit statement.

We continue to try and simplify the report while at the same time providing the more detailed information about the Fund's investment performance which some members requested.

By 1 December 2016, under the Financial Markets Conduct Act 2013 (FMCA) the Fund's investment statement must be replaced by a new product disclosure statement.

The FMCA also requires all restricted retirement schemes, which includes workplace savings schemes such as the Fund (and some KiwiSaver schemes), to include at least one independent trustee on their boards. Effective 5 June 2015, the Company appointed Tim McGuinness to this role. We welcome Tim to the trustee group and look forward to working with him in the future.

Brian Cooper resigned as a trustee and as Chair in early June. In his three and a half years in the role of Chair, Brian provided valuable guidance and assistance and I would like to take this opportunity to thank him for his leadership and contribution to the Fund's management.

As always, if you have any questions, please call the Fund Helpline on 0508 266 787 or visit www.realsuper.superfacts.co.nz.

A handwritten signature in black ink, appearing to read 'Gretta Stephens'.

Gretta Stephens
Chair of Trustees

Investment Performance

WHAT HAS HAPPENED IN INVESTMENT MARKETS OVER THE LAST 12 MONTHS?

Globally, the Fund year was dominated by differing outlooks for economic growth in the major regions – a solid US versus a slowing China and struggling Eurozone and Russia, in particular. However, later in the year, the degree of separation had eased a little, with US expansion slowing slightly, while Europe and Japan showed some positive signs as their quantitative easing programmes began to take hold. China continued to ease its monetary policy in a bid to stimulate slowing growth rates.

Locally, by the end of the Fund year the New Zealand economy had adopted a more sedate and manageable growth path. The Reserve Bank predicts annual economic growth to remain at around 3% for the current calendar year, supported by low interest rates, high net migration and construction activity.

Trans-Tasman shares

Trans-Tasman shares had another good 12 months. Similar to the last Fund year, the New Zealand share market outperformed its Australian counterpart. After three good quarters, the local share market followed global markets down in the last quarter of the Fund year, as global interest rates rose. The market was not helped by falling business confidence, largely reflecting the struggling agriculture sector. Across the Tasman, ongoing weakness in the resources sector and concern about growth in China continued to affect returns.

International shares

International shares continued to make ground through most of the Fund year, although falling oil prices, concerns about the Eurozone and Ukraine-related sanctions on Russia created market volatility. Share market returns varied widely between the major regions. Japan had a very good year while much of Europe struggled for most of the year. An apparent improvement later in the year came to a halt in June as tensions mounted in Greece and interest rates rose.

The Fund's strong return from international shares is primarily because of the trustees' policy of hedging approximately half of their investments in international shares against movements in the New Zealand dollar. As the New Zealand dollar fell sharply during the year, unhedged shares were worth more.

New Zealand fixed interest

New Zealand fixed interest posted a much improved return. A year ago, it was expected that the Reserve Bank of New Zealand would begin lifting interest rates. However, although the Official Cash Rate was raised earlier in the Fund year, in June the Reserve Bank reduced the rate by 0.25% to 3.25%.

International fixed interest

International fixed interest provided a sound return as for most of the year interest rates continued to fall. Slowing growth in China, Europe edging towards deflation and plunging commodity prices saw all major markets except the US extend the expected timing of interest rate hikes. Expectations that the US Federal Reserve would raise rates in September put upward pressure on interest rates late in the Fund year. The Fund's investments in international fixed interest are fully hedged.

Cash

Cash continued to provide modest returns.

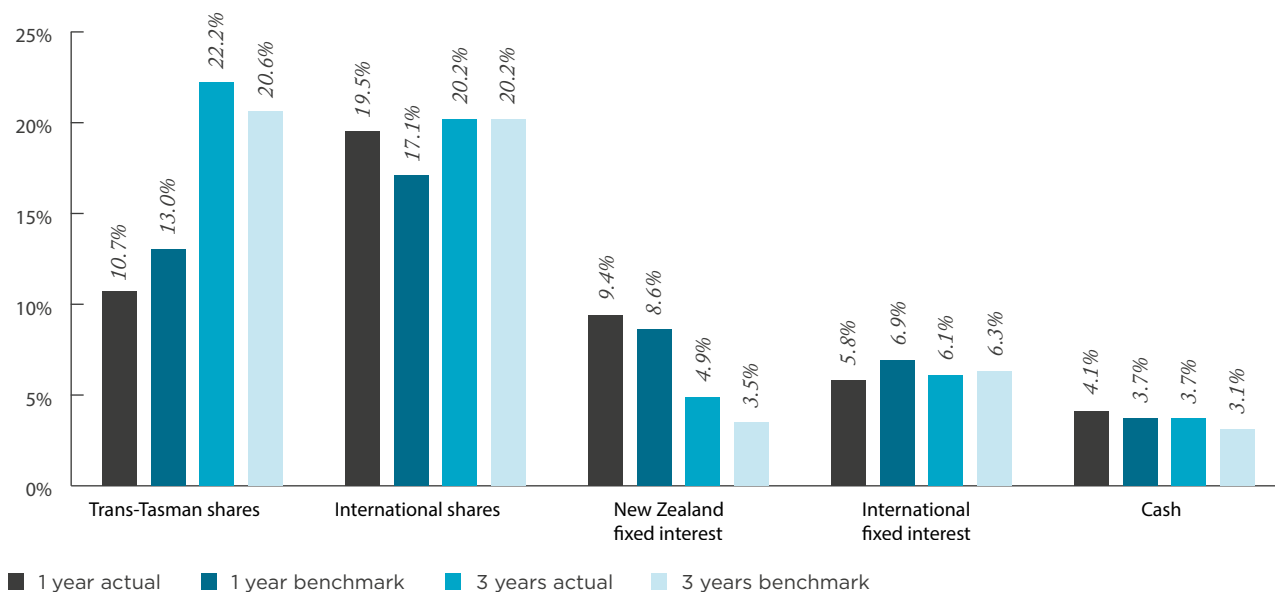
What is hedging?

