

**COMPANY NUMBER 245487**

**RIO TINTO PACIFIC HOLDINGS LIMITED**  
**ANNUAL REPORT AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

March 2000



DIRECTORS: B G Gale  
A V Lawless  
S F McAdam  
I C Ratnage

SECRETARY: M J Whyte

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

AUDITORS: PricewaterhouseCoopers  
1 Embankment Place  
London  
WC2N 6NN

## REPORT OF THE DIRECTORS

The directors present their report, together with the audited financial statements for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

Rio Tinto Pacific Holdings Limited is a wholly owned subsidiary of Rio Tinto plc ("Rio Tinto"). During the year, the Company sold its investment to a fellow subsidiary undertaking. The sale proceeds have been used to make an interest bearing loan to a fellow group company.

The results of the Company for the year ended 31 December 1999 are set out on page 6.

DIVIDENDS

An interim ordinary dividend of £75,000,000 was paid to equity shareholders on 20 December 1999 (1998 - £253,000,000). The directors do not recommend the payment of a final dividend to equity shareholders (1998 - nil). A preference dividend of A\$9,527,500 (£3,807,801) was paid on 23 December 1999 (1998 - nil).

DIRECTORS

The names of the directors in office at the date of this report are shown on page 2.

DIRECTORS' INTERESTS

The directors who held office on 31 December 1999 and whose interests are not reported in the financial statements of a parent company had the following interests in the ordinary shares of Rio Tinto, the ultimate parent company, as recorded in the register required to be kept by Section 325 of the Companies Act 1985:-

	<u>Ordinary shares of 10p each of Rio Tinto</u>		<u>Options over ordinary shares of 10p each of Rio Tinto</u>				<u>Long Term Incentive Plans<sup>3</sup></u>	
	<u>01.01.99<sup>1</sup></u>	<u>31.12.99</u>	<u>01.01.99<sup>1</sup></u>	<u>Granted</u>	<u>Exercised</u>	<u>31.12.99<sup>2</sup></u>	<u>01.01.99<sup>1</sup></u>	<u>31.12.99</u>
B G Gale	5,313	6591	10,046	8,660	501	18,205	3,369	2,443

<sup>1</sup> Or date of appointment, if later.

<sup>2</sup> Options cancelled during the year are not shown above and as such the options figure for the year end will not necessarily be equal to the sum of the opening figure and the options granted, less the options exercised.

<sup>3</sup> Represents the maximum number of ordinary shares in Rio Tinto that may be awarded to the directors at a future date as a result of their participation in the FTSE Plan and Mining Companies Comparative Plan. For further information regarding Rio Tinto's long-term incentive plans, including the FTSE Plan, Mining Companies Comparative Plan and Mining Plan, please see the Rio Tinto Group financial statements.

DIRECTORS' INTERESTS continued

The directors are also deemed to have an interest in a trust fund containing 315,395 Rio Tinto ordinary shares at 31 December 1999 (1 January 1999 – 379,367) as potential beneficiaries, together with other Rio Tinto Group employees.

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, will therefore be deemed to have been reappointed 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 and 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.

YEAR 2000

The Company completed its preparations for the Year 2000 computer risk during 1999. As far as the directors are aware, the Company has experienced no disruption to its operations or significant impairment of its assets due to the Year 2000 problem. Also, the directors believe that there is no further exposure to significant risks or uncertainties associated with the Year 2000 issue.

BY ORDER OF THE BOARD



M J Whyte  
Secretary

6 St. James's Square,  
London SW1Y 4LD

1 March 2000

**AUDITORS' REPORT TO THE MEMBERS OF RIO TINTO PACIFIC HOLDINGS LIMITED**

We have audited the financial statements on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

**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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London

1 March 2000

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999

	<u>Note</u>	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
Income from shares in subsidiary undertaking		-	340,000
Interest receivable from fellow subsidiary undertaking		72,754	-
Exceptional operating expense	2	<u>-</u>	<u>(79,832)</u>
Operating profit		72,754	260,168
Profit on disposal of investment	3	2,538,500	-
Other interest receivable		<u>66</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	2,611,320	260,168
Tax on profit on ordinary activities	5	<u>-</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,611,320	260,168
Dividends (including appropriations in respect of non-equity shares)	6	<u>(79,016)</u>	<u>(253,000)</u>
RETAINED PROFIT FOR THE YEAR		<u>2,532,304</u>	<u>7,168</u>
MOVEMENT IN RETAINED EARNINGS			
At 1 January		93,146	85,978
Retained profit for the year		2,532,304	7,168
Transfer to other reserves		<u>(641)</u>	<u>-</u>
At 31 December		<u>2,624,809</u>	<u>93,146</u>

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.

