

COMPANY NUMBER 245487

(67)

RIO TINTO PACIFIC HOLDINGS LIMITED
(formerly R.T.Z. PACIFIC HOLDINGS LIMITED)
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1997



DIRECTORS	:	M.M. Freeman B.G. Gale S.F. McAdam I.C. Ratnage
SECRETARY	:	B.G. Gale
REGISTERED OFFICE	:	6 St James's Square London SW1Y 4LD
AUDITORS	:	Coopers & Lybrand 1 Embankment Place London WC2N 6NN

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the sixty eighth annual general meeting of RIO TINTO PACIFIC HOLDINGS LIMITED will be held at 6 St James's Square, London SW1Y 4LD on 5 February 1998 at 10.30 a.m. for the following purposes:-

1. To receive and, if approved, adopt the report of the directors and the audited accounts for the year ended 31 December 1997.
2. To re-appoint the auditors.
3. To transact any other ordinary business of the Company.

NOTE

A member of the Company who is entitled to attend and vote is entitled to appoint a proxy to attend and vote on his behalf and the proxy need not be a member of the Company.

By Order of the Board



B.G. Gale
Secretary

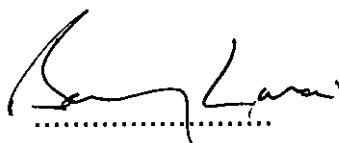
6 St James's Square
London SW1Y 4LD

5 February 1998

CONSENT OF SHORT NOTICE

We, the undersigned, being registered as the holders of the entire issued share capital of the above Company, HEREBY CONSENT to the annual general meeting being held on the date and at the time and place set forth and we hereby waive all rights to other notice of such meeting notwithstanding that less than 21 days' notice has been given of the meeting.

For and on behalf of:-
AUSTRALASIAN HOLDINGS LIMITED



Director

For and on behalf of:-
RIO TINTO NOMINEES LIMITED



Director

REPORT OF THE DIRECTORS

The directors have pleasure in submitting the sixty eighth annual report and audited accounts of the Company for the year ended 31 December 1997.

CHANGE OF NAME

Following the passing of a special resolution on 10 June 1997, the Company changed its name from R.T.Z. Pacific Holdings Limited to Rio Tinto Pacific Holdings Limited, the effective date being 23 June 1997.

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 is a holding company and the directors intend the Company to continue its present activities as a holding company.

The results of the Company for the year ended 31 December 1997 are set out on page 8.

SHARE CAPITAL

During the year the following changes were made to the share capital of the Company:

- i) The authorised share capital was increased to £1,850,010,000 on 13 February 1997.
- ii) 500,000,000 ordinary shares of £1 each were allotted as fully paid to Australasian Holdings Limited on 13 February 1997.
- iii) All 500,000,000 redeemable 'A' preference shares of £1 each were redeemed at par by the Company on 13 February 1997.

DIVIDENDS

The directors declared and paid preference dividends of £8,360,404 on 13 February 1997 to 'A' preference shares (1996 - preference dividends of £43,746,045). An amount of £nil (1996: £4,903,699) is included in the profit and loss on 'A' and 'B' preference shares account by way of accrued dividend due to the holders of 'A' preference shares. No dividend on the ordinary shares is proposed (1996 - nil).

DIRECTORS

The names of the directors at the date of this report are shown on page 2. Mr G.C. Lloyd-Davis resigned as a director of the Company on 30 January 1998. Mr B.G. Gale was appointed as a director of the Company on 30 January 1998.

DIRECTORS' INTERESTS AND OPTIONS

No director is interested in any contract with the Company. The interests of the directors need not be shown as they are directors of the parent company.


ANNUAL GENERAL MEETING

Notice convening the sixty eighth annual general meeting is attached.

AUDITORS

A resolution to re-appoint Coopers & Lybrand as auditors, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD


B.G. GALE
Secretary

6 St James's Square
London SW1Y 4LD

5 February 1998

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are required by UK company law to prepare accounts 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 accounts, 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.

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

We have audited the accounts on pages 8 to 14.