Currency hedging is designed to reduce the impact of exchange rate fluctuations on investments that are traded in another currency, such as US shares or bonds.

HOW HAS THIS AFFECTED THE FUND'S RETURNS?

The graph below compares the performance of each asset class against its benchmark return. The benchmark return is the return that could have been earned by investing in the index for that asset class (for example, the S&P NZX 50 for Trans-Tasman shares).

Gross returns by asset class – actual v. benchmark over 1 & 3 years to 30 June 2015



The below-index return over one year from the Fund's investments in Trans-Tasman shares was because one of the managers of this asset class invests in growth companies that do not pay high dividends. Over much of the Fund year, high dividend-paying shares were in great demand. This pattern has since reversed.

One of the Fund's international fixed interest managers invests in a short-duration fund, which is expected to give some protection to the portfolio when interest rates rise. As a result, the manager underperformed over the first nine months when interest rates fell. Though that manager then outperformed in the last quarter as interest rates rose, the full year return from this sector still remained below the index.

HAVE THE INVESTMENT OPTIONS MET THEIR OBJECTIVES?

The trustees' broad investment objective for the Fund is to maximise long-term investment returns, while limiting fluctuations over shorter periods.

The trustees' objective for each investment option, other than Cash, is for the return (after tax, investment-related costs and other expenses) to exceed the Consumers Price Index (CPI) increase by a set percentage over a set period. The current investment objectives are:

Investment option	Objective	Return v. Objective % pa
Growth	To exceed the increase in CPI by 3% pa over a rolling 10 years on average	Underperformed the objective by 0.1% pa
Balanced	To exceed the increase in CPI by 2.5% pa over a rolling eight years on average	Underperformed the objective by 0.3% pa
Conservative	To exceed the increase in CPI by 2% pa over a rolling five years on average	Outperformed the objective by 2.6% pa
Cash	To produce returns near 90-day bank bill rates	Outperformed the objective by 0.4% over 12 months

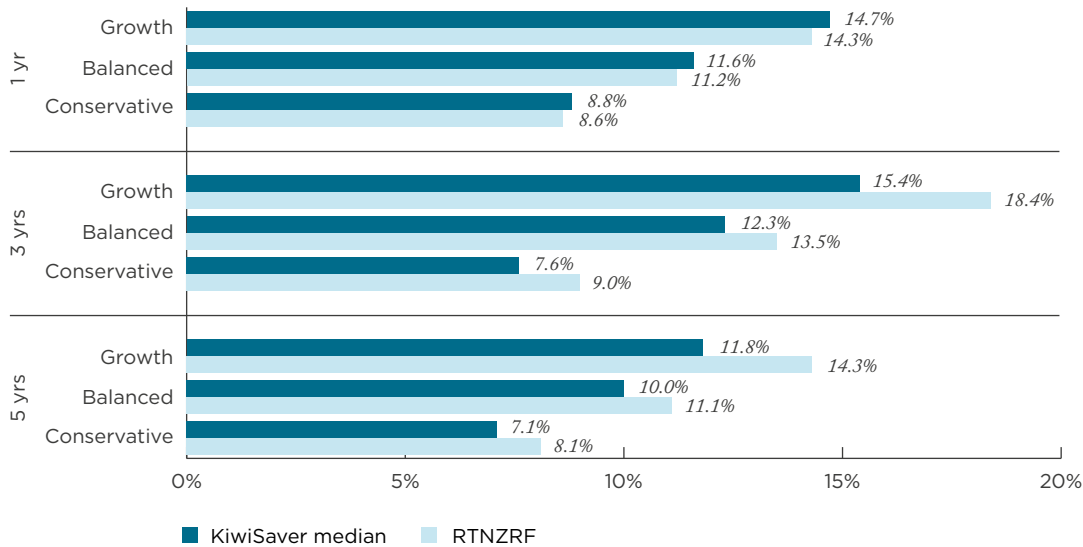
These are only our objectives, and do not reflect the actual or potential performance of any investment option.