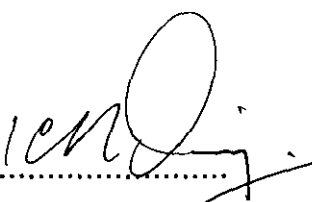
All items dealt with in arriving at the operating profit for 1999 relate to continuing operations. The operating profit for 1998 relates to discontinued operations, since the Company no longer acts as an investment holding company.

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

## BALANCE SHEET AS AT 31 DECEMBER 1999

	NOTE	1999 £000	1998 £000
FIXED ASSETS			
Investments	7	-	386,500
CURRENT ASSETS			
Debtors	8	3,680,521	640,589
CREDITORS: Amounts falling due within one year	9	(4,016)	(8,933)
NET CURRENT ASSETS		<u>3,676,505</u>	<u>631,656</u>
NET ASSETS		<u>3,676,505</u>	<u>1,018,156</u>
CAPITAL AND RESERVES			
Called up share capital	10	1,051,055	925,010
Profit and loss account	11	2,624,809	93,146
Other reserves	11	641	-
Shareholders' funds	12	<u>3,676,505</u>	<u>1,018,156</u>
ANALYSIS OF SHAREHOLDERS' FUNDS			
Equity		3,549,819	1,018,156
Non-equity cumulative redeemable preference shares		<u>126,686</u>	-
		<u>3,676,505</u>	<u>1,018,156</u>

The financial statements on pages 6 to 12 were approved by the Board of Directors on 1 March 2000 and signed on its behalf by:

  
 .....  
 I C Ratnage, Director

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

## NOTES TO THE 1999 FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

- a) The financial statements have been prepared on the historical cost basis and in accordance with applicable UK accounting standards.

b) Investment Income

Dividends from companies registered in England and Wales are accounted for on an accruals basis. Interest is accounted for on an accruals basis.

c) Investments

Fixed asset investments are valued at cost less impairment provisions. Impairment provisions are determined by comparing the carrying value of the investment with its recoverable amount. The recoverable amount is the higher of the amount that can be obtained from selling the investment or the value of expected cash flows arising from holding the investment, discounted at the rate of return that the market would expect from an equally risky investment.

d) 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 denominated in foreign currencies are translated at the rate of exchange ruling at the end of the financial year. Exchange differences are dealt with in the profit and loss account.

e) Other Reserves

The Australian dollar share capital is recorded at its historic exchange rate. Any increase in the sterling equivalent is transferred from the profit and loss account to other reserves.

2. EXCEPTIONAL OPERATING EXPENSE

During 1998, the Company incurred an exchange loss of £79,832,000 in respect of foreign exchange forward contracts with fellow subsidiary undertakings.

3. PROFIT ON DISPOSAL OF INVESTMENT

During the year, the Company sold its investment in Rio Tinto Australian Holdings Limited to a fellow subsidiary undertaking. The gain on disposal was £2,538,500,000. There is no taxation attributable to this gain.



## NOTES TO THE 1999 FINANCIAL STATEMENTS continued

4. OPERATING COSTS

- a) The auditors' remuneration is borne by a fellow group undertaking (1998 – nil).
- b) The average number of persons employed during the year, excluding directors, was nil (1998 – nil).
- c) No emoluments were paid to any of the directors in respect of their services to the Company (1998 – nil).

5. TAXATION

The Company ceased to pay/(receive payment for) Group relief with effect from 1 January 1998. There is no taxation charge for the year because of tax losses brought forward from prior years (see note 13).

6. DIVIDENDS AND APPROPRIATIONS

	<u>1999</u> £000	<u>1998</u> £000
Cumulative redeemable preference shares		
Dividend paid	3,808	-
Dividend accrued	<u>208</u>	<u>-</u>
	4,016	-
Ordinary shares		
Dividend paid	<u>75,000</u>	<u>253,000</u>
	<u>79,016</u>	<u>253,000</u>

7. FIXED ASSET INVESTMENT

	<u>1999</u> £000	<u>1998</u> £000
<u>Cost</u>		
At 1 January	386,500	386,500
Disposal	<u>(386,500)</u>	<u>-</u>
At 31 December	<u>-</u>	<u>386,500</u>

The Company sold its 100% holding in Rio Tinto Australia Holdings Limited in the year to a fellow subsidiary undertaking (see note 3).