Respective responsibilities of directors and auditors

As described on page 6, the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs at 31 December 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

5 February 1998

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

	<u>Note</u>	<u>1997</u> £000	<u>1996</u> £000
Interest receivable from fellow subsidiary undertaking		3,866	50,126
Income from shares in subsidiary undertaking		<u>-</u>	<u>84,701</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	2	3,866	134,827
Tax on profit on ordinary activities	3	<u>(1,373)</u>	<u>(16,541)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAX		2,493	118,286
Dividends (including appropriations in respect of non-equity shares)	4	<u>(3,457)</u>	<u>(43,946)</u>
RETAINED (LOSS) / PROFIT FOR THE YEAR		<u>(964)</u>	<u>74,340</u>
MOVEMENT IN RETAINED EARNINGS			
At 1 January		86,942	12,602
Retained (loss)/profit for the year		<u>(964)</u>	<u>74,340</u>
At 31 December		<u>85,978</u>	<u>86,942</u>

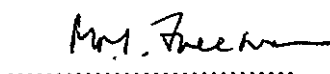
The Company has no recognised gains and losses other than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

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

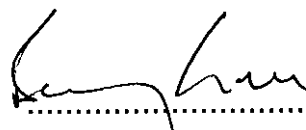
The notes on pages 10 to 14 form part of these accounts.

BALANCE SHEET AS AT 31 DECEMBER 1997

	NOTE	1997 £000	1996 £000
FIXED ASSETS			
Investments	5	<u>386,500</u>	<u>386,500</u>
CURRENT ASSETS			
Debtors	6	631,070	657,438
Creditors: Amounts falling due within one year	7	<u>(6,582)</u>	<u>(31,986)</u>
NET CURRENT ASSETS		<u>624,488</u>	<u>625,452</u>
NET ASSETS		<u>1,010,988</u>	<u>1,011,952</u>
CAPITAL AND RESERVES			
Called up share capital	8	925,010	925,010
Profit and loss account		<u>85,978</u>	<u>86,942</u>
		<u>1,010,988</u>	<u>1,011,952</u>
Equity shareholders' funds		1,010,988	511,952
Non-equity shareholders' funds		<u>-</u>	<u>500,000</u>
		<u>1,010,988</u>	<u>1,011,952</u>



Director



Director

5 February 1998

The notes on pages 10 to 14 form part of these accounts

NOTES TO THE 1997 ACCOUNTS

1. ACCOUNTING POLICIES

- a) The accounts have been prepared on the historical cost basis and in accordance with applicable U.K. 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) Group Accounts

Group accounts 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 subsidiaries is not less than the aggregate of the amount at which those assets are included in the balance sheet.

d) Investments

The investments are shown at cost less any provision for permanent diminution in value.

2. OPERATING COSTS

- a) The auditors' remuneration is borne by a fellow group undertaking (1996-nil).
- b) The average number of persons employed during the year, excluding directors, was nil (1996 - nil).
- c) No emoluments were paid to any of the directors in respect of their services to the Company (1996 - nil).

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1997</u> £000	<u>1996</u> £000
The charge to tax comprises:		
Corporation tax at 31.5% (1996 - 33%)	1,218	16,541
Irrecoverable ACT	155	-
	<u>1,373</u>	<u>16,541</u>

NOTES TO THE 1997 ACCOUNTS continued

4. DIVIDENDS AND APPROPRIATIONS

	<u>1997</u> £000	<u>1996</u> £000
'A' preference shares		
Dividends paid	8,361	29,422
Dividend accrued in previous year	<u>(4,904)</u>	<u>(4,904)</u>
	3,457	24,518
Dividend accrued in current year	<u>-</u>	<u>4,904</u>
	<u>3,457</u>	<u>29,422</u>
 'B' preference shares		
Dividends paid	-	14,324
Appropriation for issue costs	<u>-</u>	<u>200</u>
	<u>-</u>	<u>14,524</u>
Total	<u><u>3,457</u></u>	<u><u>43,946</u></u>

5. FIXED ASSET INVESTMENT

Company	Country of Incorporation	Number held and class of shares	% held	Nature of Business Activities
Rio Tinto Australian Holdings Limited	England & Wales	17,767,036 Ordinary shares of £1 each	100	Holding company

Through Rio Tinto Australian Holdings Limited (formerly RTZ Australian Holdings Limited), the Company owns 49% of Rio Tinto Limited (formerly CRA Limited), a company incorporated in Australia. This interest comprised 313,704,802 (1996 - 313,704,802) shares listed on the Melbourne stock exchange with a market value of A\$17.90 (1996 - A\$19.75) each.