Recent longer-term returns from the Growth and Balanced investment options have been affected by the global financial crisis of 2008/2009, the worst financial crisis since 1929. Over the one and three-year periods ended 30 June 2015, both options have outperformed their objectives.

HOW DO THE FUND'S RETURNS COMPARE WITH OTHER SCHEMES?

The graph below compares each investment option's return (after tax and investment-related costs and expenses) against the KiwiSaver median¹. The slight underperformance of all three options over one year is mainly because the funds have a higher allocation to real assets than most KiwiSaver schemes and also because the real assets portfolio is fully hedged.

Investment fund returns (before tax & after fees) v KiwiSaver median for 1, 3 & 5 years



¹ 'KiwiSaver median' means the median fund, for each of the periods noted, in the relevant category (Growth, Balanced or Conservative) in the Mercer KiwiSaver Survey (prepared quarterly).

NB: Past returns are not necessarily a good indication of future returns. Returns can vary when measured over different periods.

Market Outlook

KEY POINTS:

Global economic growth remains moderate, with uneven prospects across the main countries and regions. Relative to last year, the outlook for advanced economies is improving, while growth in emerging market and developing economies is projected to be lower, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries.

The International Monetary Fund (IMF) has reduced expected US growth to 3.1%. Because of the strong US dollar, exports are falling, which is affecting corporate profits. Global growth is expected to receive a boost from lower oil prices, which reflect to a large extent higher supply. But this is expected to be offset by diminished expectations about growth in many advanced and emerging market economies.

The IMF has upgraded its growth forecasts by 0.3% for the Eurozone and by 0.5% for Spain, one of the hardest-hit countries, reflecting the weak euro and low oil prices. The region's quantitative easing programme, which began in March, has boosted share and bond markets.

The Russian economy is predicted to fall into a deep recession.

Your Investment Options

The Fund recognises that different members have different financial needs and that a single investment strategy doesn't suit everyone. That's why the Fund offers members a choice of up to four investment options – Growth, Balanced, Conservative and Cash.

Each investment option has a different benchmark (or target) mix of investment sectors or 'asset allocations', producing the different levels of expected return and risk². The charts below show, where relevant, the revised asset allocations which took effect on 1 May 2015.

CASH FUND

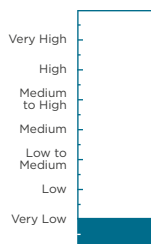
Risk return profile

Expect lower levels of risk and return.

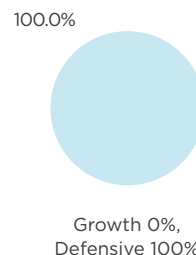
Objective

To produce returns near 90 Day Bank Bill rates.

Intended risk level



Benchmark (target) asset mix



CONSERVATIVE FUND

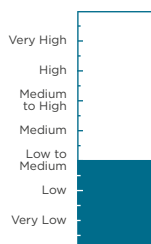
Risk return profile

Expect lower returns over the long term, but less risk of losses.

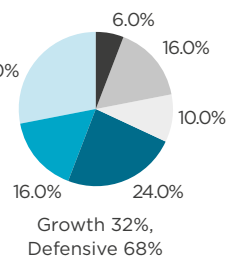
Objective

2% p.a. above Consumers Price Index (CPI) increases over rolling five-year periods, on average.

Intended risk level



Benchmark (target) asset mix



BALANCED FUND

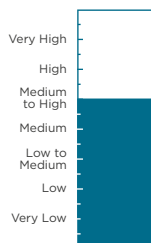
Risk return profile

Expect returns that are reasonable (but lower than the growth fund) over the long term, and losses that are less than those for the growth option in bad years.

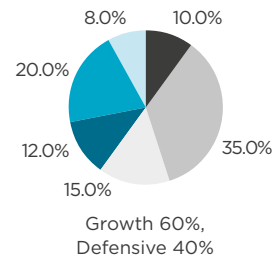
Objective

2.5% p.a. above CPI increases over rolling eight-year periods, on average.

Intended risk level



Benchmark (target) asset mix



GROWTH FUND

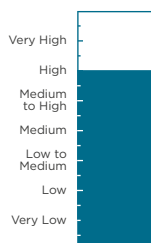
Risk return profile

Expect higher returns than other funds over the long term, but higher losses in bad years.

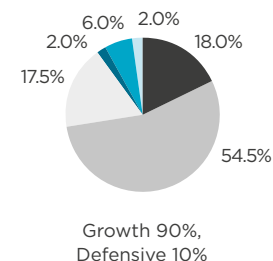
Objective

3.0% p.a. above CPI increases over rolling 10-year periods, on average.

