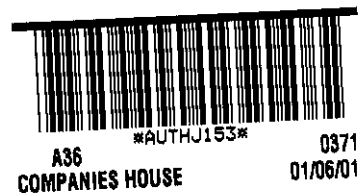


COMPANY NUMBER 245487

RIO TINTO PACIFIC HOLDINGS LIMITED
ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

18 May 2001



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 6RH

REPORT OF THE DIRECTORS

The directors present their report, together with the audited financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

Rio Tinto Pacific Holdings Limited is a wholly owned subsidiary of Rio Tinto plc ("Rio Tinto"). The Company has an interest bearing loan with a fellow subsidiary undertaking.

The results of the Company for the year ended 31 December 2000 are set out on page 6.

REPORTING CURRENCY

During 2000, the Company's functional currency changed from Sterling into US dollars. These financial statements are therefore presented in US dollars, including the comparatives for 1999. This change is explained in more detail in the Accounting Policies note on pages 8 and 9.

SHARE CAPITAL

On 29 February 2000, shareholders approved a Special Resolution under which the capital of the Company was subsequently reduced by cancelling and extinguishing 920,010,000 issued ordinary shares of £1 each, on terms that the amount paid up or credited as paid up on such shares was repaid to the holder.

DIVIDENDS

An interim ordinary dividend of £2,600,000,000 (US\$4,198,740,000) was paid to equity shareholders on 21 February 2000 (1999 - £75,000,000 - US\$120,750,000). The directors do not recommend the payment of a final dividend to equity shareholders (1999 - nil). A preference dividend of A\$23,175,000 (US\$12,611,835) was paid on 22 December 2000 (1999 - A\$9,527,500 - US\$6,130,560).

DIRECTORS

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

DIRECTORS' INTERESTS

As all directors of the Company as at 31 December 2000 were directors of a parent company, their interests in Rio Tinto do not need to be separately disclosed here.

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.

BY ORDER OF THE BOARD


M J Whyte
Secretary

6 St. James's Square
London SW1Y 4LD

18 May 2001

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

We have audited the financial statements on pages 6 to 11 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

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 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

18 May 2001

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	<u>Note</u>	<u>2000</u> \$000	<u>1999</u> \$000
Interest receivable from fellow subsidiary undertaking		49,943	117,135
Other interest receivable		-	106
Operating costs – exchange losses	3	<u>(40,298)</u>	<u>-</u>
Operating profit		9,645	117,241
Profit on disposal of investment	2	<u>-</u>	<u>4,086,985</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		9,645	4,204,226
Tax on profit on ordinary activities		<u>-</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		9,645	4,204,226
Dividends (including appropriations in respect of non-equity shares)	4	<u>(4,211,370)</u>	<u>(127,216)</u>
RETAINED (LOSS)/PROFIT FOR THE YEAR		<u>(4,201,725)</u>	<u>4,077,010</u>

MOVEMENT IN RETAINED EARNINGS

At 1 January		4,225,943	149,965
Retained (loss)/profit for the year		(4,201,725)	4,077,010
Transfer to other reserves	8	<u>(8,939)</u>	<u>(1,032)</u>
At 31 December		<u>15,279</u>	<u>4,225,943</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.

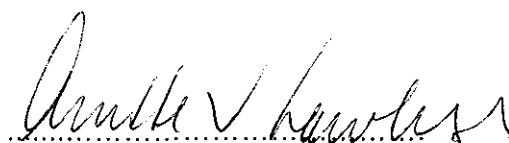
All items dealt with in arriving at the operating profit for 1999 and 2000 relate to continuing operations. The profit on disposal of investment in 1999 relates to discontinued operations, since the company no longer acts as an investment holding company.

The notes on pages 8 to 11 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2000

	<u>NOTE</u>	<u>2000</u> \$000	<u>1999</u> \$000
CURRENT ASSETS			
Debtors	5	265,349	5,925,639
CREDITORS: Amounts falling due within one year	6	<u>(321)</u>	<u>(6,466)</u>
NET ASSETS		<u>265,028</u>	<u>5,919,173</u>
CAPITAL AND RESERVES			
Called up share capital	7	168,945	1,692,198
Profit and loss account		15,279	4,225,943
Other reserves	8	<u>80,804</u>	<u>1,032</u>
Shareholders' funds		<u>265,028</u>	<u>5,919,173</u>
ANALYSIS OF SHAREHOLDERS' FUNDS			
Equity		93,362	5,715,209
Non-equity cumulative redeemable preference shares		<u>171,666</u>	<u>203,964</u>
		<u>265,028</u>	<u>5,919,173</u>

The financial statements on pages 6 to 11 were approved by the Board of Directors on 18 May 2001 and signed on its behalf by:



Director

The notes on pages 8 to 11 form part of these financial statements.

NOTES TO THE 2000 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 also accounted for on an accruals basis.

c) Reporting Currency

In previous years, the Company has presented its financial statements in Sterling. The principal currency affecting Rio Tinto's international operations is the US dollar, and during the current year all financing provided to/by the Company has been re-denominated into the US dollar. Accordingly, the directors have concluded that the US dollar should be regarded as the principal currency affecting the Company's own cash flows. As a result, the financial statements have been presented in US dollars, including the comparatives for 1999. Non-monetary items have been translated into US dollars at the exchange rate in force when the change arose or on 1 January 2000, depending on the item's underlying currency exposure. Monetary items have been translated at year-end exchange rates. The comparative 1999 balance sheet and profit and loss account, and related note disclosures, have been presented using year-end exchange rates.