	<u>1997</u> £000	<u>1996</u> £000
<u>Cost</u>		
At beginning and end of year	<u><u>386,500</u></u>	<u><u>386,500</u></u>

There were no movements during the year.

NOTES TO THE 1997 ACCOUNTS continued

6. DEBTORS

	<u>1997</u> £000	<u>1996</u> £000
Amount due from fellow subsidiary undertaking	500,000	500,000
Amount due from parent undertaking	128,980	146,501
Taxation recoverable	<u>2,090</u>	<u>10,937</u>
	<u>631,070</u>	<u>657,438</u>

7. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1997</u> £000	<u>1996</u> £000
Amount due to fellow subsidiary and ultimate parent undertakings	5,364	299
Corporation tax	1,218	26,783
Accrued preference dividend	<u>-</u>	<u>4,904</u>
	<u>6,582</u>	<u>31,986</u>

8. SHARE CAPITAL

	<u>1997</u> £000	<u>1996</u> £000
<u>Authorised</u>		
<u>Equity capital</u>		
925,010,000 Ordinary shares of £1 each (1996 - 425,010,000)	925,010	425,010
<u>Non-equity capital</u>		
500,000,000 5.8684% cumulative redeemable 'A' preference shares of £1 each (1996 - 500,000,000)	500,000	500,000
425,000,000 4.48966% cumulative redeemable 'B' preference shares of £1 each (1996 - 425,000,000)	<u>425,000</u>	<u>425,000</u>
	<u>1,850,010</u>	<u>1,350,010</u>

NOTES TO THE 1997 ACCOUNTS continued

8. SHARE CAPITAL (cont'd)

	<u>1997</u> £000	<u>1996</u> £000
<u>Issued and fully paid</u>		
<u>Equity capital</u>		
925,010,000 Ordinary shares of £1 each (1996 - 425,010,000)	925,010	425,010
<u>Non-equity capital</u>		
5.8684% redeemable 'A' preference shares of £1 each	-	500,000
Total capital	<u>925,010</u>	<u>925,010</u>

Details of the shares allotted and redeemed during the year are given in the Directors' Report.

The 500,000,000 'A' cumulative redeemable £1 preference shares were issued at par as a means of funding Rio Tinto group activities. The shares are non-voting and have a preferential right to return of capital, and of arrears and accruals of dividends, on a winding up. Holders of these shares were entitled to redeem them on or before 1 November 2005 at par. The shares were redeemed at par on 13 February 1997. The redemption was financed by the issue of 500,000,000 ordinary shares of £1 each

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1997</u> £000	<u>1996</u> £000
Profit for the financial year	2,493	118,286
Dividends and appropriations	(3,457)	(43,946)
Non-equity share capital issued	-	425,000
Non-equity share capital redeemed	(500,000)	(425,000)
Equity share capital issued	<u>500,000</u>	<u>425,000</u>
Net addition to shareholders' funds	(964)	499,340
Opening shareholders' funds	<u>1,011,952</u>	<u>512,612</u>
Closing shareholders' funds	<u>1,010,988</u>	<u>1,011,952</u>
Equity shareholders' funds	1,010,988	511,952
Non-equity shareholders' funds	-	500,000
	<u>1,010,988</u>	<u>1,011,952</u>

NOTES TO THE 1997 ACCOUNTS continued

10. CASH FLOW STATEMENT

The accounts 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.

11. CONTROLLING PARTIES

The Company is controlled by Rio Tinto International Holdings Limited (formerly RTZ International Holdings Limited). Australasian Holdings Limited is the registered holder of the majority of the issued share capital, but the shares are held on behalf of Rio Tinto International Holdings Limited. Rio Tinto plc (formerly The RTZ Corporation PLC), registered in England and Wales, is the Company's ultimate holding company and also its ultimate controlling party at 31 December 1997. Copies of the ultimate parent's consolidated financial statements may be obtained from its registered office at 6 St. James's Square, London.