Intended risk level



Benchmark (target) asset mix



GROWTH ASSETS:

- Trans-Tasman shares
- International shares
- Real Assets

DEFENSIVE ASSETS:

- New Zealand fixed interest
- Cash
- International fixed interest

² We may alter these benchmarks from time to time at our discretion, and we are permitted to invest within set ranges above and below each benchmark (for current details see the Investment Statement).

Investment Management

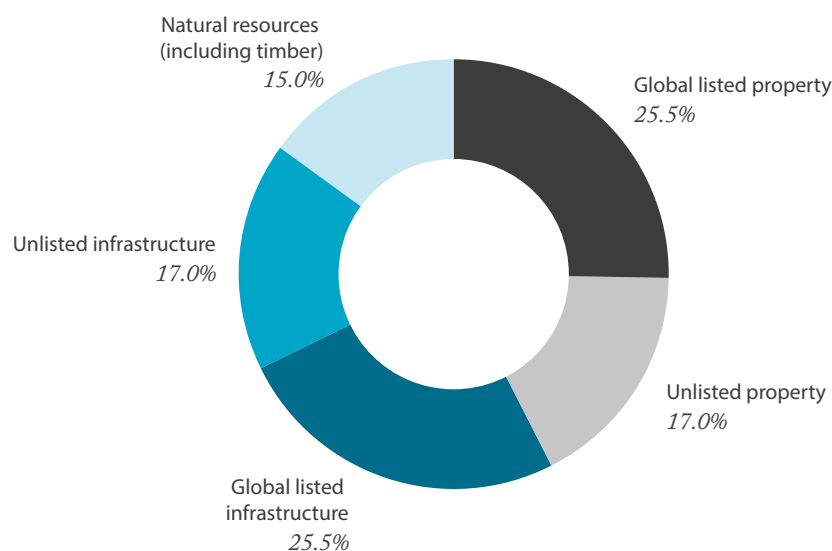
- We employ an investment consultant (Mercer) to advise on matters such as our investment objectives and strategy.
- We also employ an independent investment adviser to provide a second opinion and evaluate the performance of the investment consultant on an as-required basis.
- Day-to-day decisions about investments within each asset class are made by managers through agreed mandates.
- The underlying investment managers, and investment funds, that were used for the Fund's investment options as at 30 June 2015 are shown below:

Asset class	Investment manager	Fund name	Fund investment assets (\$ million)	%
Trans-Tasman shares	Harbour Asset Management Limited	Harbour Australasian Equity Fund	7.6	5.7
	ANZ New Zealand Investments Limited	ANZ Wholesale Australasian Share Fund	7.5	5.6
International shares	ANZ New Zealand Investments Limited	ANZ Wholesale International Share Fund	48.5	36.1
Real assets*	Mercer (N.Z.) Limited	Mercer Real Assets	19.8	14.7
New Zealand fixed interest	AMP Capital Investors (New Zealand) Limited	AMP Capital New Zealand Fixed Interest Fund	11.9	8.9
	Mercer (N.Z.) Limited	Mercer Global Fixed Interest	12.5	9.3
International fixed interest	AMP Capital Investors (New Zealand) Limited	AMP Short Duration Fund	4.8	3.5
	AMP Capital Investors (New Zealand) Limited	AMP Capital Hedged NZ Cash Fund	21.7	16.2
TOTAL			134.3**	100.0

* During the year the assets previously invested in international listed property and international listed infrastructure managed by CBRE Clarion Real Estate Securities (via ANZ) and Lazard Asset Management respectively were transferred to the Mercer Real Assets portfolio.

** Excludes \$1.1 million in the Fund's bank account.

The chart below shows the current benchmark asset allocations for the Mercer Real Assets portfolio.



News and Superannuation Updates

HOME WITHDRAWALS

From 1 April 2015, eligible first home buyers applying for a first home purchase withdrawal have been able to access the full value of any annual member tax credits accumulated in their locked-in account. Previously, withdrawals were restricted to member and employer contributions along with any investment returns.

From 1 June 2015, members have been able to make a first home withdrawal to put towards a deposit on their first home.

NEW ZEALAND SUPERANNUATION RATES INCREASE

Each year the Government reviews the rate of New Zealand Superannuation. It is pegged to the national average ordinary-time wage which is currently \$56,030 a year before tax (\$45,389 a year after tax and ACC premiums).

From 1 April 2015 the annual rates before tax are:

Single person, living alone	\$22,417 pa
Single person, sharing	\$20,601 pa
Married couple	\$33,935 pa

For more information about eligibility go to www.workandincome.govt.nz.

THE FINANCIAL MARKETS CONDUCT ACT

The Financial Markets Conduct Act (FMCA), as it affects superannuation schemes, began coming into effect on 1 December 2014 and the trustees have until 1 December 2016 to comply fully. Though important, many of the changes required because of the FMCA will occur 'behind the scenes' and as such won't be too obvious to Fund members.