## NOTES TO THE 1999 FINANCIAL STATEMENTS continued

8. DEBTORS

	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
Amount due from parent and fellow subsidiary undertakings	3,605,025	628,980
Amount due from ultimate parent undertaking	70,529	9,519
Taxation recoverable	-	2,090
Other debtors	<u>4,967</u>	<u>-</u>
	<u>3,680,521</u>	<u>640,589</u>

Amounts due from parent and fellow subsidiary undertakings include interest-bearing loans of £2,925,000,000 (which was repaid on 22 February 2000) and £126,045,000 (which is repayable on or before 28 July 2000).

9. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1999</u> <u>£000</u>	<u>1998</u> <u>£000</u>
Amount due to fellow subsidiary undertaking	3,808	8,634
Amount due to subsidiary undertaking	-	299
Accrued preference dividend	<u>208</u>	<u>-</u>
	<u>4,016</u>	<u>8,933</u>

## NOTES TO THE 1999 FINANCIAL STATEMENTS continued

10. SHARE CAPITAL

	<u>1999</u> £000	<u>1998</u> £000
<u>Authorised</u>		
<u>Equity capital</u>		
925,010,000 Ordinary shares of £1 each (1998 – 925,010,000)	<u>925,010</u>	<u>925,010</u>
<u>Non-equity capital</u>		
500,000,000 5.8684% cumulative redeemable 'A' preference shares of £1 each (1998 – 500,000,000)	500,000	500,000
425,000,000 4.48966% cumulative redeemable 'B' preference shares of £1 each (1998 – 425,000,000)	425,000	425,000
309,000,000 7.5% cumulative redeemable preference shares of A\$1 each (1998 - nil)	<u>126,045</u>	<u>-</u>
	<u>1,051,045</u>	<u>925,000</u>
	<u>1,976,055</u>	<u>1,850,010</u>
	<u>1999</u> £000	<u>1998</u> £000
<u>Issued and fully paid</u>		
<u>Equity capital</u>		
925,010,000 Ordinary shares of £1 each (1998 – 925,010,000)	925,010	925,010
<u>Non-equity capital</u>		
309,000,000 cumulative redeemable preference shares of A\$1 each (1998 - nil)	<u>126,045</u>	<u>-</u>
	<u>1,051,055</u>	<u>925,010</u>

During the year, 309,000,000 cumulative redeemable preference shares of A\$1 each were issued for cash. The consideration received was £126,045,278 (A\$309,000,000).

These preference shares carry a fixed cumulative preferential dividend at the rate of 7.5% per annum, payable yearly in arrears on 23 December. The shares are redeemable at par at the option of shareholders, on provision of not less than two days notice. There is no fixed redemption date. The shares have a preferential right to return of capital and of arrears and accruals of dividends, on a winding up. The holders have voting rights (1 vote for each 30 preference shares held).

## NOTES TO THE 1999 FINANCIAL STATEMENTS continued

11. RESERVES

	Profit and loss account £000	Other reserves £000
At 1 January 1999	93,146	-
Retained profit for the year	2,532,304	-
Transfer	(641)	641
At 31 December 1999	<u>2,624,809</u>	<u>641</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £000	1998 £000
Profit for the financial year	2,611,320	260,168
Dividends and appropriations	(79,016)	(253,000)
Issue of preference shares	<u>126,045</u>	-
Net addition to shareholders' funds	2,658,349	7,168
Opening shareholders' funds	<u>1,018,156</u>	<u>1,010,988</u>
Closing shareholders' funds	<u>3,676,505</u>	<u>1,018,156</u>

13. DEFERRED TAX

A potential deferred tax asset of £2,103,710 (1998 - £24,747,954) arising from losses carried forward estimated to be £7,012,367 (1998 - £79,832,112) has not been recognised. This represents the full amount of potential deferred taxation.

14. 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 No.1 exempting inclusion are satisfied. The Company is also exempt under the terms of Financial Reporting Standard No.8 from disclosing related party transactions with entities that are part of the Rio Tinto group or investees of the Rio Tinto group.

15. 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.

16. POST BALANCE SHEET EVENT

An interim dividend of £2,600,000,000 was paid to equity shareholders on 22 February 2000.