At 31 December 2000, the Sterling:US dollar exchange rate was £1:US\$1.49 (31 December 1999 - £1:US\$1.61).

d) Currency Translation

Except as noted before, 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, are dealt with in the profit and loss account.

e) Preference Shares

In previous years, the Australian dollar share capital, which is redeemable, was recorded in Sterling at its historic exchange rate. This share capital has been translated into US dollars at the rate in force when the Company's functional currency changed. Previously, any increase in the Sterling equivalent (calculated at year-end exchange rates) above the book value was transferred from the profit and loss account to other reserves. This same policy is applied to the US dollar equivalent.

The shareholders' funds attributed to non-equity shares are based on the net proceeds of issue, translated at the year-end exchange rate.

NOTES TO THE 2000 FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES Continuedf) Taxation

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

2. PROFIT ON DISPOSAL OF INVESTMENT

During 1999, the Company sold its investment in Rio Tinto Australian Holdings Limited to a fellow subsidiary undertaking. The gain on disposal was \$4,086,985,000. There is no taxation attributable to this gain.

3. OPERATING COSTS

- a) The auditors' remuneration is borne by a fellow group undertaking (1999 – nil).
- b) The average number of persons employed during the year, excluding directors, was nil (1999 – nil).
- c) No emoluments were paid to any of the directors in respect of their services to the Company (1999 – nil).

4. DIVIDENDS AND APPROPRIATIONS

	<u>2000</u> \$000	<u>1999</u> \$000
Cumulative redeemable preference shares		
Dividend paid	12,644	6,131
Movement in dividend accrual	<u>(14)</u>	<u>335</u>
	12,630	6,466
Ordinary shares		
Dividend paid	<u>4,198,740</u>	<u>120,750</u>
	<u>4,211,370</u>	<u>127,216</u>

5. DEBTORS

	<u>2000</u> \$000	<u>1999</u> \$000
Amounts due from parent and fellow subsidiary undertakings	222,712	5,804,090
Amount due from ultimate parent undertaking	42,316	113,552
Accrued income	<u>321</u>	<u>7,997</u>
	<u>265,349</u>	<u>5,925,639</u>

The amounts due from parent and fellow subsidiary undertakings include an interest bearing loan of \$173,456,205 (1999 : \$4,912,182,450). Accrued income represents interest on this loan.

NOTES TO THE 2000 FINANCIAL STATEMENTS continued

6. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2000</u> \$000	<u>1999</u> \$000
Amount due to fellow subsidiary undertaking	-	6,131
Accrued preference dividend	<u>321</u>	<u>335</u>
	<u>321</u>	<u>6,466</u>

7. SHARE CAPITAL

	<u>2000</u> \$000	<u>1999</u> \$000
<u>Authorised</u>		
<u>Equity capital</u>		
5,000,000 Ordinary shares of £1 each (1999 – 925,010,000)	<u>7,250</u>	<u>1,489,266</u>
<u>Non-equity capital</u>		
Nil 5.8684% cumulative redeemable 'A' preference shares of £1 each (1999 – 500,000,000)	-	805,000
Nil 4.48966% cumulative redeemable 'B' preference shares of £1 each (1999 – 425,000,000)	-	684,250
309,000,000 7.5% cumulative redeemable preference shares of A\$1 each (1999 - 309,000,000)	<u>161,695</u>	<u>202,932</u>
	<u>161,695</u>	<u>1,692,182</u>
	<u>168,945</u>	<u>3,181,448</u>
	<u>2000</u> \$000	<u>1999</u> \$000

Issued and fully paidEquity capital

5,000,000 Ordinary shares of £1 each (1999 - 925,010,000)	7,250	1,489,266
<u>Non-equity capital</u>		
309,000,000 cumulative redeemable preference shares of A\$1 each (1999 - 309,000,000)	<u>161,695</u>	<u>202,932</u>
	<u>168,945</u>	<u>1,692,198</u>

NOTES TO THE 2000 FINANCIAL STATEMENTS continued

7. SHARE CAPITAL Continued

During the year, 920,010,000 issued Ordinary shares were cancelled and extinguished on terms that the amount paid-up or credited as paid-up be repaid to the holder. This capital reduction resulted from the disposal of the Company's subsidiary undertaking during 1999.

The preference shares carry a fixed cumulative preferential dividend at the rate of 7.5% per annum, payable yearly in arrears on 22 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).

8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share capital \$000	Profit and loss account \$000	Other reserves \$000	Total \$000
At 1 January 2000	1,692,198	4,225,943	1,032	5,919,173
Adjustment on currency translation	(70,833)	-	70,833	-
Share capital reduction	(1,452,420)	-	-	(1,452,420)
Transfer from other reserves (see note 1e)	-	(8,939)	8,939	-
Retained loss for the year	-	(4,201,725)	-	(4,201,725)
At 31 December 2000	<u>168,945</u>	<u>15,279</u>	<u>80,804</u>	<u>265,028</u>

The Company's share capital has been translated into US dollars at the exchange rate in force when the US dollar became the functional currency. The currency translation adjustment has been included in other reserves.

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 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.

10. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Orlinpoint Limited, which owns the cumulative redeemable preference shares in issue and thereby holds a majority of the voting rights. 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.