Two changes members will see are:

- The replacement of the Fund's current investment statement with a new document known as a product disclosure statement (PDS). Replacement of the existing investment statement by the PDS must have occurred by December next year.
- The appointment of Tim McGuinness as the Fund's licensed independent trustee (see page 8).

The timeline below shows some of our key proposed FMCA milestones (these are subject to change).

Dec 2015

- New trust deed provisionally finalised

Mar/Apr 2016

- New trust deed in approved form

June 2016

- New statement of investment policy and objectives provisionally approved
- Trustee company registered
- Draft PDS and new fund update template prepared

July 2016

- Investment management agreements & administration management agreement modified as appropriate
- PDS finalised
- Fund update template agreed

Aug 2016

- Fund forms updated
- Intended register entries approved as required

Sept 2016

- Initial fund updates finalised
- Trustees meet and execute/approve all documents effective 30 September 2016
- Register entries completed
- Notice advising FMCA adoption sent to members

A useful source of further information about the FMCA is the *Guide to the Financial Markets Conduct Act* from the Financial Markets Authority website, www.fma.govt.nz.

Managing the Fund

TRUSTEES

There are usually eight trustees. Four are appointed by the Company and four are elected by members. Elections are held for member-elected trustee positions every three years (unless a position becomes vacant more than 12 months prior to the next scheduled election).

During the Fund year, there were two changes to the company-appointed trustees. Brian Cooper resigned as Chair and as a trustee effective 4 June 2015. Gretta Stephens replaced Brian as Chair, and the Company appointed Tim McGuinness as the Fund's licensed independent trustee effective 5 June 2015.

As at 30 June 2015, the trustees of the Fund were:

Company-appointed



Gretta Stephens (Chair)

General Manager

New Zealand Aluminium Smelters Limited



Paula Checketts

Manager, Commercial Services

New Zealand Aluminium Smelters Limited



Paula Mayson

General Manager, Human Resources, Communications & External Relations

Pacific Aluminium Services Pty Limited



Tim McGuinness

Licensed independent trustee

Member-elected



Ken Bolger

Specialist Project Support

New Zealand Aluminium Smelters Limited



Grant Cuff

Accountant

New Zealand Aluminium Smelters Limited



Allan Meikle

VDC Casting Superintendent

New Zealand Aluminium Smelters Limited



Karen Sturman

Superintendent Safety & Loss Prevention

New Zealand Aluminium Smelters Limited

MEMBERSHIP AND BENEFITS COMMITTEE (MBC)

The MBC's terms of reference are to assist the trustees with:

- assessing ill-health and total disablement benefit claims and making decisions on the distribution of death benefits;
- resolving complaints;
- preparing and reviewing member communications and the Fund's accounts, annual report and investment statement.

Current members:

- Ken Bolger
- Paula Checketts
- Grant Cuff (Chair)*
- Allan Meikle
- Gretta Stephens
- Karen Sturman

*Grant Cuff was appointed as Chair of the MBC in place of Gretta Stephens effective 7 September 2015.

A DEDICATED SERVICE TEAM

The trustees are supported by a number of superannuation professionals who assist them with various specialist tasks:

Service	Adviser
Administration, accounting, actuarial, member education, communications and superannuation consulting	Mercer (N.Z.) Limited
Audit services	KPMG
Independent investment adviser	Melville Jessup Weaver
Investment consultant	Mercer (N.Z.) Limited
Legal advice	Chapman Tripp
Taxation services	Pacific Aluminium Services Pty Limited*

*Replaced by Deloitte from July 2015

PRIVACY ACT

Your personal information may be held by and, when necessary, passed amongst your employer, the trustees and the Fund's professional advisers for the purposes of managing your benefit in the Fund. If you wish to check or amend your personal information, please call the Fund Member Helpline 0508 266 787 (Australia 03 8681 1849; international +61 3 8681 1849).

FURTHER INFORMATION

If you would like further information about the Fund or your benefits, please call the Fund Member Helpline 0508 266 787 (Australia 03 8681 1849; international +61 3 8681 1849 or email rtnzrf@mercerc.com).

Any correspondence to the trustees should be addressed to the Fund Secretary at the following address:

Philippa Kalasih

Fund Secretary
Rio Tinto New Zealand Retirement Fund
Mercer (N.Z.) Limited
PO Box 2897
Wellington 6140

COMPLAINTS PROCEDURE

If you have a complaint, first call the Fund Member Helpline 0508 266 787 (Australia 03 8681 1849; international +61 3 8681 1849). If your complaint is complex, we may ask you to provide details in writing.

Once your complaint is received, the trustees have 40 working days to respond. If you are not satisfied by the trustees' response or if your complaint has not been resolved after 40 working days, you may refer the matter to the independent disputes resolution scheme operated by Financial Services Complaints Limited (FSCL) by emailing info@fscl.org.nz or by calling 0800 347 257.

