23 September 2003

Mrs A McGeachin
International Accounting Standards Board
30 Cannon Street,
London
EC4M 6XH,

Dear Madam

ED4: Disposal of Non-Current Assets and Presentation of Discontinued Operations

I should like to respond to the following questions on which comment is invited in the above Exposure Draft:

Question 6

The Exposure Draft proposes the removal of the exemption from consolidation for subsidiaries acquired and held exclusively with a view to resale currently included in the draft IAS 27.

When a new company is acquired extensive work is required to adapt the existing accounting records and systems to the acquiror's GAAP. It would be most unhelpful to have to undertake this process for companies that were not to be retained within the Group. Moreover there may be some practical difficulties in obtaining the necessary data in such circumstances.

Question 8

The Exposure Draft proposes a change to existing IFRS that could lead to relatively small units being classified as discontinued. For a large international Group this could lead to discontinued operations being reported each year and the consequent restatement of comparatives. Such restatement and increased detail on the face of the primary statements may actually reduce rather than increase transparency.

It would be helpful to retain the requirement of IAS 35 Discontinuing Operations that a discontinued operation must be a separate major line of business or geographical area of operations. This would provide helpful information on material business trends.

We appreciate that convergence of US standards and IFRS is of great importance, however, we feel that the current IAS 35 requirement provides better information than that proposed.

Yours faithfully,

M Merton

Michael Merton
Controller
Rio Tinto Group