Alternatively, you may write to FSCL at:

Financial Services Complaints Limited

101 Lambton Quay
PO Box 5967, Lambton Quay
Wellington 6145

Full details of how to access the FSCL scheme can be obtained on their website www.fscl.org.nz.

TRUST DEED AMENDMENTS

No amendments have been made to the Trust Deed since the date of the last annual report.

NOMINATING BENEFICIARIES

A death benefit is payable if you die while you are a Fund member. At the trustees' discretion this may be paid to your nominated beneficiaries, to your estate or to any person you are obliged to support (or to any two or more of those persons in such shares as the trustees determine). Your spouse will automatically be a nominated beneficiary, unless you otherwise notify the trustees in writing.

Before you joined the Fund you were given a nomination of beneficiary form to complete, to indicate to the trustees who you would like your benefit paid to in the event of your death. While the trustees are not bound by your nomination, they will take your wishes into account. You should remember to update your beneficiary details if your personal circumstances change. You should also ensure that you have an up-to-date will so that, if paid to your estate, your benefit is distributed as you would like.

It is important to make your wishes known and keep your nomination up to date, particularly if your family or relationship circumstances change. You can nominate more than one person and you can change this at any time. You can update your nomination by logging onto www.realsuper.superfacts.co.nz and going to the Beneficiaries page, or by calling the Helpline on 0508 266 787 (Australia 03 8681 1849, international +61 3 8681 1849).

INSURANCE OPTIONS

If your personal circumstances change, you may want to consider altering the amount of insurance cover provided by the Fund for your death, total and permanent disablement or ill-health. For example, you may consider that you require less cover when your children leave home, or alternatively more cover if you have recently married or have dependants reliant on your income.

You can apply to change your level of insurance each month with effect from the first of the following month (or another date nominated by the trustees) by completing and returning an 'Application to Change Insurance Cover' form at least five working days before you wish the change to take effect. Forms are available from the 'Documents & forms' page of the Fund website www.realsuper.superfacts.co.nz.

Note that if you decide to change to a higher level of cover, you will have to complete a medical questionnaire and, if required, attend a medical examination. The trustees may then impose restrictions on the amount, or the conditions for payment, of your increased cover (or refuse to allow the increase).

MEMBERSHIP SUMMARY

Active members

Active members as at 1 July 2014	677
Plus: New entrants	39
Less: Leaving service withdrawals	(29)
Transfers to retirement accounts	(2)
Total active members as at 30 June 2015	685

Retirement account members

Retirement account members as at 1 July 2014	55
Plus: New retirement account holders	2
Less: Full withdrawals	(2)
Total retirement account members as at 30 June 2015	55
Total membership as at 30 June 2015	740

DECLARED MONTHLY EARNING RATES

Every month between July and May, the trustees determine a monthly earning rate for each investment option, based on the Fund's investment returns less an estimated allowance for investment expenses and taxes. At the end of each Fund year (30 June), final earning rates are calculated for June, based on the Fund's financial statements, information from investment managers, taxation and the rates already applied for the previous 11 months. The following table shows the monthly earning rates used during the year and the cumulative earning rates for the period commencing 1 July 2014.

Period	Cash		Conservative		Balanced		Growth	
	Monthly rate	Cumulative year-to-date	Monthly rate	Cumulative year-to-date	Monthly rate	Cumulative year-to-date	Monthly rate	Cumulative year-to-date
2014								
July	0.23%	0.23%	0.36%	0.36%	0.30%	0.30%	0.24%	0.24%
August	0.22%	0.45%	1.21%	1.57%	1.83%	2.14%	2.38%	2.63%
September	0.21%	0.66%	0.12%	1.70%	0.08%	2.22%	-0.07%	2.55%
October	0.24%	0.90%	1.15%	2.87%	1.74%	4.00%	2.43%	5.05%
November	0.20%	1.10%	0.81%	3.70%	1.20%	5.24%	1.57%	6.70%
December	0.25%	1.36%	0.43%	4.14%	0.34%	5.60%	0.18%	6.89%
2015								
January	0.23%	1.59%	1.72%	5.94%	2.50%	8.24%	3.34%	10.46%
February	0.20%	1.79%	0.85%	6.84%	1.51%	9.88%	2.13%	12.81%
March	0.23%	2.03%	0.03%	6.87%	-0.22%	9.63%	-0.40%	12.36%
April	0.24%	2.27%	0.15%	7.03%	0.14%	9.79%	0.14%	12.52%
May	0.22%	2.50%	0.84%	7.93%	1.63%	11.58%	2.50%	15.33%
June	0.24%	2.74%	-0.15%	7.77%	-0.42%	11.11%	-0.57%	14.67%

NB: Cumulative returns are calculated using compound returns and are rounded
Returns are after tax and investment-related expenses
Past performance is not a guide to future performance.

If the trustees declare a negative year-end, or monthly earning rate in any year for any investment option in which your account balances are invested, a corresponding reduction will be made to your accounts.



Cheryl Kemp
Senior Technical Officer
HSE & Analytical

LEAVING THE FUND

Interim earning rate

When you leave the Fund, an interim earning rate will be allocated to your accounts for the period between the latest month for which the declared monthly earning rate(s) have been declared and the date your benefit becomes payable (or, if you are a retirement account holder, to the date your benefit is otherwise payable).

The interim earning rate will be calculated using the returns earned by four unitised funds with asset allocations very similar to those of the Fund's investment options. Those unitised funds are used because the unit prices are readily available and are calculated on an after-tax basis. They are referred to as 'proxy funds':

Fund investment option	Proxy fund*
Cash	Mercer Super Trust Cash Fund
Conservative	Mercer Super Trust Conservative Fund
Balanced	Mercer Super Trust Balanced Fund
Growth	Mercer Super Trust High Growth Fund

*Minor adjustments are made to reflect the lower investment fees applicable to the Fund's investment options.

A reduction will be made to your accounts if the interim earning rate(s) for the final period before a benefit becomes payable is (or are) negative.

Late payment earnings rate

If you leave service and do not elect (if permitted) to leave your benefit in the Fund, earnings for the period from the day after you left service until the date when your benefit is actually paid (or, in the case of a locked-in account balance, transferred to a KiwiSaver scheme) will be applied to your balance based on the after-tax rate of interest earned by the Fund's bank account for the month prior to the date of payment. This is to ensure that any delays in processing benefit payments or transfers, for whatever reason, do not result in benefits being eroded by adverse movements in the Fund's investment options or proxy fund returns.

Note: the late payment earning policy does not apply if you elect to leave your benefit in the Fund and become a retirement account holder. In this case, earnings based on your chosen investment option(s) will continue to apply.

Changes to earning rates policy

The trustees reserve the right to alter their earning rates policy in the event of significant market movements (for example, if any of the large global share markets or the New Zealand or Australian share markets falls by more than 10% in a single day or if any or all of those share markets are forced to close for an entire day or more because of any other unexpected event).

EARNINGS APPLIED TO YOUR BENEFIT

Regardless of the benefit that becomes payable (including a death or disablement benefit) the following earning rates will be applied to your accounts (for each applicable investment option) when your benefit is calculated:

Up until the date when the benefit became payable

- The *declared monthly earning rate* for the latest month for which this is known as at the date when the benefit became payable;
- and
- The *interim earning rate* for the period from the end of that month up to the date when the benefit became payable.

From the day when the benefit became payable

- The *late payment earnings* rate to the date your benefit is actually paid.

CHANGING INVESTMENT OPTIONS

If you elect to switch investment options, the amount switched will be calculated based on the declared monthly earning rate(s) applicable to your current investment choice(s). The new investment option(s) you choose will take effect from the first of the month following the date your completed 'Application to Change Investment Option(s)' form is received by the Fund's Administration Manager or your online switch is submitted.



Colin McKee
Metallurgical Technician
HSE & Analytical

Summary Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
Statement of Changes in Net Assets		
Investment Activities		
Net Investment Income	13,107,977	14,537,547
Other Income	-	207,629
Net Income	<u>13,107,977</u>	<u>14,745,176</u>
<i>Less</i>		
Other Expenses		
Catastrophe Insurance Premiums	56,961	56,839
Investment Consulting Fees	129,167	118,802
Total Other Expenses	<u>186,128</u>	<u>175,641</u>
Change in Net Assets before Taxation and Membership Activities	12,921,849	14,569,535
Income Tax Expense	(483,964)	2,407,241
Change in Net Assets after Taxation and before Membership Activities	<u>13,405,813</u>	<u>12,162,294</u>
Membership Activities		
Member Contributions	2,447,129	2,311,484
Member Tax Credits	109,536	125,737
Employer Contributions	4,460,341	4,322,306
Transfers in from Other Schemes	-	-
<i>Less</i> Benefits Paid	5,440,122	8,218,101
Net Membership Activities	<u>1,576,884</u>	<u>(1,458,574)</u>
Net Increase in Net Assets During the Year	<u>14,982,697</u>	<u>10,703,720</u>
Statement of Net Assets		
Assets		
Cash at Bank	1,130,436	862,845
Investments	134,308,330	121,029,077
Employer Contributions Receivable	-	137,529
Income Receivable	-	4,752
Sundry Debtors	1,327	618
Prepayments	15,874	16,030
Income Tax Receivable	17,907	-
Deferred Tax	1,526,693	-
Total Assets	<u>137,000,567</u>	<u>122,050,851</u>
<i>Less</i>		
Current Liabilities		
Contributions Refundable	-	1,117
Benefits Payable	430,297	340,036
Sundry Creditors	31,425	44,460
Income Tax Payable	-	109,090
Total Liabilities	<u>461,722</u>	<u>494,703</u>
Net Assets available to Pay Benefits	<u>136,538,845</u>	<u>121,556,148</u>
Vested Benefits*	<u>133,143,809</u>	<u>118,731,995</u>
Statement of Cash Flows		
Net Cash Flows from/(used in) Operating Activities	1,593,349	(958,465)
Net Cash Flows (used in)/from Investing Activities	(1,325,758)	941,252
Net Decrease in Cash Held	267,591	(17,213)
Cash at Beginning of Year	862,845	880,058
Cash at End of Year	<u>1,130,436</u>	<u>862,845</u>

*Vested Benefits are benefits payable to members or beneficiaries under the conditions of the Trust Deed, on the basis of all members ceasing to be members of the Fund at balance date.

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

A summary of the Fund's audited financial statements for the year ended 30 June 2015 which were authorised for issue by the Trustees on 28 September 2015 is shown on page 14 of this annual report. The summary financial statements have been extracted from the full audited financial statements dated 30 June 2015 which were authorised for issue on 28 September 2015. The summary financial statements have been prepared in accordance with FRS-43 Summary Financial Statements.

The full financial statements have been prepared in accordance with generally accepted accounting practice and they comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The Fund has made an explicit and unreserved statement of compliance with NZ IFRS in note 2 of its full financial statements.

The financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Fund operates.

The summary financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements of changes in net assets, net assets and cash flows of the Fund. A copy of the full financial statements can be obtained, free of charge, from the Fund's Administration Manager. The Fund is a profit orientated entity.

The auditor has examined the summary financial statements for consistency with the audited financial statements and has issued an unqualified opinion on both the summary financial statements and the full financial statements.



Casey Black
Operator, Crew 4
Carbon Rodding

Audit Report



TO THE MEMBERS OF RIO TINTO NEW ZEALAND RETIREMENT FUND

The accompanying summary financial statements on pages 14 to 15, which comprise the summary statement of net assets as at 30 June 2015 and the summary statement of changes in net assets and cash flows for the year then ended and notes, are derived from the audited financial statements of Rio Tinto New Zealand Retirement Fund ("the fund") for the year ended 30 June 2015. We expressed an unmodified audit opinion on those financial statements in our report dated 28 September 2015.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of Rio Tinto New Zealand Retirement Fund.

TRUSTEES' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The trustees are responsible for the preparation of a summary of the audited financial statements, in accordance with *FRS-43 Summary Financial Statements*.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 *Engagements to Report on Summary Financial Statements*.

Other than in our capacity as auditor, we have no relationship with of interests in the fund.

OPINION

In our opinion, the summary financial statements, derived from the audited financial statements of Rio Tinto New Zealand Retirement Fund for the year ended 30 June 2015, are a fair summary of those financial statements, in accordance with *FRS-43 Summary Financial Statements*.

28 September 2015
Wellington



Kim Watters
Laboratory Technician
NZAS Laboratory.

Trustees' Statement

The trustees of the Rio Tinto New Zealand Retirement Fund:

- i. state that all contributions required to be made to the Fund in accordance with the terms of the Trust Deed have been made;
- ii. certify that all benefits required to be paid from the Fund in accordance with the terms of the Trust Deed have been paid;
- iii. certify that the market value of the assets of the Fund as at 30 June 2015 exceeded the total value of the benefits that would have been payable had all members of the Fund ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at 30 June 2015;
- iv. state that during the year ended 30 June 2015 more than 10% of the market value of the assets of the Fund (calculated in accordance with generally accepted accounting practice) was invested in underlying funds issued and managed by (or by associated persons of) each of AMP Capital Investors (New Zealand) Limited, ANZ New Zealand Investments Limited and Mercer (N.Z.) Limited, who manage certain of the Fund's investments.
- v. state that in their opinion, after due enquiry by them, neither the value of the Fund's assets relative to its liabilities (including contingent liabilities) nor the ability of the Fund to pay its debts as they become due in the normal course of business have materially and adversely changed since 30 June 2015;
- vi. state that by reason of their meeting all 'administrative costs' (as defined in clause 7(3) of the Securities Act (Employer Superannuation Schemes) Exemption Notice 2004) for the Fund, the employers participating in the Fund were not required, under the terms of the offer of Fund membership required by clause 7 of that Notice, to incur costs for the year ended 30 June 2015;
- vii. state that the market value of the Fund's assets subject to complying fund rules (i.e. held in locked-in accounts) as at 30 June 2015 was \$8,119,072 relating to 285 members; and
- viii. state that the value of withdrawals made from locked-in accounts during the year ended 30 June 2015 was \$362,401.

Signed for and on behalf of the trustees:



Trustee



Trustee



Kris Lambie
Operator, Crew 2
Ingot

